

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, January 20, 2016
Laurel, Maryland**

Vice Chair Chris Lawson called the meeting to order at 10:06 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocesvar ("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, Howard A. Denis 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 Carla A. Reid, 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.

Absent: Commissioner Omar M. Boulware.

PLEDGE OF ALLEGIANCE

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

AGENDA APPROVAL

Commissioner Denis then moved to adopt the Commission's Public Meeting Agenda of January 20, 2016, as drafted, to which Commissioner Bayonet seconded the motion. The motion carried with four affirmative votes, one absent.

APPROVAL OF MINUTES

The Corporate Secretary advised the Commission that the December 16, 2015 Regular Commission Meeting Minutes were still in preparation.

Commissioner Navies then moved to approve the open session minutes of the November 24, 2015 Special Commission Meeting, as drafted. Commissioner Bayonet seconded the motion. The motion carried with four affirmative votes, one absent.

WELCOME NEW COMMISSIONER

The Vice Chair formally introduced and welcomed the Commission's newest Commissioner Howard A. Denis, who was appointed by Montgomery County Executive Isiah Leggett to fill the seat formerly held by Commissioner Roscoe Moore. Commissioner Denis brings a wealth of experience to the Commission Board, having served for almost 40 years in public service and as a former Maryland State Senator and Montgomery County Council Member.

WELCOME NEW GM/CEO

The Vice Chair next took an opportunity to welcome new GM/CEO Carla Reid to WSSC. The Vice Chair provided background information on Ms. Reid who is re-joining the Commission as its 9th General Manager (and first woman CEO), after having served in various management roles at WSSC between 1986 and 2006, including Deputy General Manager. Ms. Reid also worked for both the Montgomery County and Prince George's County governments.

General Manager Reid shared her plans, values, vision and leadership philosophy, which will surround excellence, openness/transparency, and fairness and top priorities of improving customer and stakeholder relationships and ensuring system reliability through infrastructure replacement and improvements. The new General Manager's full remarks can be found in the corresponding segment of the archived meeting video which is referred to for this purpose.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of January 2016: Ross Beschner, Systems Inspection Group Leader, Systems Inspection Group, retired with 21 years and 3 months of service; Thomas Brown, FOG Permit Agent, Regulatory Services Group, retired with 11 years and 9 months of service; and Joyce Russell (present), Occupational Health Nurse, Safety & Security Services Group, retired with 14 years and 1 month of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video featuring several employees who will be honored at the upcoming Employee Service Awards. Honorees (101) range from 10 to 40 years of service,

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioners shared personal welcome remarks to Commissioner Denis and General Manager Reid. Commissioner Navies also wished everyone a Happy New Year.

Public Comments. Several small business owners from the Laundromat Community signed up to address the Commission: Peter Kim of Laurel Laundromat (owner of laundry establishments in both Prince George's and Montgomery Counties); Michael Frizzel of Kenilworth Laundromat (owner of laundry establishments in both Prince George's and Montgomery Counties); Nok Kim of Rainbow Laundry (Silver Spring); Siu Wong of Takoma Park Laundry (Takoma Park); Dan Paik of Parkway Laundromat (Hyattsville) and Paul Grenier of the Montgomery Housing Partnership (a non-profit in Montgomery County that provides services to low-income residents and small businesses in economically-challenged areas) - all expressing concern with WSSC's rate structure and in particular, its effect on their small businesses and industry, requesting that WSSC consider a fixed flat rate for such high water volume users who traditionally serve lower-income residents of the community but yet are charged at the highest rates due to the tier they fall under.

GENERAL MANAGER'S REPORT

General Manager ("GM") Carla Reid was recognized to provide her 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 96% for the month; which exceeds 95% target. The Center also answered 86.7% of incoming calls within 180 seconds which exceeds 80% target.

Delinquencies decreased in December due to payments made on government accounts. Commercial and Residential delinquencies increased.

Water production is slightly higher than FY 2015.

Development Services Group (DSG) has significantly improved the time it takes to review development design plans which can be

attributed to new processes and technologies (average turn-around time is 9.5 days as compared to 8 to 10 weeks a few years ago). The DSG satellite offices in both Counties' permitting offices also playing a big role in enhancements made.

All plants and facilities are operating well within permit parameters with zero violations.

Mild weather has contributed to decrease in water main breaks as compared to November. Water main replacement is on target with sewer main repair and replacements slightly above target.

Operating revenues in November were \$50,592,000.00 with operating expenses at \$50,877,000.00.

Time to fill vacancies average in November was 62 days which is just above target of 60 days.

Disparity Study is still on target. SLMBE activities can be found on page 18 of GM Report.

MDE has re-approved WSSC's Laboratory Services Group as a State-Certified Water Quality Laboratory.

WSSC Community Relations Office, in its continuous effort to promote STEM education, partnered with a team of 5th graders in Montgomery County to help them prepare for the State's FIRST LEGO League Competition. The competition challenged students to develop a solution for a real world problem and the students chose to tackle the issue of flushable wipes that clog WSSC pipe sewer systems. The team presented their findings earlier this month during the State portion of the competition and won first place, advancing to the next round. The GM plans to invite the students to next month's Commission meeting to provide a demonstration.

WSSC's social media presence has grown over the past year; 2600 followers on Twitter and over 1500 likes on Facebook; great way to communicate with customers.

WSSC Police Department joined other area police departments in volunteering in December to take children on a holiday shopping spree. First time WSSC has participated; 100 students selected

from surrounding community. WSSC Senior Leadership Team also hosted a holiday reception at RGH for all employees.

WSSC's next Employee Service Awards is scheduled for Wednesday; 101 employees will be honored for their service ranging from 10 to 40 years, with 24 celebrating more than 30 years.

Customer Contact Center Optimization Strategy. Acting Group Leader Mpande Musonda-Langley, along with Acting Chief of Customer Relations Derrick Phillips and Chief Information Officer (CIO) Mujib Lodhi, provided an update on the status of the Contact Center Optimization Project. Ms. Musonda-Langley reported from a power point presentation contained in the Commission meeting advance materials and incorporated herein by reference. Specific details can be found in the presentation handout and corresponding segment of the archived meeting video; both are referred to for that purpose. In summary, management provided a status report to Commissioners in August 2015 which detailed the then-new call center performance metrics and performance targets (to be realized by January 2016) and had promised to update the Commission quarterly. Today's briefing summarized how management has performed to date relative to targets.

SSO 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. Detailed information can be found in the presentation handout circulated to Commissioners and the corresponding segment of the archived meeting video. In summary, Mr. Gumm reported on schedule status, costs and areas of concern. Cumulative projected cost at \$979.1 million with total program costs estimated at \$1.480 billion; \$864 million has been spent-to-date. Areas of concern: Rights of Entry (ROE); National Park Service (NPS); Stream Stabilization Permits and Consent Decree Modification.

Following Commissioner questions and discussion, the General Manager's Report, including the status reports on the Contact Center Optimization Project and Consent Decree Quarterly Update, were received as information.

Monthly Activity Report. Internal Audit Director Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of December 7, 2015 through January 6, 2016. 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. Under Internal Audit Follow-up Activities, one management action item implemented pending with one delinquent (by four days).

Hotline. Next quarterly report to be presented at February Commission Meeting.

External Auditors. Issues related to "Internal Control Related Matters" are being tracked in Internal Audit's TeamCentral database.

Audit Committee Meeting. Next quarterly meeting to be held in February.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on December 10, 2015; several open and closed items were reviewed. Two auditors from IAO provided new hire orientation/code of ethics training to 5 new employees on December 7, 2015. The completion rate for annual ethics training was at 95% as of December 18, 2015.

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

OTHER REPORTS

Resolution 2016-2108 - Authorizing Issuance of Water Quality Bond, Series 2016A. WSSC is utilizing the Maryland Water Quality Financing Administration's Water Quality Revolving Loan Program to finance the third loan for the Blue Plains WWTP New Digestion Facility (Combined Heat and Power Project). The program was created in 1988 to provide below market rate of interest loans for

qualifying water quality projects. The State has reviewed all submittals on the project and is ready to issue loan proceeds. Management is seeking Commission approval of loan and authority to close. The State-approved loan amount is \$8,200,000 and is within the approved debt limits for FY 2016.

Whereby, a motion was made by Commissioner Navies and seconded by Commissioner Bayonet, to adopt Resolution 2016-2108 authorizing the issuance of the Water Quality Bond, Series 2016A, as stipulated in the aforementioned Resolution. The motion carried by a vote of four-to-zero with one absent.

Resolution 2016-2109 - Authorizing Issuance of Water Quality Bond, Series 2016B. WSSC is utilizing the Maryland Water Quality Financing Administration's Water Quality Revolving Loan Program to finance the Blue Plains WWTP Tunnel Dewatering Pump Station (TDPS) and Enhanced Clarification Facility (ECF) projects. The program was created in 1988 to provide below market rate of interest loans for qualifying water quality projects. The State has reviewed all submittals on the project and is ready to issue loan proceeds. Management is seeking Commission approval of loan and authority to close. The State-approved loan amount is \$54,000,000.00 and is within the approved debt limits for FY 2016.

Whereby, a motion was made by Commissioner Navies and seconded by Commissioner Bayonet, to adopt Resolution 2016-2109 authorizing the issuance of the Water Quality Bond, Series 2016B, as stipulated in the aforementioned Resolution. The motion carried by a vote of four-to-zero with one absent.

Request to Set Third Public Hearing Date for FY 2017 Proposed Budget. Management is requesting that the Commission set a third public hearing date of February 10, 2016 (initially recommended by management and approved by the Commission as an alternate inclement weather date) in order to comply fully with the Maryland Code mandated publishing requirements.

Whereupon, a motion was made by Commissioner Navies and seconded by Commissioner Denis, to set a third public hearing date of Wednesday, February 10, 2016 at 7:30 p.m., at the WSSC RGH Building, Commission Auditorium, 14501 Sweitzer Lane, Laurel, Maryland, for WSSC's Fiscal Year 2017 Proposed Budget. The Commission previously set public hearing dates in each of the

respective Counties of the Washington Suburban Sanitary District for Wednesday, February 3, 2016 in Rockville, Maryland and Thursday, February 4, 2016 in Prince George's County Maryland. Notice of all three hearing dates to be published in The Washington Post and Sentinel newspapers in both Prince George's and Montgomery Counties.

The motion carried with four affirmative votes, one absent.

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 Navies, and seconded by Commissioner Bayonet, to adopt Resolution 2016-2110, approving the six contracts included on the Consent Calendar for the January 20, 2016 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. BR5775A14, Stratton Woods Water Main Replacement, to Rivers Construction Group, Ltd., in the amount of \$2,083,460.00, with a substantial completion time of 810 calendar days.
2. BR5703A14, Hampshire Knolls Water Main Replacement, to J. Fletcher Creamer & Son, Inc., in the amount of \$2,742,982.00, with a substantial completion time of 284 calendar days.
3. CD4231D05, Change Order No. 6, Piscataway Waste Water Treatment Plant (WWTP) Storage and Headworks Improvements, to Adam Robinson Enterprises, Inc., in the amount of \$27,179.00, for a total contract amount of \$45,641,011.10.

B. Information Technology

1. Contract 6803, Option Term 1, Verizon Voice, Data and Internet Services, to Verizon, in the amount of \$2,200,000.00.

C. Logistics

1. Contract 6276, Option Term III, Commercial Lawn Maintenance Services, to Lancaster Landscapes, Inc., for Groups I and II in the amount of \$327,425.30 and Denison Maintenance Services, LLC, for Groups III and IV in the amount of \$355,274.00, for a total contract award amount of \$682,699.30.

2. Master Contract 6781, Facilities Maintenance, Repair and Operating (MRO) Supplies, to W.W. Grainger, Inc., riding National Joint Powers Alliance (NJPA) Contract No. 091214-WWG, in not to exceed amount of \$1,150,000.00, for a total contract amount of \$1,150,000.00.

The motion carried with four affirmative votes, one absent.

ADDITIONAL BRIEFINGS

IRO Legislative Update - Proposals. IRO Director Michael Stroud provided an update on the IRO activities for the month, sharing key dates for the Maryland General Assembly 2016 Session, information relating to proposed bills up for consideration and reminding Commissioners of tomorrow's Annual Legislative Breakfast in Annapolis. Mr. Stroud also reported on a proposed amendment being made by Delegate Al Carr to PG/MC 108-16 (WSSC Ratemaking Structure Study Bill sponsored by Delegate Charles Barkley). The Commission had previously voted to support the bill with a few minor amendments offered by the bill's sponsor Delegate Barkley. However, Delegate Carr has now offered substantial amendments to the bill (changes bill from a study bill to enabling legislation to create and charge different classes of rates) which in management's view would not be favorable to WSSC (too prescriptive without the data to support it at this juncture). Management is therefore recommending that the Commission take a position of oppose on the bill with latest amendments from Delegate Carr. .

Following discussion, a motion was made by Commissioner Navies and seconded by Commissioner Bayonet, to oppose the proposed Carr Amendments to PG/MC 108-16, as recommended by management. The motion failed as two Commissioners voted in the affirmative (Commissioners Lawson and Hopkins-Navies) and two Commissioners abstained (Commissioners Denis and Bayonet). The reason for the two abstentions was as follows: the two abstaining Montgomery County Commissioners would like to receive more information and get feedback from the Montgomery County Executive on his view and recommendations prior to taking a position.

Resolution 2016-2111 - Authority for Condemnation Proceedings (Right of Entry). WSSC Counsel, along with a member from the Engineering Group, Land Services Unit, are seeking Commission approval to initiate condemnation proceedings for right of entry

to a property located at 13030 Old Fort Road, Fort Washington, Maryland, in order to reconstruct a sewer line and man hole on the property and a manhole adjacent to the property per the Consent Decree. The property owner, Mr. Hikmat Sultan, refuses to grant right of entry unless WSSC agrees to construct water and sewer lines on his property, which WSSC cannot do. The appraised value of the temporary taking is \$2150.00.

Following discussion, and on motion made by Commissioner Navies and seconded by Commissioner Bayonet, the Commission voted four-to-zero, with one absent, to adopt Resolution 2016-2111, granting authority to management to pursue quick take condemnation proceedings to obtain a temporary easement to rehabilitate a WSSC sewer main and two manholes on subject property located at 13030 Old Fort Road, Fort Washington, Maryland (Hikmat Sultan property).

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, which included an update on the ongoing support she continues to provide the Commission with regard to the new GM/CEO selection and onboarding, sharing that she's participated in several meetings with Ms. Reid to help re-acclimate her to WSSC and bring her up to speed on the various WSSC matters pending before the Commission. The Corporate Secretary also planned and helped facilitate with the SSMO Director, the new Commissioner orientation for Commissioner Denis which also served to onboard and orient Ms. Reid.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Lawson announced that no meeting was held in December (nor will one be held in January) and that the next meeting is scheduled for February 24, 2016.

Personnel and Governance. Commissioner Navies indicated that the P & G Committee has nothing to report for this month.

Legislation. The Vice Chair announced that Commissioner Denis will serve on this Committee alongside Commissioner Boulware.

Audit. The Chair indicated that the Minutes of the Audit Committee Meeting held on December 16, 2015 were before the Commission for adoption.

Whereby, a motion was duly made by Commissioner Navies and properly seconded by Commissioner Bayonet, to approve the Audit Committee Minutes of December 16, 2015. The motion carried by a vote of four-to zero, with one absent.

The Vice Chair announced that the Morning Open Session 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 12:53 p.m., Commissioner Navies moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b) (13) to approve the November 24, 2015 and December 16, 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 General Manager staffing proposals.

Commissioner Denis seconded the motion. The motion carried with four affirmative votes, one absent.

The Vice Chair declared the meeting was Closed (12:53 p.m.). The Vice Chair then called for a lunch recess. The meeting reconvened in Closed Session at 2:13 p.m. in the Commissioners' Conference Room.

ATTENDEES: Vice Chair Chris Lawson; Commissioners Fausto Bayonet, Howard Denis and Mary Hopkins Navies. Staff present: General Manager Carla Reid, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson, Acting Chief Operating Officer Gary Gumm and Timothy M. Sullivan of Beveridge & Diamond, PC. (only attended a portion of meeting; excused at 2:34 p.m.) [Absent: Omar M. Boulware.]

Closed Session Minutes - On motion made by Commissioner Navies and seconded by Commissioner Bayonet, the Commission voted four-to-zero (one absent) to adopt the closed session minutes of its Special Commission Meeting held on November 24, 2015, as drafted.

The Corporate Secretary advised that the December 16, 2015 Closed Session Minutes would be presented for adoption at the February Commission Meeting.

Legal Matters - Commissioners were briefed on confidential legal matters affecting the Commission, including a request by the General Counsel for authority to pay legal fees connected to pending litigation.

Whereby, on motion made by Commissioner Navies and seconded by Commissioner Denis, the Commission voted to authorize the payment of legal fees in connection with a pending legal matter. The motion carried with four affirmative votes, one absent.

The Commission then met in executive session at 2:45 p.m. without members of management present to discuss personnel matters relating to GM staffing proposals. The General Manager joined the executive session at 3:02 p.m. Executive Session ended at 3:44 p.m. with the Corporate Secretary rejoining the meeting.

The Chair called for a motion to end closed, whereby a motion was made by Commissioner Navies and seconded by Commissioner Denis to end the Closed Session. The motion carried with four affirmative votes, one absent (3:45 p.m.).

OPEN SESSION

At 3:45 p.m., the Commission reconvened back into Open Session.

ADJOURNMENT

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

At 3:46 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary