

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, December 21, 2016  
Laurel, Maryland

Chair Fausto R. Bayonet called the meeting to order at 10:05 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 Bayonet, Commissioners Omar M. Boulware, Howard A. Denis, T. Eloise Foster, Chris Lawson and Thomasina V. Rogers, 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 Amanda Stakem Conn 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 Bayonet opened the meeting by welcoming everyone and asking Commissioner Foster to lead the pledge of allegiance.

**AGENDA APPROVAL**

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of December 21, 2016, as drafted, to which Commissioner Foster 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 November 16, 2016 Regular Commission Meeting, as drafted. Commissioner Denis 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 December 2016:

Bruce Stegmeier, Fleet Technician, Fleet Services Group, retires with 29 years and 7 months of service;

Annette Thomas, Facilities Construction Inspector II, Project Delivery Group, retires with 33 years and 11 months of service.

Roland Steiner, Regional Water and Wastewater Manager, Planning Group, retires with 13 years and 6 months of service.

Aaron Krause, Principal Civil Engineer, Facilities Maintenance Group, retires with 31 years and 3 months of service.

#### COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented the video for the month which was an informational piece on the process for estimation of customer bills (i.e., "Estimated Billing").

#### COMMISSIONER/PUBLIC COMMENTS

**Chair Comments.** The Chair took an opportunity to highlight some of the Commission's Accomplishments for the Year 2016, stating the following:

- Successfully hired WSSC's first female General Manager Carla Reid who has brought energy and vision that has invigorated the organization. GM/CEO has also placed major emphasis on improving customer service in every aspect (billing, handling of customer calls, better-informing stakeholders of street paving and construction projects, etc.);
- Launched HomeServe Partnership, providing customers with protection and low-cost options for repairing pipe breaks and other plumbing emergencies [that fall on the customer] and funding to those who can't afford to pay for these high-cost incidents;
- Initiated e-Permitting [online] Program to simplify the permitting process; making it more convenient for customers to obtain these services without having to physically come to WSSC;
- Approved [new] Local Business Investment and Growth (BIG) Program, to promote community investment and growth in WSSC's sanitary district of Prince George's County and Montgomery County;
- Completed new Disparity Study to measure the effectiveness of the WSSC MBE Program;

- Launched Rate Structure Study Stakeholder Group, inclusive of customers from each county and various other stakeholder groups to review and present options to the Commission for alternatives to present structure;
- Received and continue to maintain AAA Bond Rating from all three bond rating agencies, which means WSSC is on solid footing, financially;
- Invested in new infrastructure involving zinc-coated pipes with special wrapping to replace aging water mains with WSSC as the first utility in the nation to participate in this new innovative strategy to promote longer-lasting pipes;
- Launched new Supply Chain Management Transformation Initiative and Purchasing Strategy to minimize costs and increase value of products and services;
- Hosted Senator Cardin, champion for promoting clean water and related funding for water infrastructure issues, on Tour of WSSC facilities;
- For 98<sup>th</sup> year, WSSC continues its consecutive record of no drinking water violations; and
- Added 3 new Commissioners with wealth of knowledge and experience to Commission Board.

Chairman Bayonet concluded by thanking both Commissioners and management for their diligence, hard work and tremendous successes over the past year.

**Commissioner Comments.** Chair Bayonet thanked staff for its efforts in diverting the recent spill in the Potomac River by ensuring it didn't reach WSSC's intake. The Chair also took a moment to express condolences, on behalf of the Commission, to the family of Greg Myles, a long-time employee at WSSC that passed away in November.

The Chair, Vice Chair and Commissioners also wished WSSC staff, retirees, contractors and vendors, a very Merry Christmas and safe and happy holiday season.

Commissioner Denis, along with other Commissioners, thanked WSSC leadership and general staff for the outstanding accomplishments this past year. He also expressed that he hopes matters and issues that arise, such as with the plumbers' association,

HomeServe and others, be addressed in a transparent manner so any issues can be aired out properly.

**Public Comments.** None.

#### **GENERAL MANAGER'S REPORT**

General Manager ("GM") Carla Reid was recognized to provide her monthly report. The GM'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:

Potomac River Oil Spill on November 27, 2016 - WSSC coordinated with federal, regional, state and local officials to ensure the spill didn't come near WSSC's water intake, resulting in no contamination. GM commended Chief of Plant Operations James Langley and the new Emergency and Homeland Security Director David McDonough for handling this emergency so effectively.

Potomac Plant Filters - Currently, 26 of 32 filters in service, putting WSSC ahead of schedule in getting filters back online. WSSC anticipates an additional 8 will be online by the end of 2016.

Winter Preparedness Tabletop - On December 7, 2016, WSSC participated with Emergency Management Services Departments in both Counties (Montgomery and Prince George's) in a Winter Preparedness Tabletop Exercise, simulating worse-case scenarios in order to better prepare for winter weather emergencies. As a result, while WSSC remains on high alert for water main breakage through February (busiest months - November through February); management is confident of WSSC's ability to handle anticipated spike in incidents.

Economic Development (MGM National Harbor) - WSSC played major role in getting the \$1.4 billion facility open on time. National Harbor expected to use 2.2 million gallons of water per day (one of WSSC's largest users) and will be major source of economic development in Prince George's County.

SLMBE Outreach - SLMBE Director participated in Build America, an infrastructure roundtable on Capitol Hill (hosted by NJ

Congressman Donald M. Payne) where the importance of water infrastructure was discussed and the role small, local and minority businesses can play in helping to rebuild and replace aging infrastructure.

Global Partners Initiative - WSSC continues its quest to become world-class, hosting a group of wastewater professionals from Beijing Drainage Group of China, to tour WSSC wastewater facilities and consolidated laboratory.

Customer Service Improvements - WSSC recently launched new e-Permitting system, allowing 24-7 online plumbing license verification, permitting and inspection scheduling services. The Regulatory Services Group has worked with business community to help businesses meet discharge and upgrade requirements (and limits), which presents a win/win situation, enabling WSSC to work with customers rather than against them. Communication and outreach to customers and stakeholders on planned construction projects making great strides with informational neighborhood / community meetings being held regularly.

Commissioner Boulware asked that data on the success of the e-Permitting program be provided each month in order to track progress.

**Supply Chain Management Transformation Update.** Chief Procurement Officer David Malone provided this update, reporting from a power point presentation contained in the advance meeting materials and incorporated herein by reference. Specific details can also be found in the corresponding segment of the archived meeting video. In summary, Mr. Malone walked through the strategy, current focus, technology and strategic sourcing results.

**Following Commissioner questions, 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 7, 2016 to December 2, 2016.

**FY 2017 Audit Projects:** One audit, Basic Ordering Agreement (BOA), has commenced and is in the planning phase.

**FY 2016 Carryover Audit Projects:** All in field-work stages.

**FY 2015 Carryover Projects:** Construction Contracts Change Orders Audit in report phase with discussion draft issued.

**System Development Charges (SDC) Audits:** No SDC Reports issued; 16 SDC audit requests in process with 13 active and 3 inactive.

**Internal Audit Follow-up:** One management action item closed since last status report of November 2, 2016. Thorough review underway for 2 implemented pending Internal Audit verification action items with one management plan of action 155-days delinquent (General Services) with request for extension approved.

**Hotline.** Next quarterly status report to be presented at January 2017 Commission meeting.

**Ethics Office.** The Board of Ethics held its regularly-scheduled meeting on November 10, 2016; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 7 new employees on November 21, 2016. Ethics Officer worked with IT and external vendor to ensure WSSC Annual Ethics Training course was launched on November 28, 2016.

**External Auditors.** BCA Watson Rice LLP presented findings from Commission's financial statements annual audit at November 2016 Commission meeting.

**Fiscal Year 2016 Annual Report.** Ms. Bardwell, along with Senior Auditor Dana Whiting, delivered the IAO's Annual Report for Fiscal Year 2016. Specific details can be found in the report and presentation handout contained in the advance board materials and the corresponding segment of the archived meeting video. In summary, Ms. Bardwell provided an overview of IAO's fiscal activities for the year, which included strategic plan and risk-based audit plans, key performance indicators, financial impact analyses, hotline status, and outreach activities.

**Following discussion, the Monthly and Annual Reports of the Internal Audit Office, were received as information.**

**OTHER REPORTS**

**Finance**

**Front Foot Benefit Charges and SDC - Legislative History and Impact on Unserved and Underserved Residents.** CFO Joseph Beach provided this briefing per Commissioners' request at the November meeting, reporting from a power point presentation circulated to Commissioners in advance and incorporated herein by reference. Specific details can be found in the presentation handout and the corresponding segment of the archived meeting video and both are referred to for that purpose.

In summary, Mr. Beach provided the legislative history of the front foot benefit charges, deferred house connections and system development charges, along with an overview of the SDC exemption process. He also reviewed the system extension and financing challenges for unserved and underserved communities and residents.

**Following discussion, the Commission received the CFO Briefing as information.**

**Approval of 2017 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 CFO presented the rate calculations for the Proposed 2017 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 16, 2016 and no comments were made at the hearing nor written testimony received to date.

In summary, management is proposing that the Commission: 1) 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 16, 2016 meeting; 2) adopt water and sewer charges for unimproved and improved residential small size house connections as presented at the Commission's November 16, 2016 meeting and as contained in Attachment 1 of the Finance board materials on this item (incorporated herein by reference); 3) adopt right of way water

and sewer connection charges consistent with current year charges and as contained in Attachment 2 of the Finance board materials on this item (incorporated herein by reference); and 4) adopt non-residential small and large size water and sewer 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 Denis and properly seconded by Commissioner Boulware, to approve the 2017 Front Foot Benefit Rates and House Connection Charges, as proposed by management, to be effective January 1, 2017. The motion carried unanimously with six affirmative votes.**

**Approval of Fiscal Year (FY) 2018 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 and capital budget for FY 2018 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 2018 Preliminary Proposed Budget have been scheduled as follows:

**Montgomery County - Wednesday, February 1, 2017 - 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 2, 2017 - 7:30 p.m.**

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

**Alternate Date: Wednesday, February 8, 2017 at 7:30 p.m.**

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

Specific details on the proposed budget can be found in the respective Finance board report contained in the board materials and incorporated herein by reference. However, in summary:



The preliminary proposed budget for FY 2018, totaling \$1.4 billion with operating expenses of \$741 million (52% of total) and capital budget of \$697 million, provides for combined 3.5% 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%). The 3.5% rate increase will add approximately \$1.46 per month to the bill of a customer using 137 gallons of water per day.

The budget reflects the Commission's commitment to affordability for WSSC rate payers. In order to reduce costs, many cost-saving measures have been implemented. The Supply Chain Management Transformation project has produced significant cost reductions in excess of \$21 million (since its inception in FY 2013). Over the same period, cost-avoidance savings have exceeded \$18 million.

The FY 2018 budget continues WSSC's investment in adequate, reliable infrastructure including the WSSC network of water and sewer pipes along with environmental improvements to wastewater treatment plants. Funds are also included for fifth year of IT Strategic Plan.

Since the preliminary budget does not contain any new positions or initiatives, the Commission will not be able to implement some important improvements proposed by WSSC Teams that would support and advance WSSC's strategic priorities, some of which include: establishment of Sewer Force Main Design program to expedite replacement of aging and vulnerable sewer force mains; expanding WSSC's leak detection program to identify leak locations and provide proactive repairs; and implementation of System-Wide Flushing Program to reduce discolored water complaints and improve water quality.

Funding has been included for salary enhancements with specific use of these funds to be determined during the budget approval process when the two counties decide how to address salary enhancements for their employees.

Management is also recommending an increase to the maximum allowable charge for the SDC charge due to the change in the CPI as allowed by State Law (the CPI was published last week after

management's package was submitted to the Commission). The maximum allowable charge has been updated based on last Thursday's publication. The update is reflected on the sheet circulated to Commissioners at the start of this presentation (incorporated herein by reference) and replaces page 24 of the report contained in the advance Commission materials. The actual charge will not change for Fiscal Year 2018.

Commissioners raised concerns with the approved 3.5% rate increase and challenges it will present to WSSC with regard to WSSC's strategic plans for infrastructure improvements and other projects which will now have to be cut or delayed, requesting that management continue to stress the importance of these projects/initiatives, thus elaborating WSSC's basis for its prior recommendation of 6.9% (and the negative impact of approved lower rate) and kindly urging County Councils to reconsider. WSSC had requested an increase of 6.9% with the Councils ultimately approving 3.5%. Mr. Beach to include the Commission's concerns in WSSC transmittal letter, to be signed by WSSC Chair and transmitted along with proposed budget, to both Counties by January 15, 2017.

**Following discussion, on motion made by Commissioner Lawson and seconded by Commissioner Denis, the Commission voted unanimously six-to-zero, to approve for transmittal to county officials and the public for public hearing purposes, the Preliminary Proposed WSSC Operating and Capital Budget for Fiscal Year 2018, as recommended by management.**

#### **CONSENT CALENDAR**

##### *Contracts for Approval*

The 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 Foster and seconded by Commissioner Boulware, to adopt Resolution 2017-2145, approving the four contracts included on the Consent Calendar for the December 21, 2016 Commission Meeting, as follows:**

#### **A. Engineering and Construction**

##### **Architect/Engineer Contracts:**

1. PM0010A16/PM0016A16, General Engineering Design Services Basic Ordering Agreements (BOA), to Hazen and Sawyer and Rummel, Klepper, and Kahl, LLP. Each contract amount not to exceed \$7,000,000.00 with term of five (5) years each, for total contract amount of \$14,000,000.00 for both contracts.
2. 23302099A, Brighton Dam Facility Upgrades Design Services, Change Order No. 2, to Mimar Architects & Engineers, Inc., in the amount of \$379,661.82, for a new contract value of \$746,313.99.

**Construction Contracts:**

1. BF5250A11, Potomac Water Filtration Plant Corrosion Mitigation, Change Order No. 17, to W.M. Schlosser Company, Inc., in the amount of \$1,023,171.00, with 59 non-compensable calendar days, for a new contract value of \$14,204,913.00.

**B. Information Technology**

1. Contract 6803, Verizon Voice, Data and Internet Services, Option Term II, in the amount of \$2,200,000.00. Contract has three (3) one-year option terms remaining in the amount of \$2,200,000.00 each.

The motion carried by a vote of five-to-zero with one absent (Commissioner Denis was briefly absent during the vote).

**ADDITIONAL BRIEFINGS**

**Water Meters and Estimated Billing Briefing.** Chief of Customer Relations Crystal Knight-Lee, along with Utility Services Team Chief Damion Lampley, provided a briefing on the estimated billing process, expounding on the earlier monthly video presented by the Communications Team. Specific details can be found in the corresponding segment of the archived meeting video and presentation handout provided in the advance materials and both are referred to for this purpose.

In summary, management covered the following topics:

- What is an estimated bill?
- Why do we [WSSC] estimate bills?
- What are the challenges with estimated billing?
- What are we [WSSC] doing internally to prepare for estimated billing this winter?

Ms. Knight-Lee spoke of WSSC's core responsibility to get billing right. To this end, her group, along with Utility Services, is developing a more practical approach to estimated billing in anticipation of winter emergencies where severe weather may prevent actual meter readings and necessitate mass estimates for up to 94,000 accounts. Ms. Knight-Lee outlined plans to train staff, maintain and enhance communications (such as circulating the "Estimated Billing" video on social media) and stay ahead of the meter reading schedule. She also set forth how, in the long term, legacy problems with the design of the bill will be rectified with a new billing system that management hopes to have online by January, 2018.

**Following discussion, the report was received as information.**

**IRO Legislative Update.** Intergovernmental Relations Office (IRO) Director Karyn Riley provided an update of the IRO activities for the month along with the status of proposed bills currently moving through the 2017 Maryland General Assembly Session that would affect the Commission, including two new pre-filed bills that dropped this past week. She also shared this year's annual Legislative Breakfast will be held in Annapolis on Thursday, January 19, 2017 at 8am.

**The Commission received the IRO update on proposed legislation as information.**

#### **COMMISSION OFFICE**

**Corporate Secretary Report.** In the interest of time, Corporate Secretary Sheila Finlayson referred to her report provided in the advance board materials, asking if Commissioners had questions, to which none were raised.

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

**WSSC Retirement Plan Board of Trustees.** Commissioner Lawson reported on the recent meeting of the Board of Trustees held on November 30, 2016, noting that as of October 31, 2016, the Plan's assets were \$729.6 million which represents an investment gain of \$38.3 million or an increase of 5.8% since December 31, 2015. A full summary of the October 2016 Retirement Plan Investment

Performance Results was also included in the advance board materials.

**The Commission received the report of the Retirement Plan Board of Trustees, as delivered by Trustee Lawson, as information.**

**Personnel and Governance Committee.** Chair Bayonet reported that the Committee is in the process of finalizing the performing evaluations for two of its direct reports.

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

**Legislation Committee.** Commissioner Boulware provided an overview of the Special Meeting of the Commission held on December 6<sup>th</sup>, whereby the Commission took action to approve management-recommended positions on a few pre-filed bills affecting the Commission.

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

**Audit Committee.** The Chair shared that the next quarterly meeting will be held in January.

The Chair then announced that the Morning Open Session business had concluded and called for a motion to go into Closed. The Commission will go back into Open following Closed to conduct any unfinished business, if required.

After noting his approval of the written closing statement, the Chair called for a vote.

**CLOSED SESSION**

Whereby at 1:26 p.m., Commissioner Lawson 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 16, 2016 Closed Session Minutes; Section 3-305(b)(7) and Section 3-305(b)(8) to consult with counsel to obtain legal advice and discuss pending or potential litigation for attorney/client privileged legal matters; Section 3-305(b)(9) to conduct collective bargaining negotiations or consider matters that relate to the negotiations; and Section 3-305(b)(1) to

discuss personnel matters relating to Commission Office direct reports.

Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed at 1:26 p.m.

The Chair then called for a lunch recess.

Following lunch, the meeting reconvened in Closed in the Commissioners' Large Conference Room at 2:37 p.m.

**ATTENDEES:** Chair Fausto Bayonet; Commissioners Omar Boulware, Howard Denis, Eloise Foster, Chris Lawson and Thomasina Rogers.  
**Staff present:** General Manager Carla Reid, Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Senior Counsel Russel Beers, Associate Counsel Heather Ashbury, Associate Counsel Danny O'Connor, Associate Counsel Stephanie Kinder, Deputy General Manager for Operations Joe Mantua, Deputy General Manager for Strategic Partnerships Monica Johnson, Deputy General Manager for Administration Thomas Street, Senior Staff Director Jaclyn Vincent and Chief of Customer Relations Crystal Knight-Lee.

**Closed Session Minutes** - On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted six-to-zero, to adopt the closed session minutes of its November 16, 2016 Meeting, as drafted.

**Legal Matters** - Commissioners were briefed by WSSC Counsel and management on confidential legal matters affecting the Commission, which included attorney/client privileged legal and pending litigation matters.

**Collective Bargaining Negotiations.** HR Director Todd Allen briefed Commissioners on the status of the union negotiations. Will follow-up with Commissioners again in January with new agreement to come publicly before the Commission for a vote during April/May timeframe.

**Personnel Matters** - All members of management were excused at 4:36 p.m. while the Commission met in executive session to discuss personnel matters relating to performance evaluations for two of the Commission Office's direct reports. The Commission

unanimously agreed to award performance awards to the two direct reports for their Fiscal Year 2016 performance with such information (PANs) to be forwarded to the HR Director for processing.

At 5:30 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Lawson and seconded by Commissioner Denis, to end the Closed Session. The motion carried unanimously with six affirmative votes.

#### OPEN SESSION

At 5:30 p.m., the Commission reconvened in open session.

#### ADJOURNMENT

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

At 5:30 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

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Sheila R. Finlayson, Esq.  
Corporate Secretary