

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, July 15, 2015
Laurel, Maryland**

Chair Adrienne A. Mandel called the meeting to order at 10:17 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 Mandel, Commissioners Fausto R. Bayonet, Omar M. Boulware, Chris Lawson (Vice Chair), 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.

PLEDGE OF ALLEGIANCE

Chair Mandel opened the meeting by welcoming new Montgomery County Commissioner Fausto R. Bayonet to WSSC and the Board of Commissioners. She then asked Commissioner Bayonet to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of July 15, 2015, as drafted, to which Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Navies moved to approve the open session minutes of the June 17, 2015 Regular Commission Meeting, as drafted. Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of July 2015: Richard Pitts, Police Officer, Police & Security Services Group, retired with 29 years and 7 months of service; Susan Alhambra, Principal Specifications Writer,

Technical Services Group, retired with 33 years and 8 months of service; William Eacho, Construction Management Unit Coordinator, Systems Inspection Group, retired with 29 years and 5 months of service; David Shen, Development Planning Unit Coordinator, Development Services Program Group, retired with 28 years and 9 months of service; Charles Simpson, Maintenance Unit Coordinator, Utility Services South Group, retired with 26 years of service; and Crystal Gardner (present), Field Service Representative, Utility Services South Group, retired with 33 years and 8 months of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video highlighting WSSC's Science, Technology, Engineering and Math (STEM) Program.

COMMISSIONER/PUBLIC COMMENTS

There were no comments from Commissioners or 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 88% for the month; continue to struggle in this area; will have metrics soon that will give the Commission a complete picture of operations and path forward.

Delinquencies up by just over \$1.0 million; primarily in residential with some commercial. Utility comparison information requested by Commissioners will be provided by end of week.

All plants are operating well and within permit parameters.

Conducted First Phase Orientation for newest Commissioner to familiarize him with organization; two additional sessions to come.

Heavy rains resulted in sanitary sewer overflows on June 20, June 21 and June 27, 2015; reported to local health officials in State

with required signage posted in affected areas. Also experienced high flows at all of wastewater treatment plants due to heavy rains; no major problems due to management plan that has been instituted.

Water/sewer main construction can be found on pages 8-10 (Consent Decree Report to be provided later in meeting); sewer continues to lag due to permitting issue.

Disparity Study well underway; in data collection phase. Arranging local meetings for general public in both counties.

Very busy month of outreach; activities can be found on pages 20-21.

Management becoming more actively engaged with Legislators; will be conducting site tours with State Legislators of various facilities in July and August. Also able to take-back breakfast sponsorship at MACO this year - will be there August 12-15, 2015.

WSSC supported Federal Trade Commission (FTC) Consent Agreement with Nice-Pak (major manufacturer of wipes). Agreement requires them to stop advertising wipes as flushable unless it can be substantiated that wipes are safe to flush. WSSC has been actively engaged in this issue due to the chronic problems the agency has experienced with the wipes getting stuck in the system.

WSSC has launched its Customer Assistance Program (CAP) on July 1st - will provide credits to qualified low-income customers for Ready-to-Serve Charge along with relief from Bay Restoration Fee. Program implemented in partnership with Maryland's Office of Home Energy Programs (OHEP). Individuals enrolled in OHEP will automatically be enrolled in CAP program.

WSSC will be participating in National Forum for Black Public Administrators CIO Technological Symposium in Washington, DC on July 23, 2015, with CIO Mujib Lodhi featured as a key note speaker. Commissioners invited to attend.

Performance Update. Strategic Systems Management Office Director Crystal Knight-Lee provided an update to Commissioners on the agency's Fiscal Year (FY) 2015 Organizational Performance, highlighting the key areas of performance reported in FY 2014 and

actions taken in FY 2015. Ms. Knight-Lee reported from a power-point presentation distributed to Commissioners and incorporated herein by reference. Specific details can be found in the meeting handout and corresponding segment of the archived meeting video and both are referred to for that purpose.

Customer Satisfaction Study. Communications and Community Relations Director Jim Neustadt walked Commissioners through the Customer Satisfaction Survey Results based on the survey conducted last year. Mr. Neustadt reported from a power point presentation, incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video and is referred to for that purpose.

Following Commissioner questions and 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 June 8, 2015 through July 3, 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 has finalized the audit report and DC Water has wired the final adjustment payment to WSSC with regard to the Blue Plains Audit. Final audit report is being prepared for the Customer Relations Group Operational Audit. Auditors have resumed preliminary work on the Construction Contracts Change Orders Special Audit and the final report was distributed for the Physical Inventory Observation Audit. Under internal audit follow-up activities, no management action items were closed since last report but two were implemented pending verification. There are no delinquent management action plans.

Hotline. Next report to be presented at the August Commission Meeting.

External Auditors. The external auditors BCA Watson Rice, LLP commenced field work in May 2015 for the WSSC financial statements annual year-end audit. Field work commenced in April for the WSSC Employees' Retirement Plan Audit and the Retiree Other Post-Employment Benefits (OPEB) Trust Audit has concluded with final report to be issued.

Audit Committee Meeting. The next quarterly meeting is scheduled for August.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on June 11, 2015; several open and closed items were reviewed. New Ethics Administrative Assistant started employment on June 22, 2015. Recruitment process underway for Ethics Officer vacancy.

Resolution 2016-2094 - Appointment of Regular Member to WSSC Board of Ethics. Following introduction of current regular Ethics Board Member and Nominee Robert Moore, who provided background information to the Commission on his experience, interest and past service on the WSSC Board of Ethics, the Commission voted to approve the recommendation of the Prince George's County Commissioners to reappoint Robert Moore to the WSSC Board of Ethics for a new three-year term.

Whereupon, a motion was made by Commissioner Navies and properly seconded by Commissioner Moore, to adopt Resolution 2016-2094 reappointing Robert Moore as a Regular Member of the WSSC Board of Ethics, for a term of three years beginning July 15, 2015. The motion carried unanimously with six affirmative votes.

Following discussion, the Internal Audit Monthly Activity Report was received as information.

OTHER REPORTS/BRIEFINGS

FINANCE

Asset Management Program Update. Asset Management Program Manager Thais Vitagliano provided an update on the current state of WSSC's Asset Management Program which is one of the strategic initiatives

WSSC has in place to help sustain its infrastructure, and is a systematic approach employed by WSSC to manage assets in order to balance level of service, risk and cost of service. Ms. Vitagliano presented from a power point presentation incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video.

Work Session/Briefing for Proposed CIP for Fiscal Years 2017-2022.

Chief Financial Officer Yvette Downs and Budget Group Leader Mark Brackett provided an overview of the proposed WSSC Capital Improvements Program (CIP) for Fiscal Years 2017-2022. Specific details of the presentation can be found in the corresponding segment of the archived meeting video, written power point handout, and staff draft work session booklet (incorporated herein by reference), and all are referred to for that purpose.

Point of Information: The Six-Year Proposed CIP totaling \$4.4 billion proposes planning, design and construction expenditures for major water and sewer projects. Two public hearings will be held in each County, as follows:

Wednesday, September 9, 2015 (7:30 p.m.) - Montgomery County - Stella B. Werner Building, 7th Floor Hearing Room, 100 Maryland Avenue, Rockville, Maryland; and,

Thursday, September 10, 2015 (7:30 p.m.) - Prince George's County - RMS Building, Room 308, 1400 McCormick Drive, Largo, Maryland.

Following the Work Session, the Commission received the Proposed CIP Briefing for Fiscal Years 2017-2022, as information.

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 there were none. The Chair then called for a vote to adopt the Consent Calendar Resolution.

Whereupon, a motion was made by Commissioner Boulware, and seconded by Commissioner Moore, to adopt Resolution 2016-2092,

approving the four contracts included on the Consent Calendar for the July 15, 2015 Commission Meeting, as follows:

A. Engineering and Construction

Architect/Engineer Contracts

1. BD4144A05, Change Order No. 3, Amendment No. 2, Duckett Dam Upgrade Design Services During Construction, to URS Corporation, in the amount of \$214,531.00, for a total contract amount, for Amendment No. 2 of \$2,174,832.08, and including all amendments of \$4,381,907.42.

Construction Contracts

1. BR5722A14, Woodhaven Water Main Replacement, to J. Fletcher Creamer & Son, Inc., in the amount of \$3,055,333.70.
2. CD4231D05, Change Order No. 4, Piscataway Waste Water Treatment Plant (WWTP) Storage and Headworks Improvement, to Adams Robinson Enterprises, Inc., in the amount of \$380,725.00, for a total contract amount of \$45,483,191.00.

B. Logistics

1. Contract 6836, High Performance Cold Mix, to Fort Myer Construction Corporation, in the amount of \$1,354,600.00, with a base term of one (1) year, and four (4) additional one year option terms.

The motion carried unanimously with six affirmative votes.

The Chair called for a lunch recess at this juncture; 12:43 p.m.

The Commission reconvened its open session business in the Auditorium of the WSSC Headquarters, RGH Building, at 2:04 p.m., with the full complement of Commission members (and a quorum) present.

ADDITIONAL BRIEFINGS

Consent Decree Quarterly Update. Acting Chief Operating Officer Gary Gumm provided Commissioners with a quarterly update on the status of projects being undertaken to comply with the Consent Decree. Mr. Gumm circulated copies of the presentation he reported from, which is incorporated herein by reference. Detailed information can be found in the presentation handout and the corresponding segment of the archived meeting video. In summary, Mr. Gumm reported on schedule status, projected/actual costs to

date and areas of concern. Cumulative projected design and construction costs at \$952.5 million (increase since last briefing) with total program costs estimated at \$1.433 billion; \$748 million has been spent-to-date. Areas of concern continue to center around: Joint Permitting; Rights of Entry (ROE); National Park Service (NPS); Stream Stabilization Permits; Contractor Capacity Limitations; Modifications to Approved Permits and Consent Decree Modification.

The Commission received the Consent Decree Quarterly Update as information.

Resolution 2016-2093 - Authorization for Condemnation. WSSC Counsel, along with members from the Infrastructure Systems Group, is seeking Commission approval to initiate condemnation proceedings for a property located in Upper Marlboro, Maryland. WSSC has a sewer line located on the property of 6600 Foxley Road which needs to be rehabilitated in compliance with the Consent Decree requirements. WSSC has an existing easement over the pipe on the property however WSSC has determined that it would impose a higher environmental impact to use the existing easement as it runs through a vernal pond/wetlands. WSSC is seeking a temporary easement through the property at 6600 Foxley (a commercial enterprise) to avoid the pond and wetlands. The appraised value of the 4,500 square foot temporary easement is \$650.00; however, the property owner refuses to allow WSSC access to repair the pipe. WSSC is therefore seeking quick take condemnation of the temporary easement on the property.

Following discussion, and on motion made by Commissioner Boulware and seconded by Commissioner Moore, the Commission voted five-to-one [Commissioner Lawson opposed] to adopt Resolution 2016-2093, granting authority to management to pursue quick take condemnation proceedings to obtain a temporary easement on 6600 Foxley Road, Upper Marlboro, Maryland, for purposes as described by management and presented to the Commission on this date.

Amendment to WSSC Bylaws - Section 2.03 - Definition of a Quorum.

General Counsel Blask re-presented this item to Commissioners (now that a full complement of the Commission body is present to act on this matter). By way of background, this item was initially presented at the June Commission Meeting, at the request of the then current Chair [Commissioner Boulware], whereby the past Chair

had sought counsel from the WSSC Corporate Secretary and General Counsel on amending the agency's bylaws to allow the Commission the ability to continue conducting business during official meetings should one or more Commissioners depart early (leaving the Commission without the established quorum of four Commissioners present). The General Counsel recommended that the Commission amend Article 2, Section 2.03 "Definition of a Quorum" of the Commission Bylaws, to allow for a "presumptive quorum" which is recognized under Robert's Rules of Order. The proposed bylaws amendment continues the practice of fixing the Commission's quorum at four Commissioners but empowers the Chair *to presume a quorum is present at all times following the convening of a meeting (unless a Commissioner objects) as long as there is at least one member from Prince George's County and one member from Montgomery County in attendance.* The Commission voted to approve this amendment last month but had to rescind its prior action as only four Commissioners were present at the June meeting and any action to amend the Commission Bylaws requires that all six Commissioners be in attendance.

Whereupon, a motion was made by Commissioner Boulware and seconded by Commissioner Moore, to approve an amendment to the WSSC Bylaws, Rules and Regulations under Section 2.03 - Definition of a Quorum, as presented by the WSSC General Counsel. Such Bylaws Change to become effective following expiration of the 30-day public notice requirement. The motion carried unanimously with six votes in the affirmative.

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 Commission on the General Manager Search; an update on the 2015 Commissioners' Engineering Scholarship Program in which a recipient was selected by the Committee and will be recognized at the August Commission Meeting; and, a report on the activities and matters the Corporate Secretary handled with regard to orienting and onboarding the Commission's newest member.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner

Lawson reported on the May 2015 investment results, noting that, as of May 31, 2015, the Plan's assets were \$761.1 million, which represents a year-to-date investment gain of \$30.9 million or an increase of 4.3% from December 2014 to May 2015. The next meeting of the Retirement Plan Board of Trustees is scheduled for Wednesday, July 29, 2015.

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

Personnel and Governance. Commissioner Navies 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 and that new Commissioner Bayonet will serve alongside Commissioner Navies on the Committee.

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

General Manager Search. Commissioner Moore (Co-Chair of the General Manager Search Committee) provided an update on the current General Manager Search noting that the Commission is in the process of conducting interviews for the position.

The Commission received the report of the General Manager Search Committee, as information.

Legislation. Nothing to report (outside of what was earlier provided by the General Manager).

Audit. The Chair indicated that the next Audit Committee Meeting will be held in August.

Chair Mandel 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 3:15 p.m., Commissioner Boulware moved that the Commission go into Closed Session pursuant to Maryland Code

Annotated, General Provisions Article: Section 3-305(b) (13) to approve the June 17, 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 Moore seconded the motion. The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed (3:16 p.m.). The Chair then called for a short recess. The meeting reconvened in Closed Session at 3:29 p.m. in the Commissioners' Conference Room.

ATTENDEES: Chair Adrienne Mandel; Vice Chair Chris Lawson; Commissioners Fausto Bayonet, Omar Boulware, Roscoe Moore and Mary Hopkins Navies. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson, Acting Chief Operating Officer Gary Gumm, Chief of Plant Operations James C. Langley (attended during first portion of Legal Report); Associate Counsel Matthew Gallagher (attended during first portion of Legal Report), Outside Counsel Robert Carney (attended during first portion of Legal Report) and Associate Counsel Heather Ashbury (attended short portion of Legal Report).

Closed Session Minutes - The Corporate Secretary advised that the Closed Session Minutes of June 17, 2015 were still in preparation; no action was therefore taken at this meeting.

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

The Commission unanimously agreed to authorize WSSC Legal Counsel to settle a pending refund claim.

Personnel Matters - Due to time constraints, this item was not discussed.

At 5:07 p.m., Commissioner Boulware moved to end the Closed Session. Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

OPEN SESSION RESUMED

ADJOURNMENT

There being no additional business, the Chair called for a motion to adjourn, to which Commissioner Boulware moved to adjourn the meeting. Commissioner Navies seconded the motion. The motion carried unanimously with six affirmative votes.

At 5:07 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary