

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, January 18, 2017
Laurel, Maryland

Chair Fausto R. Bayonet called the meeting to order at 10:07 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 Denis to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of January 18, 2017, 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 December 21, 2016 Regular Commission Meeting, as drafted. Commissioner Denis seconded the motion. The motion carried unanimously with six affirmative votes.

Commissioner Boulware then moved to approve the open session minutes of the December 6, 2016 Special 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 January 2017:

Janis Benson-El (present), Customer Service Advisor, Customer Relations Group, retires with 20 years and one month of service;

Louis Buckley (present), Chemist/Microbiologist, Laboratory Services Group, retires with 29 years and 9 months of service.

Annette Thomas (present - December Retiree), Facilities Construction Inspector II, Project Delivery Group, retires with 33 years and 11 months 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 to be held on Tuesday, January 24, 2017. Honorees range from 10 to 45 years of service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioners thanked Mr. Neustadt, who shared that he is retiring at the end of the month, for his service to the Commission.

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:

GM Reid began by highlighting her goals and accomplishments during her first year as General Manager, some of which included: refocusing on delivering excellent customer service; enhancing relationships with key stakeholders; using innovation and diligence to improve infrastructure and improving processes and procedures across the board. The GM also announced that there will be a State of the Commission meeting in February where she will share WSSC's many accomplishments over the past year.

Delivering Excellent Customer Service:

- Initiated new online e-Permitting program in November which has already garnered great deal of positive feedback; processed almost 3,800 transactions since inception.
- Initiated leak letters to notify customers about leaks detected on customer's property with proper follow-up after 30 days.
- WSSC's partnership with HomeServe has resulted in coverage for approximately 36,000 customers for a total of over 45,122 contracts, with average of 1.25 contracts per household. HomeServe has also completed over 380 repairs and maintains 93% customer satisfaction rating.
- Launched public education program to improve communications with customers to include radio announcements on winter readiness tips and how to contact WSSC to report water main breaks.

Enhancing Stakeholder Relations:

- Held first "How to Do Business with WSSC" event for the year which informed stakeholders how to navigate through the procurement process and on significant projects coming up for bids.
- WSSC publicly announced the Local Business, Investment and Growth (BIG) program with four banks already signed up to provide capital to local businesses through targeted loans.

Promoting Innovation:

- Hosted delegation from India who were interested in learning how WSSC works to detect and prevent large pipe failures through WSSC's Acoustic Fiber Optics (AFO) technology and monitoring program.

Community Outreach:

- WSSC held its 7th Annual Engineering Academy at the Gaithersburg Depot during the holiday break with goal of building talent pipeline. 33 students from area high schools and middle schools participated in hands-on engineering activities such as instrument calibration, designing AutoCAD projects, meter testing and measuring river turbidity.

Employee Engagement:

- WSSC held first Stress Less event which involved full day of stress-reducing activities for employees, which provided low-cost/high-reward benefit for increasing productivity.

Ms. Reid concluded her report by introducing WSSC's new Chief Information Officer Vennard Wright to the Commission. Mr. Wright joins WSSC with over 18 years of information technology experience in both the public and private sectors, most recently serving as CIO for Prince George's County.

The Chair and Commissioners commended Ms. Reid on her first year anniversary, noting that she has done an outstanding job.

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 December 5, 2016 to January 6, 2017.

FY 2017 Audit Projects: Four out of the 5 pending audits currently in 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: No management action items were closed during this reporting period. Thorough review underway for 3 implemented pending Internal Audit verification action items. No delinquent management plans of action.

Hotline. 14 cases in progress and two closed. Majority of cases being investigated by WSSC Police Department with several classified as complex multi-year investigations. Top hotline allegations reported for last twelve months involve: policy issues; employment relations; theft of time; theft of

goods/services; customer relations; fraud; conflicts of interest; theft of cash and discrimination.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on December 8, 2016; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 7 new employees on December 19, 2016. As of today's date, 99.99% completion rate on Annual Ethics Training.

External Auditors. No activity.

Following discussion, the IAO Monthly Report was received as information.

OTHER REPORTS

Engineering and Construction

Piscataway Drive Invoice/Slope Stabilization Project in Prince George's County. Chief Engineer Gary Gumm reported on this item, explaining that WSSC had received an invoice from Prince George's County's Department of Public Works and Transportation for relocation work involving 1273 feet of 8-inch water mains and 1411 feet of 8-inch sewer mains in connection with the Slope Stabilization construction project on Piscataway Drive in Prince George's County, Maryland (WSSC Relocation Contract 14RE/RF7926A) due to the slope failure that transpired in 2014.

On July 14, 2015, WSSC issued an Authorization letter for the relocation work with construction completed in November 2015 for total cost of \$1,168,160.02. Relocation of WSSC's asset was necessitated by a landslide/slope failure that occurred in May 2014. WSSC had attempted at the outset to negotiate a payment agreement with the County based on the Maryland Public Utilities Code that covers cost sharing projects between WSSC and the County but was unsuccessful. Subsequently, in October 2016, management was able to reach a tentative agreement with the County which would obligate WSSC to pay 70% of the related costs with the County responsible for 30%. Management is requesting Commission authorization for the GM to enter into the relocation agreement with the County with WSSC's payment obligation for the construction costs at \$817,712.01 (and County responsible for \$350,448.01).

Whereby a motion was duly made by Commissioner Lawson and seconded by Commissioner Rogers, to authorize the General Manager/CEO to enter into a relocation agreement with Prince George's County Government, Department of Public Works and Transportation, WSSC Relocation Contract 14RE/RF7926A, with construction costs of \$817,712.01 to be paid by WSSC for relocation of 1273 feet of 8-inch water mains and 1411 feet of 8-inch sewer mains in Prince George's County in connection with the Piscataway Drive Slope Stabilization Project.

The motion carried unanimously by a vote of six-to-zero.

SSO Consent Decree Quarterly Update. Chief Engineer 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 contained in the advance board materials and the corresponding segment of the archived meeting video. In summary, Mr. Gumm reported on schedule status, costs and areas of concern.

WSSC has made up \$5 million on the gap between the projected and actual spending for Article 6 design and construction costs. Projected total costs to date for the Consent Decree had been \$1,678,025,331, while the actual costs are \$1,098,458,863. Areas of concern continue to center around Rights of Entry and the National Park Service (NPS). Mr. Gumm is hopeful that the NPS may soon opt for a lesser regulatory requirement for compliance, resulting in significant savings for WSSC.

The Commission received the quarterly report as information.

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 2017-2146, approving the three contracts included on the Consent Calendar for the January 18, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contract

1. BE5061A09, Shady Grove Standpipe Replacement, to CB&I, LLC, in the amount of \$9,168,330.00, and a substantial completion time of 700 calendar days.

B. General Services

1. Contract 7085, Graded Aggregate Base, to Recycled Aggregate, LLC and Laney Materials, LLC, in the not to exceed amount of \$4,500,000.00, with base term of three (3) years and a one (1) one-year option term.

C. Production

1. Contract 1143, Water Storage Tank Design, Inspection and Consulting Services Basic Ordering Agreement (BOA), to Tank Industry Consultants, Inc., World International Testing, Inc., and Gannett Fleming, Inc. Tank Industry Consultants, Inc. and World International Testing, Inc., each shall be awarded contract amount not to exceed \$670,000.00. Gannett Fleming, Inc. to be awarded contract amount not to exceed \$660,000.00. Each contract with term of five (5) years and one (1) year option term, with substantial completion time of 2,190 calendar days, for total contract value of \$2,000,000.00 for all three contracts.

The motion carried unanimously by a vote of six-to-zero.

ADDITIONAL BRIEFINGS

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 were recently published. She also reminded Commissioners about the annual Legislative Breakfast to be held (Tomorrow) in Annapolis on Thursday, January 19, 2017 at 8am.

Ms. Riley informed Commissioners that management recommendations on a few bills will be provided within the next week. The Corporate Secretary to set up a Special Commission Meeting prior to the next regular meeting to enable Commissioners to take positions on the pending bills.

With respect to Senate Bill 18 (Public Ethics - Bicounty Commissions - Financial Disclosure), Corporate Secretary Sheila Finlayson advised Commissioners that this proposed bill simply codifies the existing financial disclosure reporting practice that the Commission currently follows and therefore imposes no new reporting requirements on Commissioners.

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

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson reported on her recent activities, referring to her written report provided in the advance board materials, to which no questions were raised.

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

WSSC Retirement Plan Board of Trustees. No meeting was held in December, nor will one be held in January. Next meeting to take place on February 22, 2017.

Personnel and Governance Committee. Chair Bayonet reported that the Commission has completed its annual evaluations for two of its direct reports and will now begin the process for conducting the evaluation of its third direct report, General Manager Reid, for her first year of performance.

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

Legislation Committee. Commissioner Boulware encouraged Commissioners to attend tomorrow's Legislative Breakfast.

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

Audit Committee. The Chair announced that the quarterly meeting would be held during the afternoon open session in the Commissioners' Large Conference Room (following the closed session).

The Chair then announced that the Morning Open Session business had concluded and called for a motion to go into Closed. The Commission to go back into Open following Closed to conduct the Quarterly Audit Committee meeting.

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

CLOSED SESSION

Whereby at 11:55 a.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 December 21, 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 Denis seconded the motion. The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed at 11:55 a.m.
The Chair then called for a lunch recess.

Following lunch, the meeting reconvened in Closed in the Commissioners' Large Conference Room at 1:17 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, 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 Human Resources Director Todd Allen (for a portion of the meeting relating to the union negotiations discussion).

Closed Session Minutes - On motion made by Commissioner Boulware and seconded by Commissioner Foster, the Commission voted six-to-

zero, to adopt the closed session minutes of its December 21, 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 including requests by the General Counsel to authorize a change order related to legal fees and settlement authority with respect to pending legal claims and litigation matters.

Commissioner Rogers was excused during part of the legal discussion due to a potential conflict of interest.

On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted to authorize the General Counsel to negotiate settlement of a pending legal matter. The motion carried by a vote of five-to-zero with one absent (Commissioner Rogers - recusal).

On motion made by Commissioner Foster and seconded by Commissioner Boulware, the Commission voted four-to-one, with one absent (Commissioner Rogers - recusal) to approve a change order for increase of upset limit related to legal fees in connection with pending litigation matter.

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

Personnel Matters. No personnel matters were discussed.

At 2:27 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Lawson and seconded by Commissioner Boulware, to end the Closed Session. The motion carried unanimously with six affirmative votes.

OPEN SESSION

At 2:27 p.m., the Commission reconvened in open session.

Audit Committee Meeting. The Commission officially convened as an Audit Committee at 2:28 p.m. to conduct its quarterly meeting of the Audit Committee. Business related to the Audit Committee concluded at 3:57 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 Chair called for a motion to adjourn, to which Commissioner Foster moved to adjourn the meeting. Commissioner Rogers seconded the motion. The motion carried unanimously with six affirmative votes.

At 3:57 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary