

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, February 17, 2016
Laurel, Maryland

Vice Chair Chris Lawson called the meeting to order at 10:10 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 Howard A. Denis, 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 Mary Hopkins Navies.

PLEDGE OF ALLEGIANCE

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

AGENDA APPROVAL

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of February 17, 2016, as drafted, to which Commissioner Denis seconded the motion. The motion carried with four affirmative votes, one absent.

APPROVAL OF MINUTES

Commissioner Boulware then moved to approve the open session minutes of the December 16, 2015 Regular Commission Meeting, as drafted. Commissioner Bayonet seconded the motion. The motion carried with four affirmative votes, one absent.

Commissioner Boulware also moved to approve the open session minutes of the January 20, 2016 Regular Commission Meeting, as drafted. Commissioner Bayonet seconded the motion. The motion carried with four affirmative votes, one absent.

WSSC RETIREES

There were no retirees for the month of February.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video which gave a close up look at the latest in inspection technology - "Inside the Big Pipes."

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Boulware apologized for being absent last month and took an opportunity to personally welcome new Commissioner Howard Denis and new General Manager Carla Reid. Commissioner Denis recognized two of his family members who were present in the audience.

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:

The GM introduced the two newest members to her executive leadership team - Monica Johnson, Deputy GM for Strategic Partnerships and Thomas Street, Deputy GM for Administration. Both started on February 16, 2016. The third of the GM's top executives, Joseph Mantua, to be brought on as the Deputy GM for Operations, will start on March 7, 2016. All three executives have previously worked at WSSC. Mr. Street, who will be in charge of Finance, Information Technology, Procurement, Logistics and the SLMBE Teams and Offices, has twenty-five years of prior WSSC experience; previously serving as Budget Director and Team Chief for Strategic Planning and Business Development. Mr. Street also most recently served as the Assistant Chief Administrative Officer for Montgomery County. Ms. Johnson has more than eight years of experience at WSSC including stints as Acting Team Chief for Mission Support and Director of Intergovernmental Relations. She also served as the Assistant Secretary for Mission Support at the Maryland Department of Natural Resources and most recently as Director of the Prince George's County Office of Central Services. Ms. Johnson will be responsible for oversight of the Customer Relations, Communications, Human Resources, Fair Practices and Intergovernmental Relations Teams and Offices. Mr. Mantua, who

has an extensive engineering background, will oversee the Engineering, Production and Utility Services Teams. His 23-year WSSC career began in 1984 as a project manager. He also served as Quality Assurance Manager, Development Services Director and Project Delivery Leader. Mr. Mantua most recently served as a regional manager at Black & Veatch Corporation, a leading global engineering firm and is a past president of the American Water Works Association (AWWA).

The GM reassigned SSMO Director Crystal Knight-Lee to now serve as the new Chief of Customer Relations.

GM has embarked on holding series of Lakeside Conversations designed to allow employees to share thoughts and ideas for WSSC's future. Six held to date at various WSSC locations with three to be held over the next week.

Call/Contact Center answer rate at 96% for the month; which exceeds 95% target. The Contact Center also answered 87% of incoming calls within 180 seconds which exceeds 80% target.

Delinquencies increased in January, which is trend for this time of year.

Water production continues to run slightly higher than same period in FY 2015.

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

Water main breaks and leaks have more than doubled from December to January; however, 379 still below the five-year average of 401 for the month of January. Both cumulative water main replacements and sewer main repairs and replacements are on target.

All Production treatment and distribution facilities were staffed around the clock during Winter Storm Jonas to ensure WSSC stayed on top of any potential service disruptions. WSSC received significant media coverage on breaks following the blizzard due to frigid temperatures and kept media and public informed on status of repairs.

Operating revenues in December were \$51,387,000.00 (slightly higher than this time last year) with operating expenses at \$48,478,000.00 (about same as last year).

Commission's System Development Charge (SDC) annual fiscal year report was circulated to Commissioners; county officials and legislators; not required by State Law but continue to distribute for informational purposes.

Average time to fill vacancies in December was 46 days which falls below target of 60 days.

Disparity Study is still on target. SLMBE activities can be found on page 17 of GM Report.

Annual Legislative Breakfast on January 21, 2016 was a success.

Public Hearings held earlier this month on the Preliminary Proposed FY 2017 Budget.

WSSC celebrating Black History Month with several events highlighting African-American history and culture.

FIRST LEGO League Champions Team Turbo Tech Demonstration. GM recognized the team of 5th graders [reported on last month] that won first place in the State portion of the State's FIRST LEGO League Competition. The competition challenged students to develop a solution for a real world problem and the team chose to tackle the issue of flushable wipes that clog WSSC pipe sewer systems. Team Turbo Tech reported on their project and related research, providing a demonstration of the new technology they created to combat the problem.

Water Quality Presentation - "Lead in Drinking Water; Can it Happen at WSSC." Laboratory Services Group Water Quality Manager Jin Shin, Ph.D., presented on WSSC's water quality and whether the issues that happened in Flint, Michigan could happen at WSSC. Dr. Shin 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 walked through the issues that led to the Flint crisis and the steps and safeguards that WSSC follows to ensure that such a

crisis could never happen at WSSC, assuring Commissioners and the public that the operational risk is extremely small.

Following Commissioner questions and discussion, the General Manager's Report, including the Water Quality Presentation, was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Auditor Dana Whiting reported on the monthly activities of the Internal Audit Office (IAO) for the period of January 4, 2016 through February 5, 2016. No SDC audit reports were issued during the reporting period. IAO currently has fourteen SDC audit requests in process with ten 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 (in planning phase); Payroll Operational Audit (in planning phase); Cloud Computing Services Compliance Audit (in planning phase) 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 has been implemented pending with no delinquent management plans of action.

Hotline. No cases closed during the reporting period. 15 cases in progress with majority being handled by the Fair Practices Office. Top case types since December quarterly allegations report involved customer relations, fraud and theft of goods/services.

External Auditors. No activity during reporting period.

Audit Committee Meeting. Meeting to be held this afternoon.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on January 14, 2016; several open and closed items were reviewed. Ethics Officer provided new hire orientation/code of ethics training to 15 new employees on January 19, 2016. The completion rate for annual ethics training was at 99% as of January 5, 2016.

Resolution 2016-2112. WSSC Board of Ethics and Ethics Office is requesting approval of a modification to the WSSC Code of Ethics which would establish the employee grade level for filing financial disclosure statements at Grade 12 or above which complies with the new GS salary structure recently instituted at WSSC.

Whereby, a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet, to adopt Resolution 2016-2112 amending Section 5-1(a)(2) of the WSSC Code of Ethics, as described at the meeting and set forth in said Resolution. The motion carried by a vote of four-to-zero with one absent.

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

OTHER REPORTS

Finance

Approval of Transmittal of Fiscal Year (FY) 2017 Proposed Budget to Counties. CFO Yvette Downs and Budget Group Leader Letitia Carolina-Powell reported on this item. The WSSC preliminary proposed FY 2017 operating and capital budget was presented to the Commission in December 2015 and management is now seeking approval to transmit the proposed budget to the Prince George's and Montgomery County governments in accordance with State Law. Section 17-202 of the Maryland Public Utilities Article requires WSSC to prepare and submit a proposed operating and capital budget to the two County Executives by March 1 of each year. Three hearings were held in Montgomery and Prince George's County on February 3, February 4 and February 10, 2016, respectively, with comments and written testimony received from the public. Two changes relating to the Ready-To-Serve Charge have been made to the proposed budget from the preliminary version submitted back in December 2015 for public hearing purposes. Details can be found in the written board report incorporated herein by reference and the corresponding segment of the archived meeting video.

In summary, the proposed budget document for FY 2017, totaling \$1.4 billion, recommends a 3.0% average rate increase which is below the 3.5% Spending Affordability Guidelines approved by the Counties. In addition, the proposed budget recommends the full phase-in of the Commission's Infrastructure Investment Fee. The Fiscal Year 2016 budget included the first year of the phase-in of

50% of the Infrastructure Investment Fee with 100% of the fee total now proposed in the Fiscal Year 2017 budget. The 3.0% rate increase combined with the change to the Infrastructure Investment Fee will add approximately \$3.28 per month to the bill of a customer who uses 145 gallons of water per day.

The budget funds the rehabilitation of 57 miles of water main; inspection of 18 miles of Pre-stressed Concrete Cylinder Pipe (PCCP); funding for compliance with the Consent Decree and expansion of the Supply Chain Management transformation along with an increase of 26 work years and a pool of funds for salary enhancements.

Following discussion, on motion made by Commissioner Boulware and seconded by Commissioner Bayonet, the Commission approved, by a vote of four-to-zero (one absent), the transmittal of the Proposed WSSC Operating and Capital Budget for Fiscal Year 2017 to the two County Governments of Prince George's and Montgomery County, as recommended by management.

Municipal Bond Issuance Overview. WSSC's Public Advisory Consultant provided an overview of WSSC's debt issuance process. Specific details can be found in the presentation handout and corresponding segment of the archived meeting video; both are referred to for that purpose.

General Counsel's Office

Resolution 2016-2115 - Confirmation of Labor Relations

Administrator. WSSC and the American Federation of State, County and Municipal Employees ("AFSCME"), the union representing WSSC's Service, Labor and Trade Unit, have agreed to the appointment of Marvin E. Johnson, J.D., to serve as the new WSSC Labor Relations Administrator. WSSC Counsel is recommending that the Commission approve the appointment.

Whereby, a motion was made by Commissioner Denis and properly seconded by Commissioner Boulware to adopt Resolution 2016-2115, confirming the appointment of Marvin E. Johnson, J.D., as the new Labor Relations Administrator for WSSC for a term of three years beginning on February 18, 2016 and ending on February 18, 2019. The motion carried with four affirmative votes, one absent.

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 2016-2113, approving the eleven contracts included on the Consent Calendar for the February 17, 2016 Commission Meeting, as follows:

A. Engineering and Construction**Architect/Engineer Contracts**

1. Contract 1116, Piscataway Bio Energy Program Management, to HDR, Inc., in not to exceed amount of \$24,946,665.00. The contract expected to run through construction and estimated at seven years.
2. BL3192A01/B01, Change Order No. 4, Oak Grove/Leeland Road Water Main Design, to Patton Harris Rust & Associates, PC, in the amount of \$65,740.00, for total contract amount of \$1,117,267.00.

Construction Contracts

1. BTBR5678A14, Chillum Road 16-Inch Transmission Water Main Replacement/Relocation, to A&M Concrete Corporation, with total contract amount of \$3,970,020.00 and substantial completion time of 690 calendar days.
2. BR5830A15, Gorman Road South Water Main Replacement, to Rivers Construction Group, Ltd., in the amount of \$2,790,245.00, with substantial completion time of 400 calendar days.
3. BRCR5871A15, Manheim Water Main Replacement, to J. Fletcher Creamer & Son, Inc., in the amount of \$1,319,535 .00, with substantial completion time of 400 calendar days.
4. BRCRLR5874A15, Seneca Creek Water Main Replacement, to A&M Concrete Corporation, in the amount of \$2,789,195.00, with substantial completion time of 630 calendar days.

Goods and Services

1. Contract 1123, Asset Management Program Support Basic Ordering Agreement, to Hazen & Sawyer, PC and Arcadia U.S., Inc. Each contract shall be awarded in not to exceed amount of \$3,000,000.00, for total contract amount of \$6,000,000.00, with base term of three years and one year option term.

B. Information Technology

1. Contract 1093, Change Order No. 1, Laboratory Information Management Systems (LIMS) Implementation, to Lab Ware, Inc., in the amount of \$564,400.00, for total contract amount of \$788,930.00.

C. Logistics

1. Contract 6309, Option Term III, Professional Security Guard Services, to Watkins Security Agency, Inc., in the amount of \$1,045,471.45.
2. Contract 6844, Change Order No. 1, Purchase of Three additional CCTV Trucks, to Indian River Equipment Co., in the amount of \$847,086.00, for total contract amount of \$2,226,841.00.

D. Utility Services

1. Contract 1121, Emergency Water and Sewer Main Repairs, to Ross Contracting, Inc., B&P Utilities, Inc., Taylor Utilities, Inc., Humphrey & Son, Inc., W.F. Wilson & Sons, Inc., Anchor Construction Corporation, Orbit Construction Corporation and Sagres Construction Corporation. Each contract shall be awarded in not to exceed amount of \$5,250,000.00, for total contract amount of \$42,000,000.00. Each contract has base term of three years and one year option term.

The motion carried with four affirmative votes, one absent.

ADDITIONAL BRIEFINGS**Resolution 2016-2114 - Approval of 2016 Development Services Code.**

Chief Engineer Gary Gumm, along with Development Services Group Leader Michael Harmer, presented the proposed changes to the 2016 Development Services Code for the Commission's consideration and approval. In summary, management is proposing the adoption of a consolidated regulations manual (one comprehensive code) to cover the entire process for the planning, design and construction of water and sewer systems (which had been previously covered under a variety of now outdated documents and manuals). Various sections of the Code will bring clarity to the regulations for the following areas: Government Referred Plan Reviews, Hydraulic Planning Analysis, System Extension Projects, Site Utility Projects, Easements, Looping, Low Pressure Sewer Systems, Service Connections, Wastewater Pump Stations, and Developer Relocation/Rehabilitation Projects. The Code also covers Sewer

System Rehabilitation Flow Credits and the Rehabilitation Process of Water and Sewer Mains (Clearwater Revisions). The proposed new Code was vetted thoroughly and has proven to be non-controversial to the regulated community and the general public. Specific details can be found in the Commission Board Report and the corresponding segment of the archived meeting video and both are referred to for this purpose.

After discussion, and on motion made by Commissioner Denis and seconded by Commissioner Boulware, the Commission voted four-to-zero (with one absent) to approve Resolution 2016-2114, adopting the WSSC 2016 Development Services Code, as recommended by management, with an effective date of April 15, 2016.

HomeServe USA Proposal. Acting Customer Relations Chief Derrick Phillips provided an overview of the residential water and sewer service line protection plan proposal/contract that had been previously presented to the Commission for consideration in August of 2015. Mr. Phillips reported that the proposal had been recently presented to the WSSC Customer Advisory Board (CAB) who is recommending that the Commission adopt such a program, noting that the CAB believed the proposal to be in the very best interest of WSSC stakeholders and customers. Such proposal, if adopted, would allow WSSC to offer its customers, through its partnership with HomeServe USA, insurance/residential water and sewer service line protection plan that would cover emergency repairs for domestic water and sewer infrastructure (which is the responsibility of the homeowner/customer). Specific details relating to the protection plan proposal can be found in the corresponding board materials incorporated herein by reference. Representatives from HomeServe USA were also on hand to answer questions.

After discussion, and on motion made by Commissioner Boulware and seconded by Commissioner Bayonet, the Commission voted four-to-zero (with one absent), to approve the HomeServe Residential Water and Sewer Service Line Protection Plan proposal and authorize management to award Contract 6888 to HomeServe USA Corp. Such approved contract will ride the City of Baltimore's current contract.

IRO Legislative Update - Proposals. IRO Director Michael Stroud provided an update of the IRO activities for the month, including

information relating to proposed bills moving through the 2016 legislative session process. .

Mr. Stroud presented management's recommendations with respect to certain non-WSSC sponsored legislation affecting the Commission, requesting the Commission's adoption. Such proposed legislation, along with management's recommended positions, are included in the Commission meeting materials and thereby incorporated herein by reference.

On motion of Commissioner Boulware, seconded by Commissioner Bayonet, the Commission voted four-to-zero (one absent), to adopt management's recommended positions on the following proposed non-WSSC sponsored legislation pending before the 2016 Maryland General Assembly:

- **Senate Bill 356 - Oppose;**
- **House Bill 393/Senate Bill 362 - Oppose;**
- **House Bill 402/Senate Bill 671 - Oppose;**
- **PG/MC 115-16 - Oppose; and,**
- **House Bill 742 - Oppose.**

The Commission received the report of the Intergovernmental Relations Office on the 2016 WSSC Legislative Agenda, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month.

The Commission received the report as information.

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Lawson announced that no meeting was held in January. Next meeting of the Board of Trustees is scheduled for February 24, 2016.

Personnel and Governance. No report provided.

Legislation. Nothing additional to report outside of IRO report.

Audit. The Vice Chair indicated that the Quarterly Audit Committee Meeting will be held later today in the Commissioners' Conference Room during the afternoon open session.

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 conduct the Audit Committee Meeting and entertain any unfinished business.

CLOSED SESSION

Whereby at 1:14 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 December 16, 2015 and January 20, 2016 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 Bayonet seconded the motion. The motion carried with four affirmative votes, one absent.

The Vice Chair declared the meeting was Closed (1:14 p.m.). The Vice Chair then called for a lunch recess. Commissioner Boulware had to depart during the lunch recess for the day (at 2:20 p.m.).

The meeting reconvened in Closed Session at 2:40 p.m. in the Commissioners' Conference Room.

ATTENDEES: Vice Chair Chris Lawson; Commissioners Fausto Bayonet and Howard Denis (continuing quorum per bylaws). Staff present: General Manager Carla Reid, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson and Deputy General Manager for Strategic Partnerships Monica Johnson.

Absent: Omar M. Boulware and Mary Hopkins Navies.

Closed Session Minutes - On motion made by Commissioner Denis and seconded by Commissioner Bayonet, the Commission voted three-to-zero (two absent) to adopt the closed session minutes of its

Regular Commission Meetings held on December 16, 2015 and January 20, 2016, as drafted.

Legal Matters - Commissioners were briefed by the General Counsel on confidential legal matters affecting the Commission, which included an update on a pending litigation matter (attorney/client privileged) and a complaint filed by an individual with the Maryland Open Meetings Compliance Board (attorney/client privileged).

The Commission then met in executive session at 3:16 p.m. with the GM to discuss personnel matters relating to GM staffing proposals.

At 3:32 p.m., the Vice Chair called for a motion to end closed, whereby a motion was made by Commissioner Denis and seconded by Commissioner Bayonet to end the Closed Session. The motion carried with three affirmative votes, two absent.

OPEN SESSION

At 3:32 p.m., the Commission reconvened back into Open Session.

Audit Committee Meeting. The Commission officially convened as an Audit Committee at 3:47 p.m. to conduct its quarterly meeting of the Audit Committee. Business related to the Audit Committee concluded at 4:19 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 Denis moved to adjourn the meeting. Commissioner Bayonet seconded the motion. The motion carried with three affirmative votes.

At 4:19 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary