

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, December 16, 2015
Laurel, Maryland**

Vice Chair Chris Lawson called the meeting to order at 10:09 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 Vice Chair Lawson, Commissioners Fausto R. Bayonet, Omar M. Boulware 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

Vice Chair Lawson opened the meeting by asking Commissioner Boulware to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Boulware then moved to adopt the Commission's Public Meeting Agenda of December 16, 2015, as drafted, to which Commissioner Bayonet seconded the motion. The motion carried unanimously with four affirmative votes.

APPROVAL OF MINUTES

Commissioner Boulware moved to approve the open session minutes of the November 18, 2015 Regular Commission Meeting, as drafted. Commissioner Bayonet seconded the motion. The motion carried unanimously with four affirmative votes.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of December 2015: Margaret Bellamy, Support Aide, Development Services Program Group, retired with 36 years and 6 months of service; Bernard Brooks, Security Patrol Officer, Safety & Security Services Group, retired with 8 years and 11 months of

service; Angel Estabillo, Wastewater Plant Operator, Seneca/Damascus/Hyattstown Group, retired with 21 years and 11 months of service; Maggie Levi, Inspection Services Agent, Regulatory Services Group, retired with 29 years and 2 months of service; Reginald Marbury, Utility Technician III, Utility Services South Group, retired with 29 years and 4 months of service; Mary Richardson, Field Service Representative, Utility Services South Group, retired with 26 years and 5 months of service; Bruce Gilbert (present), Contract Manager, Systems Inspection Group, retired with 33 years and 5 months of service; Linda Hill (present), Administrative Assistant I, Utility Services West Group, retired with 30 years and 8 months of service; My-Van Luu (present), Laboratory Analyst II, Laboratory Services Group, retired with 31 years of service; Phu Luu (present), Senior Water Plant Operator, Patuxent Group, retired with 34 years and 3 months of service; and Valentino Owens (present), Employee Liaison, General Manager's Office, retired with 29 years and 4 months of service.

General Manager Recognition. Commissioners took an opportunity to recognize Jerry Johnson who is retiring from the Commission at the end of the month after serving as the General Manager/CEO of WSSC for the past six years. Remarks of Commissioners, past Commissioners and General Manager Johnson can be found in the corresponding segment of the archived meeting video for this meeting (which is posted under the Live & Archived Webcasting page of the WSSC public website). Following remarks, Commissioners presented General Manager Johnson with a crystal water drop as a token of appreciation for his dedicated service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video, "WSSC in the Community" which highlights how WSSC employees serve and give back to the surrounding community through community outreach activities and charitable programs and contributions.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Boulware shared that he met with the Customer Advisory Board ("CAB") last week during its monthly meeting and had a good constructive dialogue with the group regarding concerns expressed by the CAB Chair at the November meeting. Commissioner Boulware has committed to meeting

with the group on a quarterly basis. Commissioner Navies wished everyone a Merry Christmas and Happy Holidays.

Public Comments. Ratepayer Susan LaCourse of Laurel, Maryland, was on hand again to share additional information regarding her comments provided last month on WSSC's rate structure.

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; average monthly answer rate to date this fiscal year is 93%.

Delinquencies up to nearly \$12.5 million; increase over last month due to late payments from government accounts.

Customer Assistance Program ("CAP") is moving along well; WSSC has provided approximately \$333,000 in reduced bills to low income customers in the first four months of fiscal year. As of October 31, 2015, 2252 customer accounts enrolled from Maryland Office of Home Energy Program (OHEP) enrollees.

All plants and facilities are in full permit compliance with zero violations.

WSSC has completed an energy forecast aimed at hedging future electricity costs based on metrics and forecasting received.

The General Manager provided Commissioners with information by memorandum on a new potential public private partnership (photo voltaic solar project) WSSC is exploring and will provide further details at an upcoming Commission Meeting.

Water main construction is on target. Revenue and budget numbers are also on target for fiscal year.

"Can the Grease" and Winter Readiness annual ad campaigns and public service advisements have begun; airing on various local

cable television stations. WSSC has also launched its annual holiday canned food and "Toys for Tots" drives.

Plans moving forward with Rate Study (that the Commission has been sequestered to conduct by the Counties); RFP to be re-posted on December 18, 2015 with closing deadline of January 15, 2016.

Supply Chain Management Sourcing Team Briefing - Contract

PM0005A15 Water Main Reconstruction (WMR3) IDIQ Project. Systems Inspection Group Leader Ross Beschner and others provided the briefing on this project, presenting from a power point presentation circulated to Commissioners and incorporated herein by reference. In summary, Mr. Beschner provided background information on the WMR3 Sourcing Project/PM0005A15 Contract which is an \$80 million multi award IDIQ contract project being presented to Commissioners for approval at this meeting (as part of the meeting's consent calendar) for routine replacements and relocations of water and sewer mains. Specific details can be found in the presentation handout and corresponding segment of the archived meeting video and both are referred to for that purpose.

Information Technology (IT) Five Year Strategic Plan Briefing.

Chief Information Officer (CIO) Mujib Lodhi provided an update on the progress of the IT five year strategic plan which was adopted by the Commission in 2012. Mr. Lodhi reported from a presentation handout circulated to Commissioners at the meeting and incorporated herein by reference. Specific details can be found in the handout and corresponding segment of the archived meeting video; 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 November 9, 2015 through December 4, 2015. 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. The status of the Fiscal Year (FY) 2016 Audit Projects are as follows: FY 2014 Blue Plains WWTP O & M and Capital Indirect Audit (auditors assigned); Payroll Operational Audit (in planning phase); Cloud Computing Services Compliance

Audit (auditors assigned) and Right to Audit Specified Procurement Contracts (preliminary work has begun). With respect to FY 2015 Carryover Audit Projects - Auditors performing field work for the Regulatory Services Group Operational Audit and Construction Contracts Change Orders Audit. Exit conference held in November with final audit report issued in early December for the Technical Services Group Limited Review Special Audit. Under Internal Audit Follow-up Activities, four management action items were closed and four implemented pending since the last status report of November 5, 2015. No delinquent management action plans were reported.

Hotline. Nine cases closed and twelve in progress. Top case types since August involve conflicts of interest, fraud and theft of goods/services.

External Auditors. Issues related to "Internal Control Related Matters" reported by external auditors at last meeting have been entered into Internal Audit's TeamCentral database for tracking.

Audit Committee Meeting. Quarterly meeting to be held at this meeting during afternoon open session.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on November 12, 2015; several open and closed items were reviewed. Two auditors from IAO provided new hire orientation/code of ethics training to 17 new employees on November 23, 2015. New Ethics Officer Angelique Dorsey has started.

The report of the Internal Audit Office was received as information.

OTHER REPORTS

Approval of 2016 Front Foot Benefit Rates and House Connection Charges. Front Foot Benefit rates are charged by the Commission to recover the costs of construction for smaller water and sewer lines for single family or health hazard applicants. House Connection rates are charged by the Commission to recover the costs of construction for lines built from WSSC's water and sewer system to the applicant's property.

The Chief Financial Officer presented the rate calculations for the Proposed 2016 Front Foot Benefit Rates and House Connection

Charges at last month's Commission meeting and management is now before the Commission to request approval of such rates. A public hearing for the proposed rates and charges was conducted on November 18, 2015 and no comments were made at the hearing nor written testimony received to date.

In summary, management is proposing that the Commission adopt the front foot benefit base per foot rates of \$4.80 for water and \$7.18 for sewer as presented at the Commission's November 18, 2015 meeting; that the Commission adopt water and sewer charges for unimproved and improved residential small size house connections as presented at the Commission's November 18, 2015 meeting and as contained in Attachment 1 of the Finance board materials on this item (incorporated herein by reference); that the Commission adopt the right of way connection charges as presented at the Commission's November 18, 2015 meeting (which are consistent with current year charges) and as contained in Attachment 2 of the Finance board materials on this item (incorporated herein by reference); and that the Commission adopt non-residential small and large size house connection charges based on "Estimated Costs" as contained in Attachment 2 of the Finance board materials on this item (incorporated herein by reference).

Whereupon, a motion was duly made by Commissioner Boulware and properly seconded by Commissioner Bayonet, to approve the 2016 Front Foot Benefit Rates and House Connection Charges, as proposed by management, to be effective January 1, 2016. The motion carried unanimously with four affirmative votes.

Approval of Fiscal Year 2017 Preliminary Proposed Operating and Capital Budget for Transmittal to Counties, Publication and Public Hearing Purposes. Budget Group Leader Letitia Carolina-Powell next presented WSSC's preliminary proposed operating budget for Fiscal Year 2017 for the Commission's approval for public hearing purposes. State law requires that the Commission publish, before January 15th, a proposed operating and capital budget for the upcoming fiscal year. Public hearings on the budget must then be held prior to February 15th with submission to the Counties to take place by March 1st.

Public Hearings on WSSC's FY 2017 Preliminary Proposed Budget have been scheduled as follows:

Montgomery County - Wednesday, February 3, 2016 - 7:30 p.m.

Stella B. Werner Office Building, 7th Floor Hearing Room
100 Maryland Avenue, Rockville, Maryland 20850;

Prince George's County - Thursday, February 4, 2016 - 7:30 p.m.

RMS Building, Room 308
1400 McCormick Drive, Largo, Maryland 20774; and

Alternate Date: Wednesday, February 10, 2016 at 7:30 p.m.

Commission Hearing Room/Auditorium, WSSC, RGH Building (if necessary, due to inclement weather on either of the above dates).

The preliminary proposed budget for Fiscal Year 2017, totaling \$1.4 billion with operating expenses of \$735.5 million and capital budget of \$685.5 million, provides for a combined 3.0% average increase in water and sewer rates which meets the Spending Affordability Guidelines approved by both counties (Prince George's County and Montgomery County both recommended 3.5%).

Further detail relating to the preliminary proposed budget projections can be found in the respective Finance board report contained in the board materials and incorporated herein by reference and the corresponding segment of the archived meeting video. Both are referred to for that purpose.

Following discussion, on motion made by Commissioner Boulware and seconded by Commissioner Bayonet, the Commission voted unanimously four-to-zero, to approve for distribution to County officials and the public for public hearing purposes, the Preliminary Proposed WSSC Operating and Capital Budget for Fiscal Year 2017, as recommended by management.

CONSENT CALENDAR*Contracts for Approval*

The Vice Chair asked if there were any 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 Bayonet, to adopt Resolution 2016-2107, approving the eleven contracts included on the Consent Calendar for the December 16, 2015 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. BRCRLR5844A15, Kingswood Water Main Replacement, to J. Fletcher Creamer & Son, Inc., for a total contract amount of \$3,486,670.00, with a substantial completion time of 980 calendar days.
2. BTBR5621A13, South Adelphi 60-Inch Transmission Water Main Replacement/Relocation, to Garney Companies, Inc., for a total contract amount of \$11,357,375.00, with a substantial completion time of 688 calendar days.
3. BR5689A14, Lewisdale Water Main Replacement, to Sagres Construction Corporation, in the amount of \$2,637,761.00, with a substantial completion time of 414 calendar days.
4. BR5740A14, Windbrook Drive Water Main Replacement, to BA Construction, Inc., for a total contract amount of \$1,818,925.00, with a substantial completion time of 331 calendar days.
5. PM0005A15, Water Main Replacements and Relocations (WMR3) IDIQ for Assigning Future Jobs, to J. Fletcher Creamer & Son, Inc.; Mid-Atlantic Utilities, Inc.; Taylor Utilities, Inc.; W.F. Wilson & Sons, Inc.; Sagres Construction Corporation; A&M Concrete Corporation; Rustler Construction, Inc.; Rivers Construction Group, Ltd.; Schummer, Inc.; and Garney Companies, Inc. The contract will be awarded in a not to exceed amount of \$80,000,000.00 with a base term of two years. Each contract will also contain two option terms, each with two years duration.
6. Contract 5986, Change Order No. 1, Option Term III, Street Repair Services, to M.T. Laney Company, Inc., in the amount of \$22,000,000.00, for a total not to exceed Option Term III amount of \$44,000,000.00.
7. Contract AM4991D09, RGH HVAC Upgrade Project, to American Combustion Industries, Inc., in the amount of \$2,238,000.00, with a substantial completion time of 350 calendar days.

B. Production

1. Contract 1035, Change Order 2, Option Term II, Water Storage Tank Consulting Services, to Tank Industry Consultants (TIC), Inc. and World International Testing (WIT), Inc., in the amount of \$648,000.00, for a total contract value of \$1,596,000.00.

C. Logistics

1. Contract 1112, Building Maintenance Services, to Crockett Facilities Services, Inc., for a not to exceed contract amount of \$2,978,565.50. The contract has a base term of two years with three (3) two year option terms with a not to exceed contract amount of \$2,978,565.50 for each option term.

D. Information Technology

1. Contract 1111, Contracting Authority for IT Customer Care and Billing Consulting and Integration Services (BOA), multiple awards, for a total not to exceed amount of \$15,000,000.00, for period starting now through end of Fiscal Year 2017. Total value of task orders issued to individual contract to be capped at \$3,000,000.00 per Fiscal Year. Approval for Contracting Authority beyond Fiscal Year 2017 to be requested from the Commission prior to end of Fiscal Year 2017.
2. Contract 6945, IT Annual Oracle Software Maintenance Fee Renewal, to SHI International Corporation, in the amount of \$3,267,834.68.

The motion carried unanimously with four affirmative votes.

ADDITIONAL BRIEFINGS

IRO Legislative Update - Proposals. IRO Director Michael Stroud provided an update on the IRO activities for the month, sharing that the Maryland General Assembly 2016 Session will begin on Wednesday, January 13, 2016 with WSSC's Annual Legislative Breakfast scheduled for Thursday, January 21, 2016 at 8:00 a.m. in Annapolis, Lowe House Office Building. Management also presented five non-Commission sponsored bills for the Commission's consideration with regard to recommended positions on such bills.

On motion made by Commissioner Boulware and seconded by Commissioner Bayonet, the Commission voted unanimously four-to-zero, to take the positions as recommended by management on the non-Commission sponsored legislation affecting WSSC for the 2016 Maryland General Assembly Session, specifically:

- Oppose - PG/MC 101-16 - WSSC - Eminent Domain - Elimination of Quick Take Authority in Prince George's County;
- No Position - PG/MC 106-16 - WSSC - Commissioners' Annual Salary;
- Support with Amendments - PG/MC 108-16 - WSSC - Ratemaking Structure - Review by Office of Legislative Audit;

- **Support - PG/MC 113-16 - WSSC - Drinking Water Testing; and,**
- **No Position - PG/MC 116-16 - WSSC - Commissioners Appointed from Montgomery County - Qualifications.**

COMMISSION OFFICE

GM/CEO Delegation of Authority. The Vice Chair recommended that this item be special ordered until after Closed Session so that the Commission can consult with counsel on this item in Closed, to which there were no exceptions.

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 Lawson highlighted information from the investment performance summary report provided in the advance board materials; no questions were raised by Commissioners.

The Commission received the report of the WSSC Employees' Retirement Plan Board, as information.

Personnel and Governance. Commissioner Navies indicated that Committee had nothing new to report for this month.

General Manager Search. Commissioner Lawson (Co-Chair of the General Manager Search Committee) reported that the Commission has reached agreement with the new GM/CEO Carla Reid on her proposed employment contract which the Commission Vice Chair hopes to sign later today.

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

Legislation. Nothing to report.

Audit. Quarterly Meeting to be held during afternoon open session in Commissioners' Conference Room.

The Vice Chair announced that the Open Session morning 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 following lunch. The Commission will go back into Open Session following Closed to entertain any unfinished business.

CLOSED SESSION

Whereby at 12:13 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 October 21, 2015, November 3, 2015 and November 18, 2015 Closed Session Minutes; Section 3-305(b) (7) to consult with counsel to obtain legal advice on the General Manager Delegation of Authority and on pending or potential litigation; and, Section 3-305(b) (1) to discuss personnel matters relating to the General Manager Selection and employment contract.

Commissioner Bayonet seconded the motion. The motion carried unanimously with four affirmative votes.

The Vice Chair declared the meeting was Closed (12:13 p.m.). The Vice Chair then called for a lunch recess. The meeting reconvened in Closed Session at 2:35 p.m. in the Commissioners' Conference Room.

ATTENDEES: Vice Chair Chris Lawson; Commissioners Fausto Bayonet, Omar Boulware 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.

Closed Session Minutes - On motion made by Commissioner Navies and properly seconded by Commissioner Bayonet, the Commission voted unanimously four-to-zero, to adopt the closed session minutes of its Special Commission Meeting held on November 3, 2015, as drafted.

On motion made by Commissioner Navies and seconded by Commissioner Bayonet, the Commission voted unanimously four-to-zero, to adopt the closed session minutes of its October 21, 2015 and November 18, 2015 Regular Commission Meetings, as drafted.

Legal Matters - Commissioners were briefed on confidential legal matters affecting the Commission, including a request by the General Counsel for the Commission to approve additional spending for outside legal services with regard to a pending litigation matter.

Whereby, on motion made by Commissioner Boulware and seconded by Commissioner Bayonet, the Commission voted unanimously four-to-zero to approve the award of Change Order No. 3 to Contract 78939 for confidential outside legal services.

The General Counsel discussed a proposed amendment to the GM/CEO Delegation of Authority, providing legal advice to Commissioners on how best to proceed with the contemplated amendment.

Chief Procurement Officer David Malone joined this portion of the closed session; at 3:05 p.m. Commission to conduct vote in open session following closed.

The Commission then met in executive session at 3:17 p.m. without members of management present to discuss personnel matters involving the new GM/CEO proposed employment contract. HR Director Todd Allen was called in to the executive session for a short period of time. Executive Session ended at 4:35 p.m. with the Corporate Secretary, General Counsel and General Manager rejoining the meeting.

The Chair called for a motion to end closed, whereby a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet to end the Closed Session. The motion carried unanimously with four affirmative votes (4:36 p.m.).

OPEN SESSION

At 4:36 p.m., the Commission reconvened back into Open Session.

General Manager/CEO Delegation of Authority. The Vice Chair recognized the General Counsel to explain the proposed amendment to the GM/CEO Delegation of Authority ("DOA"). In summary, the proposed amendment, Amendment No. 6 to Resolution 2010-1876 (GM/CEO Delegation of Authority), will revise Paragraph 28 of the existing GM/CEO DOA to add change order authority to the GM/CEO to approve Goods and Services Contracts including Purchase Orders. A minor technical gap in the GM/CEO's delegated authority occurred

in 2012 when the Commission's Procurement Regulations were adopted. Amendment No. 6 will close the gap and management is recommending approval.

The revised language to Resolution No. 2010-1876, to read as follows:

Paragraph 28 - rewrite the paragraph to read:

"Approve Goods and Services Contracts (including Purchase Orders) up to \$500,000 cumulative with change order authority up to \$500,000 cumulative."

Whereby a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet to adopt Amendment Number 6 to Resolution 2010-1876 (the "General Manager/CEO Delegation of Authority"), as recommended by management. Such amendment to be effective following the 30-day publication period.

The motion carried unanimously with four affirmative votes.

The Chair called for a short recess at 4:40 p.m.

Quarterly Audit Committee Meeting. The meeting reconvened at 4:50 p.m. with the Commission officially convened as the Audit Committee to conduct the quarterly meeting of the Audit Committee (which had been moved from the November meeting to the December meeting). Business related to the Audit Committee concluded at 5:17 p.m. Minutes of this proceeding were recorded separately and can be found in the Audit Committee Minutes, incorporated herein by reference.

ADJOURNMENT

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

At 5:21 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary