

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, May 20, 2015
Laurel, Maryland**

Chair Omar M. Boulware called the meeting to order at 10:12 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocevar ("RGH") Building, 14501 Sweitzer Lane, Laurel, Maryland, 20707, with due notice having been given to all members of the Commission and the public. In addition to Chair Boulware, Commissioners Adrienne A. Mandel (Vice Chair), Chris Lawson, Roscoe M. Moore, Jr. and Mary Hopkins Navies, were present at the meeting, reflecting the presence of a quorum. Also in attendance were WSSC General Manager and Chief Executive Officer Jerry N. Johnson, General Counsel Jerome K. Blask, and Corporate Secretary Sheila R. Finlayson, Esq., who recorded the minutes of the meeting. Other members of WSSC management were also called upon, during certain portions of the meeting, to provide information to the Commission.

Point of Information: Commissioner Gene W. Counihan resigned from the Board of Commissioners effective April 30, 2015.

PLEDGE OF ALLEGIANCE

Chair Boulware opened the meeting by welcoming everyone and asking Commissioner Navies to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Mandel moved to adopt the Commission's Public Meeting Agenda of May 20, 2015, as drafted, to which Commissioner Lawson seconded the motion. The motion carried unanimously with five affirmative votes.

APPROVAL OF MINUTES

Commissioner Navies moved to approve the open session minutes of the April 8, 2015 Special Commission Meeting, as drafted.

Commissioner Moore seconded the motion. The motion carried unanimously with five affirmative votes.

Commissioner Mandel then moved to approve the open session minutes of the April 15, 2015 Regular Commission Meeting, as drafted.

Commissioner Navies seconded the motion. The motion carried unanimously with five votes in the affirmative.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of May 2015: Nazir Amini, Senior Construction Estimator, Technical Services Group, retired with 30 years and one month of service; Carol Barnes, Budget Technician, Budget Group, retired with 34 years and 5 months of service; Vincent Fisher, Senior Laboratory Analyst, Laboratory Services Group, retired with 31 years of service; Craig Fricke, Planning Group Leader, Planning Group, retired with 29 years and 9 months of service; Joe Latham, Lead Instrumentation and Electronics Technician, Industrial Assets Management Group, retired with 28 years and 6 months of service; Luther Stanford, Utility Technician II, Utility Services North Group, retired with 26 years and 6 months of service; William Hairfield (present), FOG Investigations Supervisor, Regulatory Services Group, retired with 30 years of service; Larry Trott (present), Senior Wastewater Plant Operator, Western Branch Group, retired with 34 years and 6 months of service; and Vicki Webb (present), Senior Counsel, General Counsel's Office, retired with 30 years of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video highlighting the "Tenth Annual WSSC Children's Water Festival" that recently took place on May 6-7, 2015 at WSSC's Brighton Dam, where 700+ fourth-grade students from area schools in both Prince George's and Montgomery Counties, were on hand to engage in educational and recreational activities centered around the "value and importance of water." Prince George's County Executive Rushern L. Baker, III, also participated in the festivities, along with Chairman Boulware and General Manager Johnson. WSSC also received Proclamations from County Executive Baker and Montgomery County Executive Isiah Leggett, officially proclaiming "May 6th and May 7th as WSSC Children Water Festival Days" in both Counties.

Chief Information Officer (CIO) Mujib Lodhi, along with Utility Services Unit Coordinator Ron Butler and other members of the IT and Utility Services team, provided a demonstration on the new IT technology "Customer Connect," which allows WSSC field representatives to gain customer information and service tickets electronically (through ipads and other mobile devices) and field service calls/customers. It also allows customers to see their

bills and meter readings "on the spot and in real time." Customer Relations Acting Group Leader Mpande Musonda-Langley also highlighted the several benefits of this new automation, which will increase productivity, cut down on customer wait times and result in savings to the bottom line (by reducing paper costs by new "paperless" features).

DEPARTING COMMISSIONER RECOGNITION

Recognition of Commissioner Gene W. Counihan. The Commission officially recognized Commissioner Gene Counihan for his service and contributions. Commissioner Counihan resigned from the Commission Board on April 30, 2015, having recently moved from the Montgomery County area to Easton, Maryland, to be closer to his family/grand-children. Commissioner Counihan has served as a Montgomery County Commissioner since 2007 and has held the leadership roles of Chair and Vice Chair during his eight-year tenure at WSSC. In appreciation of his dedicated service, the Commission Chair, on behalf of the Commission, presented Commissioner Counihan with a workmen's statue plaque, which is a replica of the workmen's statue located in the lobby of the RGH Building.

COMMISSIONER COMMENTS

Dr. Moore shared some interesting facts on the history of Memorial Day, noting that "Memorial Day" was first celebrated on May 1, 1865 in Charleston, South Carolina, by a group of newly-freed African-Americans who decided to provide a proper burial to 257 Union soldiers who had been placed in a mass grave following their deaths, thereby, holding a ceremony and paying tribute to the soldiers for helping to fight for their freedom. Dr. Moore also announced that his term is up at the end of May 2015 and that he would not be seeking re-appointment. Dr. Moore has agreed to continue to serve until his successor is named and appointed by the Montgomery County Executive and County Council.

PUBLIC COMMENTS

There were no comments from the public.

GENERAL MANAGER'S REPORT

General Manager ("GM") Jerry Johnson was recognized to provide his monthly report. The General Manager's full report can be found in the corresponding segment of the archived meeting video and the

written "General Manager's Report" provided in the meeting materials, and both are referred to for that purpose. However, highlights are as follows:

Call/Contact Center answer rate at 94% for the month; continue to pursue call center augmentation roadmap - making significant progress; will be introducing some new metrics in the coming months.

Delinquencies slightly up for the month almost entirely due to a single government account that has fallen in arrears, no concerns at this time.

All plants are operating well within permit parameters. Due to recent sewer line break/spill in Prince George's County; lost a significant amount of flow - in process of making repairs. Also, experienced an unusually high volume of discolored water complaints since late March - higher than normal levels of manganese in system; addressing issue with targeted flushing and treatments - drinking water is safe.

Sharp reduction in water main breaks over past several months; as a result, able to bump up replacements during past two months; slightly ahead of projections. Sewer continues to lag due to National Park Service (NPS) permitting issues.

With respect to mid-year financial review and projections - \$26.2 million less in revenues; \$26.9 million less than budgeted expenses; continue to monitor closely but no concerns.

Community Outreach activities can be found on pages 20-26. A few highlights are as follows:

- WSSC awarded Wendell LaDue Utility Safety Award for third time in seven years; presented by American Water Works Association (AWWA) to a utility with distinguished water utility safety programs;
- WSSC celebrated National Drinking Water Week May 6-9, 2015 by participating in several local events and awareness campaigns on value of drinking water;
- WSSC participated in Principal for a Day in partnership with schools in Prince George's County;

- WSSC hosted its Tenth Annual Children's Water Festival at Brighton Dam for over 700 students from schools in Prince George's and Montgomery County.

Following discussion, the General Manager and Chief Executive Officer's Report, was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Audit Director Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of April 6, 2015 through May 1, 2015. The fiscal year-to-date System Development Charge (SDC) Audits total \$254,310.97 in actual financial savings. No SDC audit reports were issued during the reporting period. IAO currently has nine SDC audit requests in process with six active and three inactive. With respect to Fiscal Year 2015 Audit Projects - Auditors performing field work for the Regulatory Services Group Operational Audit and have completed field work with discussion draft under review for the Technical Services Group Special Audit. For Fiscal Year 2014 Carryover Audit Projects, lead auditor is reviewing DC Water's responses to the Blue Plains Audit. Final report is being prepared for the Customer Relations Group Operational Audit. Audit has been placed on hold for the Construction Contracts Change Orders Special Audit and the lead auditor is preparing final report for the Physical Inventory Observation Audit. Under internal audit follow-up activities, four management action items have been closed since last report with thorough review underway for three implemented-pending verification action items. Three management action plans are delinquent; all less than one week.

Hotline. As of May 1, 2015, two new hotline cases with eight in progress.

External Auditors. The external auditors BCA Watson Rice, LLP are present at this meeting to provide Commissioners with an overview of their upcoming audit of WSSC's financial statements for the year ended June 30, 2015.

Audit Committee Meeting. Due to the expected early departure of a few Commissioners, the Audit Committee meeting scheduled for this afternoon has been cancelled.

Report of External Auditors. Engagement Principal Marshall Blair of BCA Watson Rice, LLP, along with other representatives of the auditing firm, provided an overview to the Commission of their audit plans, responsibilities and approach for the recently-commenced annual audit of WSSC's financial statements for the year-ended June 30, 2015. Mr. Blair circulated a summary of the firm's presentation, incorporated herein by reference. Specific details can be found in the presentation and corresponding segment of the archived meeting video and both are referred to for that purpose.

Point of Information: Commissioner Chris Lawson disclosed that BCA Watson Rice, LLP, is still a client of his company.

Ethics Office. Ethics Officer Kim Neal provided an overview of the Ethics Office activities for April 2015. The Board of Ethics held its regularly-scheduled meeting on April 9, 2015; several open and closed items were reviewed. The Board has reached settlements on two pending complaints before the BOEs (Complaints 14-03 and 14-04) and the Orders concerning those complaints/agreements have been shared with the Commission through the Corporate Secretary. 2015 Annual Disclosure Reporting Cycle went live on April 1, 2015 - all employees required to file by April 30, 2015 and as of that date - 94% of employees had filed their forms. Code of Ethics training was held on April 27, 2015 with 12 new employees trained.

Following discussion, the Internal Audit Office Monthly Report, along with the External Auditors' Presentation and Ethics Office Monthly Report, were received as information.

OTHER REPORTS/BRIEFINGS

Resolution 2015-2083 - Termination of WSSC 401(a) Plan. Human Resources Director Todd Allen presented Proposed Resolution 2015-2083 which authorizes WSSC to terminate the WSSC 401(a) Plan maintained by the Commission since 2002. The Plan has been in a suspended status since 2008 and has outlived its original intended use. Specific details relating to the suspended plan and management's recommendations can be found in the written board report provided in the board materials (incorporated herein by reference) and corresponding segment of the archived meeting video, and both are referred to for this purpose.

Following discussion, a motion was made by Commissioner Navies and properly seconded by Commissioner Moore, to adopt Resolution 2015-2083, authorizing and approving the Termination of the WSSC 401(a) Plan, as recommended by management, to be effective January 1, 2016. The motion carried unanimously by a vote of five-to-zero.

Approval of WSSC Debt Policy. Chief Financial Officer Yvette Downs provided a summary of the proposed changes to the WSSC Debt Policy, which was adopted by the Commission in 2010. The Finance Office committed to review the policy every five years and is recommending certain changes. The revised policy has been reviewed by the General Counsel's Office, outside bond counsel and financial advisors for WSSC. Following approval, the revised policy will be submitted to the Maryland State Treasurer's Office, as required by State Law.

On motion made by Commissioner Mandel and seconded by Commissioner Lawson, the Commission unanimously approved, by a vote of five-to-zero, the Revised WSSC Debt Policy, as recommended by management. Such policy to take effect following the required 30-day public notification period.

Information Technology (IT) Contracts. Based on the General Counsel's recommendations and advice to management, the following contracts are being presented to the Commission for ratification as purchases under such contracts exceeded the General Manager's delegated authority:

Information Technology (IT) Contract 1067 - AP Ventures, LLC.

Whereupon, a motion was made by Commissioner Mandel and seconded by Commissioner Moore, that the Commission ratify the purchases under Contract 1067 exceeding the General Manager's Delegated Authority, in the amount of \$357,156.00 to AP Ventures, LLC, for the base term of the contract, with a total amount of \$1,507,156.00. The motion carried with five affirmative votes.

Information Technology (IT) Contract 1067 - Oakland Consulting Group, Inc.

Whereupon, a motion was made by Commissioner Mandel and seconded by Commissioner Moore, that the Commission ratify the purchases under Contract 1067 exceeding the General Manager's Delegated

Authority, in the amount of \$69,000.00 to Oakland Consulting Group, Inc., for the base term of the contract, for a total amount of \$1,219,000.00, in the base term. The motion carried with five affirmative votes.

Information Technology (IT) Contract 1052 - Momentum, Inc.

Whereupon, a motion was made by Commissioner Mandel and seconded by Commissioner Moore, that the Commission ratify the purchases under Contract 1052 exceeding the General Manager's Delegated Authority, in the amount of \$311,802.00 to Momentum, Inc., for a total amount of \$1,461,802.00, for IT Technical Staff and Services, Option Term I. The motion carried with five affirmative votes.

Contracting Authority for Contract 1067. CIO Lodhi provided a status update on the IT Basic Ordering Agreement (BOA) - Contract 1067. The Commission was briefed two years ago on this BOA which is a multiple-award task order contract which enables WSSC to procure IT consulting and technical services in a timely and economical manner. In order to continue unimpeded performance under the BOA, management has developed a new contract administration model which will allow for better management of the contract and will also resolve any future issues similar to what management encountered above with having to obtain Board ratification on certain purchases under the BOA that exceeded the General Manager's authority. Specific details can be found in the presentation outline incorporated herein by reference and the corresponding segment of the archived meeting video and both are referred to for that purpose.

Following discussion, a motion was made by Commissioner Lawson and seconded by Commissioner Moore, to grant management overall contracting authority of up to \$12.8 million for Fiscal Year 2016, under Contract 1067, IT Basic Ordering Agreement (BOA), with the spend authority on any individual contract capped at \$3.0 million, per contract term. The motion carried with five affirmative votes.

Management to come back to the Commission next year to obtain contracting authority for Fiscal Year 2017. Management will also provide semi-annual reports to the Commission on spend levels, task ordering activity and overall contract performance.

Procurement Contract 78794. Strategic Systems Management Office Director Crystal Knight-Lee and Acting Chief Procurement Officer Rudy Gonzalez presented an update on the Supply Chain Management/Transformation Initiative. Specific details can be found in the power point presentation, incorporated herein by reference and the corresponding segment of the archived meeting video and both are referred to for that purpose.

Following discussion, management requested contract ratification for the Greybeard Advisors contract due to spending over the General Manager's delegated authority, along with Commission approval of a contract change order. Management explained that the above amounts would cover the remaining costs of the entire transformation project along with a ratification of the costs it had failed to get approval from the Commission for at the start of the project.

Whereupon, a motion was made by Commissioner Mandel and seconded by Commissioner Navies, that the Commission ratify purchases exceeding the General Manager's Delegated Authority under Contract 78794 in the amount of \$822,156.23; and, approve Change Order Number 1, in the amount of \$550,000.00, for a total contract amount of \$2,522,156.23. The motion carried with five affirmative votes.

The Chair called for a lunch recess at this juncture; 1pm. The Commission reconvened its open session business in the Auditorium of the WSSC Headquarters, RGH Building, at 2:25 p.m., with all members (and a quorum) present with the exception of Dr. Roscoe Moore, who had to depart early (at 2:00 p.m.).

CONSENT CALENDAR

Contracts for Approval

The Chair announced that Commissioners had an opportunity to review the contracts provided in the advance board materials and included on the Meeting's Consent Calendar for consideration, and asked if there were any contracts that Commissioners would like removed, to which Commissioner Mandel requested that Utility Services Contract 6815 - Prestressed Concrete Cylinder Pipe (PCCP) Condition Assessment and Monitoring Services, be removed. Such contract was special ordered for consideration later in the meeting following Closed Session business. The Chair then called

for a motion to approve the remaining items on the Consent Calendar Resolution.

Whereupon, a motion was made by Commissioner Lawson, and seconded by Commissioner Mandel, to adopt Resolution 2015-2082, as amended, approving the seven remaining contracts included on the Consent Calendar for the May 20, 2015 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. MV5237D11, Specialty Valve Vaults Replacement - Central Avenue, to Ulliman Schutte Construction Company, LLC, in the amount of \$9,087,000.00.
2. LC5797A14, Area Water and Sewer Connection Renewals, to Rivers Construction Group, Ltd., and Fort Myer Construction Corporation. The two (2) contracts to be awarded for a combined total not to exceed amount of \$5,000,000.00, and a base term of one (1) year with one (1) option term with a combined not to exceed amount of \$5,000,000.00, and a one (1) year duration.
3. BR5567A13, Hyattsville Water Main Replacement, to Sagres Construction Corporation, in the amount of \$2,957,150.00.

B. Utility Services

1. **Contract 6815 REMOVED.**

C. Production

1. Contract 6519, Change Order No. 1, Repairing and Repainting Interior and Exterior of St. Barnabas Tank (Reservoir), to Nostos SS Contractors, LLC, in the amount of \$305,599.06, for a total contract amount of \$2,782,638.66.

D. Logistics

1. Contract 1102/AM5784A14, Elevator Modernization - RGH Building, to Otis Elevator Company, in the total amount of \$2,759,800.00.
2. Contract 6593/AM5200A11, HVAC System Replacement - Old Side of Temple Hills Depot, to Fidelity Mechanical Services, in the amount of \$1,348,120.00.
3. Contract 6676, 8-Water Jetter Hydraulic Sewer Cleaning Trucks, to K. Neal International Trucks, Inc., in the amount of \$2,734,872.00.

The motion carried with four affirmative votes, one absent (Commissioner Moore was absent from the vote).

ADDITIONAL BRIEFINGS

2015 Legislative Update. Intergovernmental Relations Office (IRO) Director Michael Stroud provided an update of the IRO activities for the past month, along with copies of a summary matrix (incorporated herein by reference) of the bills that passed and the bills that did not, during the 2015 Maryland General Assembly Session.

The Commission received the report of the Intergovernmental Relations Office, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, which included an update of the ongoing support she is providing to the Search Committee and Commission on the General Manager search, along with an update on the progress of the 2015 Commissioners' Engineering Scholarship Program which kicked off in March with an application deadline of June 1, 2015. Scholarship Awards to be presented at the July 2015 Commission Meeting.

The Commission received the Corporate Secretary's report as information.

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Moore had earlier reported on the March 2015 investment results, noting that, as of March 31, 2015, the Plan's assets were \$755.7 million, which represents a year-to-date investment gain of \$16.9 million or an increase of 2.3% from December 2014 to March 2015. The next meeting of the Retirement Plan Board of Trustees is scheduled for Wednesday, May 27, 2015.

The Commission received the report of the WSSC Employees' Retirement Plan Board, as delivered by Commissioner/Trustee Moore, as information.

Personnel and Governance. Commissioner Mandel provided an update of the Committee's activities for the month, noting that the

Committee is in the process of reviewing personnel matters pertaining to the Commission Office direct reports.

The Commission received the Personnel and Governance Committee report, as information.

Legislation. The Chair indicated there was nothing additional to report outside of the IRO Director's briefing.

The Commission received the report of the Legislation Committee, as information.

Audit. The Chair announced that the Audit Committee Meeting scheduled for this afternoon has been cancelled.

The Chair then announced that the open business has concluded and called for a motion to go into Closed. Following the vote, the Commission will take a short recess and reconvene in Closed Session in the Commissioners' Conference Room.

CLOSED SESSION

Whereby at 2:52 p.m., Commissioner Mandel moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b)(13) to approve the March 18, 2015, April 8, 2015 and April 15, 2015 Closed Session Minutes; Section 3-305(b)(7) to consult with counsel to obtain legal advice on pending or potential litigation; and, Section 3-305(b)(1) to discuss personnel matters relating to Commission Office direct reports and the General Manager Search.

Commissioner Lawson seconded the motion. The motion carried with four affirmative votes, one absent (Commissioner Moore absent from vote).

The Chair declared the meeting was Closed (2:52 p.m.). The Chair then called for a short recess. The meeting reconvened in Closed Session at 3:03 p.m.

ATTENDEES: Chair Omar Boulware; Vice Chair Adrienne Mandel; Commissioners Chris Lawson and Mary Hopkins Navies. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson and Acting Chief Operating Officer Gary Gumm. Absent: Commissioner Roscoe Moore.

Closed Session Minutes - The Corporate Secretary advised that the Closed Session Minutes of April 8, 2015 were still in preparation and recommended adoption of the March 18, 2015 and April 15, 2015 Closed Session Minutes.

On motion made by Commissioner Mandel and properly seconded by Commissioner Navies, the Commission voted four-to-zero, to adopt the closed session minutes of its March 18, 2015 and April 15, 2015 Regular Commission Meetings, as drafted. Commissioner Moore was absent from the vote.

Pending Litigation/Legal Advice - Commissioners were briefed by the General Counsel on pending litigation and other confidential/privileged legal matters affecting the Commission.

At 3:43 p.m., Commissioner Lawson moved to end the Closed Session. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes, one absent (Commissioner Moore absent from vote).

OPEN SESSION RESUMED

Utility Services Contract 6815. On motion made by Commissioner Lawson and seconded by Commissioner Mandel, the Commission voted to approve Utility Services Contract 6815, Prestressed Concrete Cylinder Pipe (PCCP) Condition Assessment and Monitoring Services, to Pure Engineering Services, Inc., for a not to exceed contract amount of \$20,000,000.00, with a base term of two years and two (2) option terms each, with two (2) years duration. The motion carried with four affirmative votes; one absent (Commissioner Moore absent from vote).

ADJOURNMENT

There being no additional business, the Chair called for a motion to adjourn, to which Commissioner Lawson moved to adjourn the meeting. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes.

At 3:44 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary