

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, February 15, 2017
Laurel, Maryland**

Vice Chairman Chris Lawson called the meeting to order at 10:16 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 Omar M. Boulware, Howard A. Denis, T. Eloise Foster, 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.

Absent: Chairman Fausto R. Bayonet.

PLEDGE OF ALLEGIANCE

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

AGENDA APPROVAL

Commissioner Foster moved to adopt the Commission's Public Meeting Agenda of February 15, 2017, as drafted, to which Commissioner Boulware seconded the motion. The motion carried with five affirmative votes; one absent.

APPROVAL OF MINUTES

Commissioner Rogers moved to approve the open session minutes of the January 18, 2017 Regular Commission Meeting, as drafted. Commissioner Denis seconded the motion. The motion carried with five affirmative votes; one absent.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of February 2017:

Richard Thompson (present), Unit Coordinator, Utility Services Maintenance, North Group, retires with 32 years and 6 months of service;

Patrick Murphy, Utility Technician III, Utility Services West Group, retires with 30 years and one month of service.

Devora Wilkinson, Industrial Investigator, Regulatory Services Group, retires with 27 years and 5 months of service.

COMMUNICATIONS VIDEO

New Communications and Community Relations Director Charles Brown presented a video on "Engineering Week," highlighting several WSSC activities and events that WSSC will conduct from February 19-25, 2017 in celebration of National Engineering Week, one of which is "Introduce a Girl to Engineering Day" where school-aged girls in the community will spend a day at WSSC learning about WSSC and engineering and the world of water.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Denis shared his pleasure in attending the GM's Open House on February 14th, noting that he hopes it will become an annual tradition. He also shared that he and Commissioner Foster, along with IRO Director Karyn Riley, had gone to Annapolis [last evening] to meet with Delegate Kramer about his proposed IG bill, indicating that the discussion was fruitful and that Ms. Riley would provide further details in her report. Both Commissioners had also attended a meeting with the Montgomery County Council T & E Committee to discuss WSSC's CIP and proposed budget, resulting in an improved understanding of WSSC's needs and relationship with the County Council. Lastly, both he and Commissioner Foster also attended the recent public hearing conducted in Rockville on WSSC's budget.

Commissioner Lawson commented on the Employee Service Awards event that he and other Commissioners attended last month, noting his excitement in seeing the large turnout of employees and great energy in the room. He also acknowledged "Black History Month" encouraging employees to attend some of the great events sponsored by the Maryland Park and Planning Commission, referencing the nice brochure of events that they send out to Commissioners each year.

Public Comments. Ms. Susan LaCourse, long-time WSSC customer from Prince George's County and member of the Stakeholders' Representative Group, shared her thoughts on the rate increase, budget hearing process and spending affordability guidelines ("SAG") followed by WSSC, noting the amount of the actual rate increase is largely decided during the Spending Affordability process in September, while public hearings on the budget occur the following February which prevents customers from having any meaningful input. Ms. LaCourse asked that the Commission review this process and consider holding public hearings on the SAG/spending control limits in September to allow customers the ability to express their concerns effectually.

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:

Improve Infrastructure:

- Sewer Main Break at Piscataway Plant - On February 9th, a force sewer main broke at Piscataway Waste Water Treatment Plant causing a major overflow into the creek. By that evening, crews had contained the overflow, and soon thereafter 2000 feet of pipe was installed, bypassing the damaged pipe. Because the leak was massive and under a concrete-encased structure with high-voltage lines, it is taking considerable time to repair. Repair teams are working through the weekend and management anticipates completion of repairs in a week.
- Potomac Plant Filter Update - Potomac Plant is back to normal operations with two more filters installed in January. Rehabilitation has begun on remaining 22 filters.

Inspire Employee Engagement:

- Black History Month - WSSC is celebrating Black History Month with a Negro League Baseball Showcase/Exhibit and wax figures in the RGH lobby of Mary McLeod Bethune and Justice

Thurgood Marshall from the National Great Blacks in Wax Museum, along with a host of other events.

- Water Matters 101 - class offered annually to employees; helps educate and engage employees by providing extensive half day training on what WSSC does and water/wastewater processes involved. Commissioners Foster and Rogers attended class held in January.

Enhance Stakeholder Relationships

- WSSC on the Hill - GM accompanied IRO Director at recent Congressional visit; met with Congressional representatives and their staff to discuss importance of investing in infrastructure in the counties.
- Local Business, Investment and Growth (BIG) program is off to a great start; WSSC launched last month with \$12 million investment. Commissioners and management received thank you letter from Eagle Bank President (representing largest community bank in State of Maryland), expressing his gratitude for WSSC's investment in community banks and the community and local businesses in general.
- FY 2018 Proposed Budget Public Hearings - Public hearings on the proposed WSSC budget were held in Montgomery and Prince George's Counties at the beginning of the month. Despite outreach efforts, attendance was low.
- Public/Private Partnership Stream Restoration - WSSC participating in this \$4.1 million project with the Maryland Department of the Environment, Howard County and a local farm to help prevent runoff and keep WSSC's reservoirs (source water) clean; contributed \$650,000.
- Laurel Flooding Briefing - WSSC continues to meet with City of Laurel about flooding concerns and WSSC improvements regarding Duckett Dam operations.

Delivering Excellent Customer Service:

- Customer Connect - Email subscription service launched on January 30, 2017; over 9000 customers signed up to receive updates and timely information on customized topics of interest.
- Customer Feedback Community - Initiated new online Customer Feedback Community to replace Customer Advisory Board; aimed at improving customer service. 120 customers selected (from

both Counties with varying demographics) to provide feedback on WSSC programs, initiatives, and overall customer experience. In-person component via Customer Insights Group also part of new structure.

Ms. Reid concluded her report by introducing WSSC's new Director of Communications and Community Relations Charles "Chuck" Brown, who re-joined the Commission on January 31, 2017 after a twelve year absence to pursue other endeavors.

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 January 9, 2017 to February 3, 2017.

FY 2017 Audit Projects: Three out of the 5 pending audits currently in planning phase.

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

FY 2015 Carryover Projects: Exit Conference has been scheduled for Construction Contracts Change Orders Audit with changes being made to discussion draft.

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 2 implemented pending Internal Audit verification action items. No delinquent management plans of action.

Hotline. Next quarterly report to be provided in April.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on January 12, 2017; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 18 new employees on January 30, 2017. As of today's date, 100% completion rate on Annual Ethics Training.

External Auditors. No activity.

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

OTHER REPORTS

Finance

Approval of Transmittal of Fiscal Year (FY) 2018 Proposed Budget to Counties. CFO Joseph Beach and Budget Group Leader Letitia Carolina-Powell reported on this item. The WSSC proposed FY 2018 operating and capital budget was presented to the Commission in December 2016. 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. Two hearings were held in Montgomery and Prince George's County on February 1 and February 2, 2017, respectively, with comments and written testimony received from the public. Changes, relating to the Miscellaneous Fees and Charges and the Proposed Maximum Allowable System Development Charges, have been made from the preliminary version submitted back in December 2016. The change to the maximum allowable system development charge does not impact the proposed system development charges, which remain the same as the fiscal year 2017 approved budget. Further details can be found in the written board materials provided to the Commission in advance (incorporated herein by reference) and the corresponding segment of the archived meeting video.

In summary, the proposed budget document for FY 2018, totaling \$1.4 billion, recommends a 3.5% average rate increase which meets the 3.5% Spending Affordability Guidelines approved by the Counties. The rate increase adds approximately \$1.46 per month to the bill of a customer who uses 137 gallons per day. In addition, the proposed budget provides for continuation of the Customer Assistance Program to assist economically disadvantaged customers with water and sewer bills.

The proposed budget does not reflect a recent potential adjustment in debt service requirements for the Blue Plains projects. However, the County Councils' legislative staffs have been briefed

on these potential adjustments. Written and oral testimony received as of February 10th included customer concerns about the rate increase, the increase in miscellaneous fees and charges, and a recommendation that the Commission's capital/depreciation costs and the infrastructure fee be placed as a separate charge on the property tax bill.

Commissioner Boulware expressed dismay that the budget reflected the 3.5% average rate increase figure recommended by the SAG as he believes this is inadequate to meet WSSC's infrastructure requirements going forward. Commissioner Denis shared concern about the SAG, but since they reflect the unanimous vote of the county councils, he believes WSSC is obligated to stay within them. Vice Chair Lawson and Commissioners Foster and Rogers agreed that the SAG rates are not adequate to address infrastructure needs, but deference to the SAG is required until they are changed. Going forward, Mr. Beach will engage in discussions with the counties to examine the SAG process for FY'19.

Following discussion, on motion made by Commissioner Denis and seconded by Commissioner Rogers, the Commission approved, by a vote of four-to-one (with one absent), the transmittal of the Proposed WSSC Operating and Capital Budget for Fiscal Year 2018 to the two County Governments of Prince George's and Montgomery County, as recommended by management.

Resolution 2017-2147 - Appointment of Member to WSSC Employees' Retirement Plan Board of Trustees. Current Trustee/Employee Member Brian Davis's term expires on February 19, 2017 and management recommends that the Commission reappoint Trustee Davis to an additional four year term on the Retirement Plan Board.

Whereby, a motion was made by Commissioner Foster and seconded by Commissioner Rogers to adopt Resolution 2017-2147, reappointing Brian Davis as an Employee Member to the WSSC Employees' Retirement Plan Board of Trustees for a second term of four years, beginning February 20, 2017 and continuing through February 19, 2021, as recommended by management.

The motion carried with five affirmative votes, one absent.

Regional Water Supply and Redundancy Studies' Findings. Chief Engineer Gary Gumm along with Planning Group Unit Coordinator Thomas Hilton, presented the findings from the recent Water Supply Alternatives Study performed by the Interstate Commission on the Potomac River Basin (ICPRB, including WSSC, Washington Aqueduct and Fairfax Water, hereinafter "CO-OP") and the Water Supply and Distribution Redundancy Study performed by the Metropolitan Washington Council of Governments and the results of the regional studies which concentrated on a regional approach to the water supply for and the redundancies between the major water providers of the Metropolitan Washington area. Specific details can be found in the presentation handout and the corresponding segment of the archived meeting video and both are referred to for this purpose.

In summary, the studies evaluated water supply and demand projections for 2040 and 2085, including the impact of climate change, man-made events potentially compromising the local and regional water systems, as well as mitigating solutions. The studies included the feasibility of new interconnections and acquiring additional water storage and conveyance systems. Mr. Hilton concluded that the water supply is a regional concern, recommending dialogue with other CO-OP members about funding, timing and bringing Loudon Water into the CO-OP.

Following Commissioner questions and discussion, the report was received as information.

Potomac Water Filtration Plant Consent Decree Status Briefing. Chief Engineer Gary Gumm introduced Project Delivery Group Unit Coordinator Simon Baidoo to report on the Potomac WFP Consent Decree. Mr. Baidoo reported from a power point presentation contained in the 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, the Potomac WFP Consent Decree requires that, by April 1, 2020, WSSC undertake short-term operational changes and capital improvements (up to \$8.5 million) to significantly reduce the

pounds per day of solids discharged to the Potomac River, as well as plan, design and implement long-term upgrades to the existing Plant by 2026. Shortly, the Maryland Department of the Environment (MDE) will issue a new discharge permit which will prohibit discharges from sedimentation basins during high-storm events. In December, WSSC submitted to MDE an Audit Report and Long-Term Upgrade Plan, with a projected total capital cost of \$157 million, which is currently under review. From it, MDE will select and approve short-term and long-term projects for implementation. Mr. Baidoo concluded by noting that piloting and development of alternative project delivery methods is critical to the success of the Consent Decree program.

Following Commissioner questions and discussion, the report was received as information.

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 Foster and seconded by Commissioner Boulware, to adopt Resolution 2017-2148, approving the six contracts included on the Consent Calendar for the February 15, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Architecture/Engineer Contracts

1. PM0001.2A13, Corrosion Engineering Services Basic Ordering Agreement (BOA), Option Term I, to Dacco Sci, Inc. and Russell Corrosion Consultants, Inc., in the amount of \$2,000,000 each, with a performance term of February 28, 2017 to February 27, 2020.

Construction Contracts

1. PM0017A16, General Facilities Construction Services IDIQ, to Meltech Corporation, Inc., with term of five years in an amount not to exceed \$8,000,000.00.
2. BR5708A14, Bartlet Park Water Main Replacement, Change Order No. 2, to Fort Myer Construction Corporation, in the amount of \$484,522.15 for a new contract value of \$3,211,458.90.

3. BTCR5876A15, Jones Mill Road 16-Inch Water Transmission Main Replacement/Relocation, to J. Fletcher Creamer & Son, Inc., in the amount of \$1,172,525.00, with substantial completion time of 433 calendar days.
4. BT5694A14, Cedar Lane 20-Inch Transmission Water Main Relocation, Change Order No. 2, to Rustler Construction, Inc., in the amount of \$27,619.36, for a new contract value of \$1,986,131.86.

B. Utility Services

1. Contract 6837, Emergency Bypass Pumping Services, Ratification of Change Order No. 3, to Ross Contracting, Inc., in the amount of \$240,000.00, for a total contract value of \$3,790,000.00.

The motion carried by a vote of five-to-zero, with one absent.

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 of interest currently moving through the 2017 Maryland General Assembly Session. Ms. Riley thanked the Commissioners for their support at the Legislative Breakfast on January 19th. Approximately 42 elected officials attended: 13 from Montgomery County, 23 from Prince George's County and the remainder from Baltimore City and other counties.

Management is reviewing a few new bills and will have recommendations 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.

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 January. Next meeting to take place on February 22, 2017.

Personnel and Governance Committee. Vice Chair reported that Chair and Vice Chair will begin evaluation process for General Manager's first year of performance.

Legislation Committee. Commissioner Boulware commended IRO staff on success of Legislative Breakfast and thanked Commissioners for attending, pointing out that all were in attendance.

Audit Committee. The Vice Chair called for a motion to adopt the minutes of the January 18, 2017 Audit Committee meeting, whereby a motion was made by Commissioner Boulware and seconded by Commissioner Denis to approve the Audit Committee Minutes of January 18, 2017. The motion carried with five affirmative votes, one absent.

The Vice Chair then announced that the Morning Open Session business had concluded and called for a motion to go into Closed. After noting his approval of the written closing statement, the Vice Chair called for a vote.

CLOSED SESSION

Whereby at 1:05 p.m., Commissioner Rogers moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b) (13) to approve the January 18, 2017 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 with five affirmative votes, one absent.

The Vice Chair declared the meeting was Closed at 1:05 p.m.

The Vice Chair then called for a lunch recess.

Following lunch, the meeting reconvened in Closed in the Commissioners' Large Conference Room at 2:10 p.m.

ATTENDEES: Vice Chair Chris Lawson; Commissioners Omar Boulware, Howard Denis, Eloise Foster and Thomasina Rogers. Staff present: General Manager Carla Reid, Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Associate Counsel Heather Ashbury, 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, Customer Relations Team Chief Crystal Knight-Lee 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 five-to-zero (with one absent), to adopt the closed session minutes of its January 18, 2017 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 March with new agreement to come publicly before the Commission for a vote during April/May timeframe.

Personnel Matters. Commissioners met in executive session at 2:51 p.m., without any members of management present, to discuss personnel matters.

The Vice Chair called for a recess at 3:30 p.m. so the Commission could conduct a scheduled quorum refund hearing.

Commissioners reconvened in closed executive session at 4:45 p.m.

At 5:15 p.m., the Vice Chair called for a motion to end closed, whereby a motion was made by Commissioner Rogers and seconded by

Commissioner Boulware, to end the Closed Session. The motion carried with five affirmative votes; one absent.

OPEN SESSION

At 5:15 p.m., the Commission reconvened in open session.

ADJOURNMENT

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

At 5:16 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary