

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, March 15, 2017
Laurel, Maryland

Chairman 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. Hocesvar ("RGH") Building, 14501 Sweitzer Lane, Laurel, Maryland, 20707, with due notice having been given to all members of the Commission and the public. In addition to Chair Bayonet, Commissioners Omar M. Boulware, Howard A. Denis, T. Eloise Foster and Chris Lawson, 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: Commissioner Thomasina V. Rogers.

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 March 15, 2017, as drafted, to which Commissioner Foster seconded the motion. The motion carried with five affirmative votes; one absent.

APPROVAL OF MINUTES

Commissioner Boulware moved to approve the open session minutes of the February 15, 2017 Regular Commission Meeting, as drafted. Commissioner Lawson seconded the motion. The motion carried with five affirmative votes; one absent.

Commissioner Foster then moved to adopt the open session minutes of the January 30, 2017 special commission meeting, as drafted. Commissioner Boulware seconded the motion, which 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 March 2017:

Nicolas Del Grosso, Senior Manager, Network Infrastructure and Data Center Operations, Network & Infrastructure/Data Center Group, retires with 35 years and 8 months of service.

Brian Grooms, Facilities Maintenance Project Coordinator, Facilities Maintenance Group, retires with 32 years of service.

Jose Montano, Welder Fabricator, Utility Facilities Maintenance Group, retires with 32 years of service.

Ronald High, Field Service Representative, Utility Services West Group, retires with 37 years and 11 months of service.

Stephanie Sullivan (present), Assessment Technician, Revenue Group, retires with 31 years and one month of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Charles Brown presented a video on "Infrastructure Improvement," using the recent Piscataway sewer main leak/break to illustrate the complexity and expense of repairing WSSC's aging buried infrastructure.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Chair Bayonet thanked the respective WSSC management employees for their careful attention and quick response to the Piscataway break.

Commissioner Denis shared his pleasure in attending General Manager (GM) Reid's recent Lakeside Chat at RGH which covered WSSC's accomplishments during Ms. Reid's first year of employment, pointing out how impressed he was with the easy flow of communication between staff and the GM, in addition to, the excellent questions asked and feedback provided by employees.

Commissioner Denis also highlighted his recent visit to Berkeley Springs, West Virginia and the Berkeley Springs Water

Festival/Water Tasting in which WSSC had provided water samples, noting his pleasure in serving as the WSSC representative at this internationally-recognized annual event which included participation from 40 states and 10 countries, thereby suggesting greater presence by WSSC staff next year and beyond.

Lastly, Commissioner Denis, as a former Maryland State Senator, also attended the Annual Dinner of Senate's Past in Annapolis, consisting of a large delegation of former and present members and their staff, along with Governor Hogan who spoke at the event.

Public Comments. Ms. Susan LaCourse, WSSC customer in Laurel, Maryland (Prince George's County), commented on the rate study and new rate structure proposals and WSSC's concern/discussion at last month's meeting regarding the 3.5 % SAG rate increase approved by the Counties for FY 18. Ms. LaCourse presented from a prepared written statement which she circulated to Commissioners (incorporated by reference). Ms. LaCourse's commentary can be found in the hand out and corresponding segment of the archived meeting video.

GENERAL MANAGER'S REPORT

Monthly Report. GM Carla Reid provided her monthly report, which can be found in the corresponding segment of the archived meeting video and the written "General Manager's Report." However, highlights are as follows:

Improve Infrastructure:

- Piscataway Update - Sewer main repair substantially complete; took additional four weeks due to complexity of matter.
- ASCE Infrastructure Report Card - 2017 US Infrastructure Report Card was poor (D+); believes WSSC is doing much better than national average. Will be investing \$2 Billion over next six years to maintain buried assets.

Enhance Stakeholder Relationships:

- National Engineers Week - WSSC sponsored several events aimed at building talent pipeline for future; received good local media coverage.
- WSSC PGC Landfill Permit Modification - WSSC collaborated with County to extend discharge permit which will save

County \$45,000 in hauling costs annually and also increase revenue for WSSC.

- Women's Business Expo - WSSC Annual Conference, which celebrates women entrepreneurs from both counties, to be held on March 31, 2017 at Holiday Inn in Gaithersburg, MD.

Delivering Excellent Customer Service:

- Customer Feedback Community - Reported on this last month; correction to number of WSSC customers selected - 110 (as opposed to 120) residential; 20 commercial, with equal representation from both counties.
- Customer Relations (CR) Roadshows - WSSC CR management team will be conducting roadshows with CR teams outside main branch to foster collaboration and drive accountability.

Inspire Employee Engagement:

- Women's History Month - 2017 Theme: "Honoring Trailblazing Women in Labor and Business." In addition to WBO Expo, WSSC has and will host other events to honor women and recognize the history and contributions of women.
- Lakeside Chats 2.0 - GM conducting additional meetings with WSSC employees (#H2O People) to provide overview of strategic priorities and how each employee's job plays a role. Also provides forum for Q and A.

WSSC Focus Groups Briefing. Deputy General Manager for Administration Thomas Street reported on the work WSSC has been doing, by way of focus groups, in order to improve organizational readiness (based on GM's three principles of Simplify, Focus and Connect) and make WSSC a world class utility. Eleven focus groups were created over past five months to review certain organizational functions and processes and have completed their work with outcomes from two still pending. Focus group findings have resulted in realignment of several organizations/functions to different or new departments, revisions of policies and practices, invitations to industry stakeholders on development review process, and creation of new positions to increase productivity/effectiveness in certain areas. Complete details can be found in the presentation handout and corresponding segment of the archived meeting video.

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 February 6, 2017 to March 3, 2017.

FY 2017 Audit Projects: Two entrance conferences held with remaining in planning phase. No work has commenced on FY '15 Blue Plains Audit.

FY 2016 Carryover Audit Projects: Two in field-work stage. Exit Conference held on Blue Plains FY '14 Audit. DC Water submitted payment for audit adjustment. Changes being addressed on Discussion Draft for Procurement Contracts Audit.

FY 2015 Carryover Projects: Construction Contracts Change Orders Audit in report phase.

System Development Charges (SDC) Audits: No SDC Reports issued; 20 SDC audit requests in process with 17 active and 3 inactive.

Internal Audit Follow-up: Two management action items were closed. Thorough review underway for 3 implemented pending Internal Audit verification action items. One delinquent management plan of action (Human Resources).

Hotline. Next quarterly report to be provided in April.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on February 9, 2017; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 13 new employees on February 27, 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

Set Front Foot Benefits Appeals Hearing Date. Affected property owners are notified in writing in early spring of their front foot benefit assessments. Customers who have issues with such assessments may request an appeal hearing before the Commission. Management is recommending the Commission set Wednesday, May 17, 2017 at 3:00 p.m. as the date and time for the 2017 appeals' hearings with one Commissioner to be appointed as the hearing officer.

Whereby, a motion was made by Commissioner Foster and seconded by Commissioner Boulware, to set the Front Foot Benefit Appeals Hearing date for Wednesday, May 17, 2017 at 3:00 p.m. in the WSSC Auditorium, with a Commissioner [to be appointed prior to hearing] to serve as the Hearing Officer. The motion carried with four affirmative votes; two absent (Commissioner Denis left the room temporarily during vote; Commissioner Rogers absent from meeting).

Set Public Hearing Dates for Rate Structure Alternatives. Chief Financial Officer (CFO) Joseph Beach recommended the Commission set the Public Hearing Dates on WSSC Rate Structure Alternatives for May 8, 2017 (Prince George's County) and May 9, 2017 (Montgomery County).

Whereupon, a motion was made by Commissioner Foster and seconded by Commissioner Boulware, to set the public hearing dates for WSSC's Proposed Alternatives to Current Rate Structure, as follows:

Prince George's County

Monday, May 8, 2017, at 7:30 p.m.

RMS Building - Room 308

1400 McCormick Drive

Largo, Maryland, 20774

Montgomery County

Tuesday, May 9, 2017, at 7:30 p.m.

Stella B. Werner Office Building

7th Floor Council Hearing Room

100 Maryland Avenue, Rockville Maryland 20850

The motion carried with five affirmative votes, one absent.

WSSC Employees' Retirement Plan Annual Report. Retirement Plan Executive Director Richard Baker presented the 2016 Annual Results for the WSSC Employees' Retirement Plan. Mr. Baker walked through a power point executive summary provided to Commissioners and incorporated herein by reference.

At December 31, 2016, the Plan's assets were \$744.7 million.

The Retirement Plan Annual Report was received as information.

WSSC Rate Structure and Rate Study Briefing. CFO Joseph Beach reviewed the current rate structure and rate study process; the criteria used for proposing rate alternatives; and the rate options WSSC is considering with regard to the rate structures alternatives. Mr. Beach reported from a power point presentation included in the advance materials and incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video.

In short summary, water conservation and declining consumption combined with an increasing population presents huge challenges for WSSC on top of costs relating to aging infrastructure repair. Considerations for new rate structure surrounded: alignment of nature of costs and recovery of costs; providing financial stability; ease of administration; customer acceptance; and shift from billing at highest consumption tier to billing through each block.

Public hearings to be held in each County in May with final recommendations to come before the Commission in June with county officials to review in July with implementation set for July 1, 2018.

In response to Commissioner Foster's query relating to rationale for increasing residential and decreasing commercial, Mr. Beach replied that WSSC wanted greater alignment between cost of service and revenue recovery as there is presently a subsidy between higher and lower volume residential customers creating volatility in the rate structure.

In response to Commissioner Foster's query relating to the stakeholder group's reaction to Options 1-4, Mr. Beach replied

that there was no consensus; the group's focus was primarily centered on greater alignment for cost of service and rate of recovery.

In response to Commissioner Lawson's query about the April 2017 cost of service report and management's desired outcome for the public hearings, Mr. Beach stated he believed the four proposed management options would serve the Commission best.

Following Commission discussion, the Rate Structure and Study Briefing was received as information.

SLMBE Office

Resolution 2017-2149 - Approval of Revised Standard Procedures for WSSC MBE and SLBE Programs. Small, Local Minority Business Enterprise (SLMBE) Office Project Manager Linda Mann presented recommendations for changes to WSSC's Small, Local Business Enterprise (SLBE) and Minority Business Enterprise (MBE) program policies; MBE SP 11-01 and SLBE 12-01. Ms. Mann reported from a power point presentation contained in the meeting materials and incorporated herein by reference. Specific details can also be found in the corresponding segment of the archived meeting video.

In summary, the proposed new standard procedures/policies incorporate race and gender updates for small businesses directly from the 2015 Disparity Study findings. Moving forward, gender and race will not be considered when qualifying a small business for the SLBE program. The MBE program will still take gender and race into consideration for small businesses. Other updates to the MBE program include new recommended MBE preferences in the four contracting areas of Architecture and Engineering, Construction, Goods and General Services and Professional Services.

Updates to the program policies include: Contract-specific subcontracting requirements; expanded unbundling of large contracts; expedited payments; a Mentor-Protégé Program; bid price preferences; evaluation point preferences; Optimized Diverse Business Development Program (formerly the Sheltered Market Program); Small Contract Rotations Program; and a Graduation Program.

WSSC's existing MBE program is scheduled to expire under the current statute on July 1, 2017. Management is working with Maryland legislators to ensure the program is reauthorized with a proposed bill currently moving through the 2017 Legislative Session.

Additionally, two public meetings are being held in both Counties; one to take place this evening [March 15, 2017] at 5:30 p.m. in the WSSC RGH Auditorium and the other tomorrow [March 16, 2017] at 3:30 p.m. in the Silver Spring Civic Center, to inform the public about the updates and entertain any questions. Public Comments period will also be open from March 15, 2017 to April 17, 2017.

After discussion and, on motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted five-to-zero, with one absent, to adopt Resolution 2017-2149, approving the new Minority Business Enterprise (MBE) and Small Local Business Enterprise (SLBE) Program requirements for WSSC as set forth in revised Standard Procedures/Regulations presented to and adopted by the Commission under this Resolution and on this date. Such new Regulations, replacing former Standard Procedures MBE 11-01 and SLBE 12-01, shall take effect at a later established date in accordance with the requirements of Section 17-403 of the Maryland Public Utilities Code [i.e., following the required public notification period].

The motion carried with five affirmative votes. Commissioner Rogers was absent from the meeting and thus, absent from the vote.

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 2017-2150, approving the five contracts included on the Consent Calendar for the March 15, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. BD4144B05, Brighton Dam Upgrade, to Cianbro Corporation, in the amount of \$13,149,000.00, with substantial completion time of 730 calendar days.
2. BL5020A09, Ritchie Marlboro Road Transmission Water Main Installation, to Allan Myers MD, Inc., in the amount of \$4,430,007.00, with substantial completion time of 550 calendar days.
3. BTBR5678A14, Chillum Road 16-Inch Transmission Water Main Replacement/Relocation, Change Order No. 1, to A&M Concrete Corporation, in the amount of \$464,219.26, for new total contract value of \$4,434,239.26.

B. General Services

1. Contract 7137, Spoils Hauling, to L.E. Blue and Associates, Inc. and SJ and Son Construction and Trucking, LLC, in not to exceed amount of \$3,451,170.00, for a base term of three (3) years and one (1) two-year option term.

C. Production

1. Contract 7140, Tree Trimming, Removal and Disposal Services, to Tree Service, Inc. t/a Adirondack Tree Experts, in not to exceed amount of \$1,560,000.00, for a base term of three (3) years with one (1) two-year option term.

The motion carried by a vote of four-to-zero, with two absent. Commissioner Denis left the room momentarily during vote; and Commissioner Rogers was absent from meeting.

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 noted the Inspector General Bill had passed with amendment stripping WSSC from bill. Similarly, an amendment removing distilleries, breweries and wineries from SDC exemptions bill, was included in final passage of bill by both county delegations.

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. Ms. Finlayson shared the timeline for the 2017 Commissioners' Engineering Scholarship Program which is expected to launch later this month.

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

WSSC Retirement Plan Board of Trustees. Nothing additional to report outside of information provided earlier by Plan Administrator/Executive Director Richard Baker. Next meeting to take place on March 29, 2017.

Personnel and Governance Committee. Chair advised performance evaluation in process for General Manager.

Legislation Committee. Nothing additional to report outside of information provided by IRO Director.

Audit Committee. Next quarterly meeting to be held on April 19, 2017.

The Chair 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 Chair called for a vote.

CLOSED SESSION

Whereby at 12:58 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 February 15, 2017 Closed Session Minutes; Section 3-305(b)(7) and Section 3-305(b)(8) to consult with counsel to obtain legal advice on the MTA Purple Line Agreement and other 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 Lawson seconded the motion. The motion carried with five affirmative votes, one absent.

The Chair declared the meeting was Closed at 12:58 p.m.

The Chair then called for a lunch recess (12:59 p.m.).

Following lunch, the meeting reconvened in Closed Session in the Commissioners' Large Conference Room at 2:35 p.m.

ATTENDEES: Chair Fausto Bayonet; Commissioners Omar Boulware, Howard Denis, Eloise Foster and Chris Lawson. Staff present: General Manager Carla Reid, Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Deputy General Manager for Operations Joe Mantua, Deputy General Manager for Administration Thomas Street, Director of Communications and Community Relations Chuck Brown (acting for DGM Monica Johnson), Senior Counsel Russel Beers, Associate Counsel Danny O'Connor, Chief Engineer Gary Gumm, Senior Staff Director Jaclyn Vincent and Associate Counsel Stephanie Kinder (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 February 15, 2017 Meeting, as drafted.

Legal Matters - Commissioners were briefed by WSSC Counsel and management on confidential attorney/client privileged legal matters affecting the Commission, which included a briefing relating to the MTA Purple Line Agreement.

Collective Bargaining Negotiations. Associate Counsel Stephanie Kinder (in HR Director Todd Allen's absence) briefed Commissioners on the status of the union negotiations. Mr. Allen will follow-up with Commissioners again in April with new agreement to come publicly before the Commission for a vote during April/May timeframe.

Personnel Matters. Commissioners met in executive session without members of management present, to discuss personnel matters.

At 3:51 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Foster and seconded by Commissioner Boulware, to end the Closed Session. The motion carried with five affirmative votes; one absent.

OPEN SESSION

At 3:51 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 Boulware moved to adjourn the meeting. Commissioner Foster seconded the motion. The motion carried with five affirmative votes.

At 3:51 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary