

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, September 16, 2015  
Laurel, Maryland

Chair Adrienne A. Mandel 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 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 asking Commissioner Navies to lead the pledge of allegiance.

**AGENDA APPROVAL**

Commissioner Boulware then moved to adopt the Commission's Public Meeting Agenda of September 16, 2015, as amended, removing Construction Contract CD4231D05 from the Agenda, to which Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

**APPROVAL OF MINUTES**

Commissioner Boulware moved to approve the open session minutes of the August 19, 2015 Regular Commission Meeting, as drafted. Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

Commissioner Boulware then moved to approve the open session minutes of the August 31, 2015 Special 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 September 2015: Lee Greenwald, Project Management Unit Coordinator, Project Delivery Group, retired with 30 years and 5 months of service; Leslie Jeffreys, Senior Procurement Specialist, Procurement Office, retired with 30 years and 4 months of service; Hak Kwon, (present), Utility Services Team Chief, Utility Services Team Office, retired with 34 years and 1 month of service; and Min Lwin (present), Utility Services Maintenance Unit Coordinator, Utility Services North Group, retired with 30 years of service.

#### COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on Geocaching, a scavenger hunt that is conducted outside where participants use an application to help find the hidden treasures. WSSC recently conducted such an event for the public at its T. Howard Duckett Reservoir.

Mr. Neustadt also displayed a piece of a 100 year old wooden pipe that was recently pulled from the ground by WSSC technicians.

**Adelphi PRV Vault Replacement.** Chief of Plant Operations James C. Langley and Project Manager Mark Coughlin of the Engineering and Construction Project Delivery Group, reported on the Adelphi Pressure Reducing Valve Vault Replacement Project, which began in January 2015. Mr. Langley reported from a power-point presentation distributed to Commissioners at meeting 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.

#### COMMISSIONER/PUBLIC COMMENTS

**Commissioner Comments.** Chair Mandel took an opportunity to extend best wishes to those employees observing the Jewish New Year holiday.

**Public Comments.** Two members from the public were present to address the Commission. Natali Fani-Gonzalez and David Benitez of DC Iron Workers Movement for Justice (a coalition representing DC iron workers) made mention of a WSSC contractor, MVP Steele, who, according to the speakers, is not paying prevailing wages in accordance with the law. The Chair directed the speakers to the WSSC Chief Procurement Officer and SLMBE Director.

**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 92% for the month, which represents an incremental improvement in the Call Center.

Reduction in overall delinquencies due to the federal payments received on two accounts.

All plants are operating well within permit parameters; however, WSSC experienced a third SSO/force main failure in Olney on August 12<sup>th</sup>. Management is continuing to evaluate breaks and long and short term plans. WSSC also conducted several hot water curtailments during the month of August; collected \$397,000 in new revenue.

Water main construction is on target with sewer laterals only off by a small amount. Sewer main replacements/repairs continue to lag due to National Park Service (NPS) permitting issues; however WSSC met with NPS last week and is making progress.

Disparity Study is moving along well - on target with most of the activities that need to take place; still experiencing some issues with collection of data. Public meetings set for September 24<sup>th</sup> at locations in Montgomery and Prince George's County with an additional meeting to be held at RGH on October 22nd. First meeting of the Executive Steering Committee was held last week with Commissioner Lawson in attendance. Committee received updates on status and progress.

County officials have been invited to tour the Potomac Treatment Plant on September 29th, along with WSSC staff.

Several outreach activities conducted over past month. WSSC met with community members in Olney. Also participated in Montgomery County and Prince George's County Fairs and the Montgomery County Executive Hispanic Gala, with Commissioner Bayonet in attendance,

New Chief Procurement Officer David Malone joined the Commission on August 31<sup>st</sup> (introduced to the Commission at the meeting). Mr. Malone comes with a wealth of experience in Procurement and Supply Chain Management and was named the 2010 Procurement Professional of the Year by the United States Department of Commerce. Mr. Malone received an M.B.A. from Case Western Reserve University and a B.S. from Jackson State University.

The GM recognized and thanked Rudy Gonzalez for serving in the role admirably during the interim.

**Finance Team Organizational Review.** Chief Financial Officer (CFO) Yvette Downs, along with Henri Saliu of IBS Management Consultants, provided an overview and assessment of the finance team organization. Ms. Downs and the consultant 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.

**Following Commissioner questions and discussion, the General Manager'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 August 10, 2015 through September 4, 2015. The fiscal year-to-date System Development Charge (SDC) Audits total \$0.00 in actual financial savings. No SDC audit reports were issued during the reporting period. IAO currently has twelve SDC audit requests in process with eight active and four inactive. For Fiscal Year (FY) 2016 Audit Projects, IAO will be presenting the FY 2016 Risk Based Audit Plan following this report. With respect to FY 2015 Carryover Audit Projects - Auditors performing field work for the Regulatory Services Group Operational Audit and have completed field work with exit conference rescheduled for the Technical Services Group Special Audit. For FY 2014 Carryover Audit Projects, auditors are performing preliminary work on the Construction Contracts Change Orders Special Audit. Under Internal Audit Follow-up Activities, no management action items were closed as of September 3, 2015 and none were implemented. There are no delinquent management action plans.

**Hotline.** Next report to be provided at the November Commission Meeting.

**External Auditors.** External Auditors continue field work on the WSSC financial statements audit with status meetings continuing to be held with WSSC staff.

**Audit Committee Meeting.** Next meeting to be held at the November Commission Meeting.

**Ethics Office.** The Board of Ethics held its regularly-scheduled meeting on August 13, 2015; several open and closed items were reviewed. Two auditors from IAO provided new hire orientation/code of ethics training to 23 new employees on August 31, 2015. Recruitment process underway for Ethics Officer vacancy; several applications have been received and currently in process of scheduling interviews.

**Fiscal Year 2016 Risk-Based Audit Plan.**

In accordance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Director presented the Risk-Based Internal Audit Plan for Fiscal Year 2016 for review and approval.

Following discussion, on motion made by Commissioner Boulware and seconded by Commissioner Moore, the Commission unanimously approved, by a vote of six-to-zero, the Fiscal Year 2016 Risk-Based Audit Plan, as proposed by the Internal Audit Director.

**The report of the Internal Audit Office, as presented by the Internal Audit Director, was received as information.**

**OTHER REPORTS/BRIEFINGS**

**FINANCE**

**Schedule for Approval of 2016 Front Foot Benefit Rates and House Connection Charges.** New front foot benefit rates and house connection charges will be effective as of January 1, 2016. The approval process includes one Commission work session, advertisement of the proposed rates and a public hearing. Management presented a proposed schedule for timing of the rate setting process with the Commission work session on preliminary rate calculations to be conducted during the November 18, 2015

Commission meeting, with a public hearing on the front foot benefit rates and house connection charges to be held at WSSC on the same date at 2:30 p.m. The Commission would then approve the proposed rates at its December 16, 2015 Commission Meeting.

Following management's recommendation, Commissioner Boulware moved that the Commission adopt the proposed Schedule for the rate setting and approval process in connection with the 2016 Front Foot Benefit Rates and House Connection Charges with the public hearing set for November 18, 2015 at 2:30 p.m. at the WSSC RGH Building/Auditorium. Commissioner Moore seconded the motion. The motion carried unanimously with six affirmative votes.

#### CONSENT CALENDAR

##### *Contracts for Approval*

The Chair asked if there were any other contracts that Commissioners would like removed prior to consideration of the Consent Calendar Resolution, to which there were none.

Whereby, a motion was made by Commissioner Boulware, and seconded by Commissioner Moore, to adopt Resolution 2016-2101, as amended, approving the remaining two contracts included on the Consent Calendar for the September 16, 2015 Commission Meeting, as follows:

#### A. Engineering and Construction

##### Construction Contracts

1. Contract 1114, Mechanical Services Basic Ordering Agreement (BOA), to American Combustion Industries, Inc., in an amount not to exceed \$3,000,000.00, with a base term of three years in an amount not to exceed \$3,000,000.00, with one (1) two-year option term in an amount not to exceed \$2,000,000.00.
2. Contract 1115, Electrical Services BOA, to American Combustion Industries, Inc., in an amount not to exceed \$3,000,000.00, with a base term of three years in an amount not to exceed \$3,000,000.00, with one (1) two-year option term in an amount not to exceed \$2,000,000.00

The motion carried unanimously with six affirmative votes.

#### ADDITIONAL BRIEFINGS

**HomeServe Residential Water and Sewer Service Line Protection Plan.** Acting Team Chief of Customer Relations Derrick Phillips presented a follow-up briefing to last month's presentation for the Board's consideration which would allow WSSC to offer protection plan insurance to customers to cover repairs/replacements on customers' private water and sewer residential service lines. Management is seeking Commission approval to award Contract 6888 to HomeServe USA Corporation for Residential Water and Sewer Service Line Protection Plan. Mr. Phillips informed Commissioners that management members from Home Serve USA are also present to address and questions Commissioners may have. Commissioners engaged in discussion with the representatives from Home Serve USA and specific details can be found in the corresponding segment of the archived meeting video.

**There was general consensus by the Commission to defer any requested action on this item until a later time. The Commission received the briefing as information.**

**Proposed Legislative Agenda for 2016.** Intergovernmental Relations Office (IRO) Director Michael Stroud provided an update on the IRO activities for the month. Management had provided three draft WSSC bills in the board materials for discussion but decided not to move forward with proposing any for Board action at this time. Management to report back to Commissioners following additional review and consultation with other members of management.

**Request for Additional Funding - Demolition of Stansfield Road Property.** Management presented this item back in January to the Commission and received approval for funding totaling \$944,100; however, an additional \$40,000 is needed to complete the demolition of the property.

**Whereupon, a motion was made by Commissioner Boulware, and seconded by Commissioner Moore, to approve management's request for additional funding in the amount of \$40,000, for a total acquisition cost of \$984,100, to complete the acquisition and demolition of the Stansfield Road Property for enhancement and protection of WSSC 's drinking water source (Patuxent Reservoirs Watershed).**

**The motion carried unanimously with six affirmative votes.**

**Contract 5986 - Ratification of Change Order 1, Option Term II, Street Repairs.** Acting Chief Engineer Ross Beschner reported management's request for ratification of Contract 5986, Change Order No. 1, due to overspending on Option Term II and management's failure to monitor the contract terms closely due to the transition of the contract managers. As a result of the oversight, additional funding within the authority of the Commission was spent prior to receiving the proper approval, thus the need for ratification.

Following discussion, a motion was made by Commissioner Boulware and seconded by Commissioner Moore, to approve management's request for ratification of Contract 5986 (Street Repair Services), Change Order No. 1, for Option Term II, to M.T. Laney Company, in the amount of \$3,900,234.28, for a total not to exceed contract amount of \$25,900,234.28.

**Authorization to Enter into Consent Decree with PRK, CBF and MDE.**

WSSC Legal Counsel provided Commissioners with a high level summary of the status of the Consent Decree Agreement negotiations, noting that draft Agreement is basically in final form pending approval by the parties and will resolve all claims that the Plaintiffs and MDE brought or may have brought against WSSC for alleged Clean Water Act and permit violations at the Potomac WFP.

Following the briefing, Commissioners received the General Counsel's report relating to the proposed settlement/Consent Decree agreement, as information.

**COMMISSION OFFICE**

**Corporate Secretary Report.** Corporate Secretary Sheila Finlayson provided an overview of her activities for the month in the advance board materials; no questions were raised by Commissioners.

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

**WSSC Employees' Retirement Plan Board of Trustees.** Commissioner Moore reported that no meeting was held in August and that the next meeting of the Retirement Plan Board of Trustees will be held on September 30, 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 Navies reported that Committee continues to conduct annual performance evaluations for its direct reports.

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

**General Manager Search.** Commissioner Lawson (Co-Chair of the General Manager Search Committee) reported that the Commission conducted second round interviews and continues to move forward in the process.

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

**Legislation.** Commissioner Boulware indicated he had nothing to report outside of the report provided for the IRO Director.

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

**Audit.** The Chair indicated that the Minutes of the Audit Committee Meeting held on August 19, 2015 were before the Commission for adoption.

**Whereby, a motion was duly made by Commissioner Moore and properly seconded by Commissioner Bayonet, to approve the Audit Committee Minutes of August 19, 2015. The motion carried by a vote of five-to zero, with one abstention. Commissioner Boulware abstained as he was absent from the meeting.**

Chair Mandel then announced that the morning open business has concluded and called for a motion to go into Closed. Following the vote, the Commission will recess for lunch and reconvene in Closed Session in the Commissioners' Conference Room. The Commission will go back into Open Session following Closed to entertain any unfinished business.

**CLOSED SESSION**

Whereby at 1:46 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 August 19, 2015 and August 31, 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 (1:46 p.m.). The Chair then called for a lunch recess. The meeting reconvened in Closed Session at 2:45 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; Outside Counsel Timothy Sullivan (during legal report); and Gregg Moser of Krauthamer & Associates, Inc. (during discussion relating to General Manager Search).

Closed Session Minutes - On motion made by Commissioner Boulware and properly seconded by Commissioner Moore, the Commission voted unanimously six-to-zero, to adopt the closed session minutes of its August 19, 2015 and August 31, 2015 Commission Meetings, as drafted.

Legal Matters - Commissioners were briefed on confidential legal matters affecting the Commission, including terms of the negotiated draft Consent Decree agreement that was discussed in Open Session.

Personnel Matters - Commissioners met with Gregg Moser to discuss matters relating to the General Manager Search. Commissioners then met in executive session without management (4:05 p.m.) to continue its discussions.

Commissioners took action on two WSSC personnel policies related to the General Manager Recruitment (Mover - Commissioner Boulware; Seconded - Commissioner Moore; Motion Carried 6-0.)

Commissioner Lawson departed at 5:00 p.m. The Corporate Secretary, General Counsel and General Manager rejoined the meeting at 5:00 p.m.

The Chair called for a motion to end Closed at 5:12 p.m.

On motion made by Commissioner Boulware and seconded by Commissioner Moore, the Commission voted five-to-zero (one absent) to end the Closed Session. Commissioner Lawson absent from vote.

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

At 5:13 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

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Sheila R. Finlayson, Esq.  
Corporate Secretary