

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, May 17, 2017
Laurel, Maryland

Chairman Fausto R. Bayonet called the meeting to order at 10:10 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, 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 Lawson to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Lawson moved to adopt the Commission's Public Meeting Agenda of May 17, 2017, as drafted. Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Lawson moved to approve the open session minutes of the April 19, 2017 Regular Commission Meeting, as drafted. Commissioner Denis seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

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

Colleen Collins, Contract Support Technician, Systems Inspection Group, retires with 9 years and 9 months of service.

Anne McNulty, Project Manager, Project Delivery Group, retires with 30 years and 11 months of service.

Leonard Stewart, Crew Chief, Facilities Maintenance Group, retires with 35 years and 8 months of service.

Stephen Utterback, Facility Technician II, Seneca/Damascus/Hyattstown Group, retires with 24 years and 10 months of service.

Buford Dozier (present), Security Guard, Police and Security Services Group, retires with 22 years and 8 months of service.

Cheryl Williams (present), Materials Planner I, Materials Management Group, retires with 37 years and 5 months of service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Denis shared a cautionary tale from a Wall Street Journal article about a change in the water billing system at Baltimore Water from quarterly to monthly billing which may have resulted in the Baltimore Ravens' and Camden Yards stadiums being put on a tax lien list with a foreign national bidding to purchase them due to outstanding water bills. Although it was later discovered these entities aren't subject to this provision of the tax lien procedure and neither does WSSC have lien authority with regard to non-payment of water bills; Commissioner Denis thought WSSC management should be aware in light of its impending contemplation of changes to the WSSC computer billing system and billing procedures.

Chair Bayonet commended the General Manager and her team on the extensive outreach efforts and public meetings on the new rate structure alternatives, which appear to be going well. More information will be provided to Commissioners later in the meeting on public comments received during these informational meetings.

Public Comments. None.

GENERAL MANAGER'S REPORT

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

Improve Infrastructure:

- Brighton Dam Maintenance - Two-year upgrade project beginning in June, 2017; will impact traffic and water recreational areas.
- New Hampshire Avenue Water Main Repairs - \$1.7 million preventative maintenance project on transmission main under New Hampshire Avenue began in April. Completion expected in late June.

Enhance Stakeholder Relationships:

- Rate Structure Public Meetings - Three meetings held last week with excellent turnout and feedback from public. Four more meetings to be held in June.
- "How To Do Business With WSSC" - Good turnout - 16th event; vendors and contractors were very responsive. Aimed at driving economic growth and leveraging expertise of private sector partners.
- 12th Annual Children's Water Festival - More than 450 Fourth Graders participated at Brighton Dam during National Drinking Water Week. Activities focused on water quality and environmental protection. Communications Team Coordinator Angela Ballard-Landers received accolades from

Prince George's County schools/teacher for her great community outreach and enthusiasm. She is also the brains behind the Children's Water Festival and Sewer Science signature programs.

- MBIA Award - WSSC Employee Bryan Hall awarded the Malcolm Shaneman Quality of Life Award by the Maryland Building Industry Association (MBIA) for leadership qualities that foster an atmosphere of partnership.
- WSSC also recognized for its commitment to Diversity with SLMBE Office Director Towanda Livingston honored for WSSC's dedication to women-owned businesses.

Deliver Excellent Customer Service:

- Customer Feedback Community (CFC) - Reviewed and provided feedback on new "IssueTrakr;" 60% "likely" or "very likely" to use system. Most common complaint around need to register.
- Social Media Thank You Notes - Each month GM will share examples of customer feedback through social media. Receiving positive feedback; good examples of WSSC efforts to provide world class customer service.

Inspire Employee Engagement:

- #H2OPeople Connect - Team building activities being held to improve collaboration and teamwork among employees; focus on proven management principles.
- Lakeside Chats 2.0 - Wrapped up in April. Completed 10 meetings; received great employee feedback and questions.

Process Excellence and Financial Stability:

- Natural Resources Defense Council (NRDC) Report on Water Safety - Maryland among highest in water quality violations, however no violations at WSSC (ever).
- FY 2018 Budget Approval - Montgomery and Prince George's County Councils approved WSSC's FY 2018 Operating and Capital Budget of \$1.4 Billion; focus on replacing aging infrastructure to continue WSSC's clean water mission.

Following Commissioner questions, the General Manager's Monthly Report was received as information.

Rate Structure Public Meetings Update - Briefing on Public Comments Received. Communications and Community Relations Director Charles ("Chuck") Brown and Chief Financial Officer Joseph ("Joe") Beach updated the Commission on the three Rate Structure Public Meetings that were held in May. WSSC did extensive public outreach in several different media (cable stations, radio ads, social media, mailing inserts - all in both English and Spanish). Mr. Brown was pleased at the robust turnout of 400+, and that live-streaming permitted WSSC to reach more than 2,500 people overall - more than any other public meeting in WSSC's history.

Common themes of public feedback were as follows:

Largo Meeting (5/8/17):

- Overall frustration and lack of trust
- Residential increase and business decrease (unacceptable)
- Review budget to contain costs
- Billing accuracy concerns
- Facility too small - approximately 250 customers)

Rockville Meeting (5/9/17):

- Several in favor of higher residential rates
- Tiers should be modified
- Review budget to contain costs
- Billing accuracy concerns
- Approximately 85 customers

RGH Meeting (5/10/17):

- Increase - already paying too much
- Support flat rate
- Tier breaks should be modified
- Review budget to contain costs

- Billing accuracy concerns
- Approximately 70 customers

Four additional meetings to be held in June in both Counties (on June 5th - MC, June 6th - PGC, June 19th - MC and June 20th - PGC/WSSC HQs); will receive the same extensive outreach effort. Mr. Beach will again provide Commissioners a detailed analysis of the public comments and questions from all of the meetings and will review what did and didn't work, and simplify the presentation where possible (per Chair's request).

Further detail can be found in the corresponding segment of the archived meeting video.

The report on the rate structure public meetings and public comments, was received as information.

Paving Update Briefing/Street Repair Services Contract 7168.

Purchasing Manager Ahmed Baig provided an overview of the procurement process for Contract 7168, the proposed Street Repair Services Contract (formerly Contract 5986). When prior contract was about to expire, Procurement received only one bid for the new contract. The solicitation was cancelled, and Procurement negotiated a one-year extension with incumbent. Strategic sourcing initiative led to bidding by 3 new suppliers and WSSC negotiated an estimated \$4.3 million savings on the contract. Procurement recommends approval of Contract 7168 which is included on this month's Consent Calendar.

The Commission received the briefing as information.

Spending Status of IT Contract 1124 - IT Management Support Services and Expert Assistance Basic Ordering Agreement (BOA).

Chief Procurement Officer David Malone reminded Commissioners that funding for first year of current contract expires on June 30, 2017 (\$5.4 million). The contract funding the second year is also for a total of \$5.4 million with a \$3 million cap per firm. Thus far, about \$3 million has been awarded.

Per inquiries by Commissioners related to same contractors getting work and lack of diverse pool of contractors, Mr. Malone explained that when contractors perform well, WSSC will continue to use them rather than start with someone new. Additionally, caps on individual firms are high, leaving little left over for new contractors.

In response to Commissioner Lawson's query as to whether subcontractors were located outside of the ratepayer district (to which the response was yes), CIO Vennard Wright replied that, going forward, WSSC is committed to providing a more inclusive and competitive contracting vehicle. The next RFP will have more competition across 7 functional categories and have responses to each functional category from each firm. Thus, could have up to twenty firms receive an award in one, multiple or all of the functional categories.

Mr. Malone also responded to Commissioner Lawson's query stating that, of 14 subcontractors, all but four are in Prince George's or Montgomery County. Of the remaining four, three are in-state and one is out-of-state. However, Mr. Malone did not know how many of those 14 subcontractors had actually received work.

Internal Audit Office Director Maxene Bardwell and Ethics Officer Angelique Dorsey responded to Commissioner Foster's inquiry about contractor complaints, indicating that there was a pending issue in the Ethics Office involving one of the entities listed on this Contract. General Counsel Amanda Conn advised, ethics complaints are confidential and that the Ethics Board is working through the investigative process and no other information could be disclosed.

Based upon the foregoing, Chair Bayonet and Commissioner Boulware suggested that Contract 1124, IT Management Support Services and Expert Assistance BOA, be removed from this month's Consent Calendar.

Following discussion, the Commission received the briefing 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 April 10, 2017 to May 5, 2017.

FY 2017 Audit Projects: Three in fieldwork phase; two in planning phase.

FY 2016 Carryover Audit Projects: All in report phase.

System Development Charges (SDC) Audits: No SDC Reports issued; 21 SDC audit requests in process with 18 active and 3 inactive.

Internal Audit Follow-up: Three management action items closed since last report. None requiring Internal Audit verification. One delinquent management plan of action in Human Resources.

Hotline. Next quarterly report to be presented at July Commission Meeting.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on April 13, 2017; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 14 new employees on April 24, 2017.

External Auditors. Entrance Conference held on April 12, 2017. Audit work commenced on OPEB Trust and Retirement Audits.

The IAO Monthly Report was received as information.

OTHER REPORTS

Engineering and Construction

Resolution 2017-2153 - Adoption of New WSSC 2017 Pipeline Design Manual. Deputy General Manager (DGM) for Operations Joseph

Mantua, Chief Engineer Gary Gumm and Technical Services Group Leader Keith Tyson presented the 2017 WSSC Pipeline Design Manual Updates for approval and adoption. Commissioners were provided binders in the advance materials containing the proposed changes to the 2017 WSSC Pipeline Design Manual. Such manual is therefore incorporated herein by reference. Specific details can also be found in the corresponding segment of the archived meeting video.

In summary, the design manual updates effectively address several important subjects including: variances; requirements for Zinc Coated Ductile Iron; looping water systems; survey and easement criteria; subsurface investigations; low pressure sewers; service connections; and the relocation and/or rehabilitation of WSSC mains.

The proposed changes have been presented to respective governmental and industry stakeholders, including the Montgomery County and Prince George's County Governments and the Maryland Building Industry Association. Comments were received and reviewed with changes incorporated. Financial impact to property owners is minimal and none of the changes requires an increase in existing fees or creation of new fees.

Following discussion, and on motion made by Commissioner Foster and seconded by Commissioner Rogers, the Commission unanimously voted six-to-zero to adopt Resolution 2017-2153, approving the new WSSC 2017 Pipeline Design Manual as a Regulation to replace the existing 2015 Pipeline Design Manual, as recommended by management and presented to the Commission on this date. Said new Regulation/Pipeline Design Manual shall take effect following the required public notification period.

Commissioner Foster had to depart the meeting at this juncture due to a prior commitment and was thereby excused by the Chair at 12:02 p.m.

Resolution 2017-2154 - Approval of Standard Procedure (SP) - Procedures for Innovation and Research. Mr. Tyson next presented the proposed Procedures/SP for Innovation and Research, incorporated herein by reference, for Commission approval. Specific details can be found in the corresponding segment of the archived meeting video.

Maryland Annotated Code, Public Utilities Article, Division II, § 17-403, authorizes WSSC to adopt, administer and enforce rules and regulations to carry out the provisions of Division II of the Public Utilities Article. The proposed Standard Procedure/Regulation establishes procedures for the submission and approval of Innovation or Research ideas, proposals, awards and products and covers the procedures to develop ideas, proposals, initiatives, projects, products, pilots, bench tests and awards to enhance the ability of the agency to accomplish its mission of improving operations and sustainability through Innovation and Research.

Whereupon, a motion was made by Commissioner Rogers and seconded by Commissioner Boulware, to adopt Resolution 2017-2154, approving the Standard Procedure/Regulation establishing the new WSSC program and procedures for Innovation and Research, as recommended by management. Said new Regulation shall take effect following the required public notification period.

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

CONSENT CALENDAR

Contracts for Approval

Per earlier discussions relating to IT Contract 1124, Commissioner Boulware requested that action on such contract be tabled and thus, removed from the consent calendar, to which there were no objections.

Following removal of IT Contract 1124, a motion was made by Commissioner Boulware and seconded by Commissioner Denis, to adopt Resolution 2017-2155, as amended, approving the remaining five contracts included on the Consent Calendar for May 17, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Architect/Engineer Contracts:

1. 7115, Water Planning A/E Basic Ordering Agreement, to Arcadis, U.S., Inc., in the amount of \$6,000,000.00, with three (3) year base term and one (1) two-year option term.

Construction Contracts:

1. BL5273B11, Clinton Zone 30-42 Inch Transmission Main Phase III, to Garney Companies, in the amount of \$8,542,224.00, with substantial completion time of 730 calendar days.

Goods and Services / Professional Services Contracts:

1. 7168, Street Repair Services, to M. Luis Construction, Inc., MT Laney Co., and Fort Myer Construction Corporation, in the amount of \$135,000,000.00, with three (3) year base term and one (1) two-year option term.

B. General Services

1. Contract 7173, Restrainer Glands, to HD Supply Waterworks, Ltd., in the amount of \$2,407,254.50, with three-year base term and one (1) two-year option term.
2. Contract 7186, Diesel Fuel, to Mansfield Oil Company of Gainesville, Inc., in the amount of \$1,400,000.00, for term of one (1) year.

The motion carried by a vote of five-to-zero, one absent (Commissioner Foster).

ADDITIONAL BRIEFINGS

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. Commissioner Lawson presented the March 2017 Plan results with plan assets at \$765.8 million; representing year-to-date investment gain of \$34.7 million or an increase of 4.8% from December 31, 2016 to March 31, 2017. Next meeting to take place on May 31, 2017.

The Commission received the Retirement Plan report, as delivered by Retirement Plan Trustee Lawson, as information.

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

Legislation Committee. No report.

Audit Committee. The Chair called for a motion to adopt the minutes of the quarterly meeting held on April 19, 2017, to which Commissioner Boulware moved and Commissioner Denis seconded, that the Commission approve the Audit Committee Minutes of April 19, 2017. The motion carried by a vote of five-to-zero, with one absent (Commissioner Foster).

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 12:38 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 April 19, 2017 Closed Session Minutes; Section 3-305(b)(7) and Section 3-305(b)(8) to consult with counsel to obtain legal advice and to 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 Lawson seconded the motion. The motion carried with five affirmative votes, one absent (Commissioner Foster).

The Chair declared the meeting was Closed at 12:38 p.m.

The Chair then called for a lunch recess (12:39 p.m.).

Commissioner Boulware had to depart immediately following lunch at 1:45 p.m. due to a prior commitment.

Following lunch, the meeting reconvened in Closed Session in the Commissioners' Large Conference Room, at 1:58 p.m.

ATTENDEES: Chair Fausto Bayonet; Commissioners Howard Denis, Chris Lawson and Thomasina Rogers. 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, Deputy General Manager for Strategic Partnerships Monica Johnson, Associate Counsel Danny O'Connor, Associate Counsel Heather Ashbury, Associate Counsel Stephanie Kinder, Chief Financial Officer Joseph Beach and Senior Staff Director Jaclyn Vincent.

Closed Session Minutes - On motion made by Commissioner Lawson and seconded by Commissioner Denis, the Commission voted four-to-zero, with two absent (Commissioners Boulware and Foster) to

adopt the closed session minutes of its April 19, 2017 Meeting, as drafted.

Collective Bargaining Negotiations. Deputy General Manager Monica Johnson briefed Commissioners on the status of the union negotiations, which were now in the hands of an arbitrator who had made a determination. A briefing on the outcome will be provided to Commissioners in open session at the June Commission Meeting.

Legal Matters - Commissioners were briefed by WSSC Counsel and management on confidential attorney/client privileged legal matters affecting the Commission, which included the Public Service Commission (PSC) Boltuck Order and WSSC's plans with regard to its rate structure setting process.

Personnel Matters. No personnel matters were discussed.

At 3:35 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Lawson and seconded by Commissioner Rogers, to end the Closed Session. The motion carried with four affirmative votes.

OPEN SESSION

At 3:36 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 Denis moved to adjourn the meeting. Commissioner Rogers seconded the motion. The motion carried with four affirmative votes.

At 3:36 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary