

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, August 16, 2017
Laurel, Maryland**

Chair Thomasina V. Rogers called the meeting to order at 10:09 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 Rogers, Commissioners Fausto R. Bayonet, 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.

PLEDGE OF ALLEGIANCE

Chair Rogers opened the meeting by welcoming everyone and asking Commissioner Lawson to lead the pledge of allegiance. Following the pledge, the Chair asked General Manager Carla Reid to lead the Commission in the recitation of its mission and vision statements.

AGENDA APPROVAL

Prior to calling for a motion to approve the Meeting's Agenda, the Chair stated that there is a Finance item on the Agenda relating to setting a public hearing date in September for proposed Rate Structure Alternatives (Agenda Item 3. A. 2.). The Chair requested that this item/proposed action of setting a public hearing date relating to the rate structure be deferred until a later date and that the Commission instead use the proposed September 13th date for its next rate structure work session, to which all Commissioners were in agreement.

Whereby, Commissioner Boulware moved, and Commissioner Lawson seconded, to adopt the Commission's Public Meeting Agenda of August 16, 2017, as amended. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Denis then moved to approve the open session minutes of the June 30, 2017 Special Commission Meeting, as drafted. Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

The Corporate Secretary requested that action on the July 19, 2017 Regular Meeting Minutes be deferred until the next meeting as the minutes were still in preparation.

WSSC RETIREES

WSSC Retirement and Investments Division Manager Richard Baker recognized the following Retirees for the month of August 2017:

Wayne Wilson, Plans Reviewer I, Regulatory Services Division, retires with 20 years and 2 months of service.

Jeffrey Silver, Utility Technician III, Utility Services Central Division, retires with 30 years and 9 months of service.

Brenda L. Epkin, Wastewater Operations & Maintenance Technician II, Western Branch Waste Water Treatment Plant, retires with 29 years and 11 months of service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Denis took an opportunity to publicly thank Chair Rogers for the excellent job she's done in leading the Commission through the very challenging and time-consuming task of reviewing its rate structure. Next, Commissioner Denis made mention of the IT Wiz Kids program he had the pleasure of attending last Friday where WSSC showcased video games developed by summer interns in the IT department designed to teach the community about WSSC and water, expressing how

impressed he was with the extraordinarily bright and talented group of interns. Lastly, Commissioner Denis also attended the Potomac Water Filtration Plant media event on the discolored water issue, commenting that management has handled the matter well in keeping the media and public informed and the public can be assured that WSSC is on the case and doing its job in addressing/resolving the issues.

Public Comments. Mr. Jerry Garson, of the Montgomery County Civic Federation (MCCF), addressed the Commission about the discolored water issue WSSC is currently experiencing, questioning the quality of WSSC water and requesting that WSSC institute a study to consider the possibility of building a water tunnel connecting the US Army Corps of Engineers Jennings Randolph reservoir in Garrett County, Maryland to Mineral County, West Virginia. Mr. Garson reasoned, using water from this reservoir would provide "much purer and cleaner water" to the residents in the area served by the Potomac River filtration plant, than using the Potomac River as the water supply and would reduce the amount of pollutants in the water such as animal waste, fertilizers, pesticides, diesel, gasoline, prescription drugs and other organic pollutants that are in the river. He further stated that his research had led to his conclusion that if the source is not good, the water quality will not be as good either. He also asked that WSSC consider adding a daily analysis of the water leaving the WSSC filtration plant on the Potomac River and posting the analysis each day about the contaminants, including prescription drugs, found in the water.

Mr. Garson read from a written statement, provided to Commissioners and incorporated herein by reference.

There were no other comments from the public.

CHAIR REPORT

Chair's Report. Chair Rogers reported on the following:

Rate Structure Special Meetings: Provided summary of third special meeting on rate structure held yesterday (August 15th),

noting the Commission engaged in a very open and frank discussion on how the process is evolving and the readiness of Commissioners to move to the next step. There was consensus among Commissioners that further work needs to be done with the Commission requesting information on comparable utilities that have implemented successful rate systems along with more demographics and analysis on the affordability issue. Management to address the concerns raised by Commissioners, with additional data and analysis to be presented at the proposed September 13th special meeting/work session.

New Committees/Appointments: As an outcome of the April Summit, the Commission committed to revamping its committee structure to better align with the agency's mission, vision and strategic priorities. To that end, the Chair shared the following new committee structure and member appointments for Fiscal Year 2018:

Commission Standing Committees (4)

- Audit: All Commissioners
- Governance & Strategic Visioning: All Commissioners
- Legislative & Compliance: Boulware, Denis, Lawson
- Retirement Plan Board of Trustees: Foster, Lawson

Commission Ad Hoc Committees (2)

- Customer Stakeholder Relations: All Commissioners
- Innovation & Infrastructure: Bayonet, Foster, Rogers

Governance Philosophy: Commission working at clarifying its role which should result in better partnership with the GM. The Chair is committed to ensuring that Commissioners will be ready and prepared to do the long-term strategic and policy visioning that supports the goals and work that staff is doing under the leadership of the general manager.

GENERAL MANAGER REPORT

Monthly Report. General Manager ("GM") Carla Reid provided her monthly report, reporting from a power point presentation displayed at the meeting and incorporated herein by reference.

The GM's full report can also be found in the corresponding segment of the archived meeting video and written "General Manager's Report" and both are referred to for this purpose. However, highlights are as follows:

Protect Our People, Infrastructure, Systems and Resources

Discolored Water Press Briefing:

- Conducted to explain cause of water; stressed water is safe and apologized to customers

Improve Infrastructure

Potomac Filter Work:

- Making progress on repairs; 2 additional filters returned to service in July; 16 have now been rehabilitated (50%)

Osborne Road Break:

- Break on 30-inch main on 7/24/17; repairs made quickly with road re-opened on 7/25/17.

DIY Leak Repairs:

- Joint leak in 66-inch water main; used innovative internal repair process; saved ratepayers \$10,000.

Enhance Customer Experience and Community Engagement

WSSC Activities:

- Proud participant of Thingamajig Invention Convention; inspired children about water industry with goal of building talent pipeline.
- Also participated in Gaithersburg SportsFest; helping kids stay healthy and active

Customer Feedback Community:

- Conducted Survey with CFC - Asked about WSSC Interaction. 44 out of 130 members actually took the survey and the most cited reasons for calling us were starting and stopping service, billing and payment questions and high bills. Overall, CFC felt WSSC should improve notification on plant outages and give customers more advance notice on high billing. Recommendation was to put a notice in bills

inviting customers to proactively contact WSSC with any concerns/problems.

Inspire Employee Engagement

- Employee Service Awards - held July 27th; 85 employees honored - 28 with 30 years or more.
- #H2OInterns - 48 interns this summer; IT interns created Water Works video games in partnership with MdBio Foundation - MX Lab.

Achieve Business Process Excellence and Maintain Financial Stability

Outstanding OSDI:

- 64 new firms; \$213M in contract payments; \$289M in contract awards (both figures higher than FY2016)

NACWA Peak Performance Awards:

- All 6 WWTPs received awards
- 5 WSSC plants achieved Platinum status - Damascus, Parkway, Seneca, Hyattstown with Piscataway receiving for first time at this level; multiple years of perfect compliance
- Western Branch received Gold Award - 100% compliance with NPDES permits for entire year

Following Commissioner questions, the GM's Monthly 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 July 10, 2017 through August 4, 2017.

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

FY 2016 Carryover Audit Projects: Both in report phase.

System Development Charges (SDC) Audits: Total fiscal year-to-date actual financial adjustments of \$341,790.68. One SDC Report issued during reporting period; 20 SDC audit requests in process with 17 active and 3 inactive.

Internal Audit Follow-up: No management action items closed since last report and none requiring Internal Audit verification. One delinquent management plan of action (Customer Relations).

Hotline. Next quarterly report to be provided in October.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on July 13, 2017; several open and closed items were reviewed. New hire orientation/code of ethics and fraud, waste and abuse training was provided to 20 new employees on July 31, 2017. Anti-Nepotism policy in final draft stage.

External Auditors. Commission Audit in progress.

Approval of Fiscal Year 2018 Risk-Based Audit Plan. In accordance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Director presented the Risk-Based Internal Audit Plan for Fiscal Year 2018 for review and approval.

On motion made by Commissioner Boulware and seconded by Commissioner Foster, the Commission unanimously approved, by a vote of six-to-zero, the Fiscal Year 2018 Risk-Based Audit Plan, as proposed by the Internal Audit Director.

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

OTHER REPORTS

Finance

Set Public Hearing Dates for FY 2019 Budget. CFO Joseph Beach recommended that the Commission set the Public Hearing Dates for

WSSC's Fiscal Year 2019 Proposed Budget at designated locations in the Counties of Montgomery and Prince George's (WSSC's Sanitary District).

Whereupon, a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet to set the public hearing dates for WSSC's Fiscal Year 2019 Proposed Budget, as follows:

Montgomery County

Monday, February 5, 2018, at 7:30 p.m.

Stella B. Werner Office Building

3rd Floor Hearing Room

100 Maryland Avenue, Rockville Maryland

Prince George's County

Thursday, February 8, 2018, at 7:30 p.m.

Prince George's Community College

Largo Student Center, Community Room A

301 Largo Road

Largo, Maryland

Inclement Weather Backup Date

Wednesday, February 14, 2018, at 7:30 p.m.

WSSC Headquarters/ RGH Building

14501 Sweitzer Lane, Laurel, Maryland

The motion carried unanimously with six affirmative votes.

Set Public Hearing Date for Proposed Rate Structure Alternatives.

This item was removed from the agenda. Commission agreed to use date proposed by management [for the proposed hearing] of September 13, 2017 to conduct its next rate structure work session/special meeting.

Spending Affordability Briefing. Chief Financial Officer (CFO)

Joseph Beach reported on WSSC's Spending Affordability Guidelines ("SAG") and Process for FY 2019. Mr. Beach walked through a power point presentation provided in the advance materials and

incorporated herein by reference. Specific details can be found in the handout and the corresponding segment of the archived meeting video. In summary, the SAG was established in 1994 by Resolution of both Councils and is based on a multi-year planning model to stabilize annual rate increases and limit rate supported debt to less than 40% of the operating budget. The goal is to establish mutually acceptable limits by November 1 of each year for maximum average rate increase, debt service, new debt and total water and sewer operating expenses. Final Council approved budget/rates can be above or below November limits. Potential FY 2019 budget rate impact of 5.2% (Same Services). WSSC will use 6.2% as a baseline (FY 19-24 CIP & Same Services Budget) which would include improvements that had to be deferred last year. WSSC to strongly emphasize to Counties budget driven by CIP.

Commissioner Denis commented that, in the run up to the hearings, it is critical that WSSC communicate effectively to elected officials, emphasizing that "everything is connected here" and that WSSC must stay focused on "getting a spending affordability guideline number that reflects what we need to do and what others want us to do."

The Commission received the SAG Report, as delivered by the CFO, as information.

Information Technology

IT BOA 1111 - CC&B Consulting and Integration Services. CIO Vennard Wright presented this contract for Commission approval. Mr. Wright walked through a power point presentation outlining the steps for WSSC's migration from CSIS to CC&B system (incorporated herein by reference). He followed with details of the procurement process involving this BOA, noting that the contract originally involved 4 contractors with initial award of \$15 million but one was removed with the work now being spread among the remaining three contractors. Mr. Wright is requesting that the Commission allow management to exercise additional option year and approve related funding for it totaling \$7 million for total cumulative contract amount of \$22 million.

Whereby, a motion was made by Commissioner Boulware and seconded by Commissioner Foster, to approve funding in the amount of \$7,000,000, to exercise Option Term I [One] of Contract 1111, Information Technology Basic Ordering Agreement (multiple vendors), for the continued support of consulting and integration services in connection with a new Customer Care and Billing System (CC&B).

The motion carried unanimously with six affirmative votes.

IT Contract 7220 - Oracle Customer-to-Meter (C2M) Implementation Services (Single Source). Mr. Wright next provided an overview of the requirements for this contract which covers the implementation of Oracle utilities involving C2M, CC&B, meter data management (MDM) and other Oracle utilities services (SGG, SOM, ODM). Mr. Wright is requesting approval of this contract award for a cumulative of \$9 million in accordance with WSSC Procurement Regulation Section 4-901, Exception to Competitive Bid Process.

Following discussion, a motion was made by Commissioner Bayonet and seconded by Commissioner Foster, to approve Contract 7220, Customer-to-Meter (C2M) Implementation Services, to Oracle Utility Group, in the amount of \$9,000,000.00, for a term of two years.

The motion carried unanimously with six affirmative votes.

Engineering & Construction

SSO Consent Decree Update. Chief Engineer Gary Gumm provided Commissioners with an 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.

Since January briefing, projected costs increased by \$54.4 million. Projected total costs of \$1,728,447,743, with actual costs at \$1,161,101,757. Areas of concern continue to center around Rights of Entry (ROE) - total outstanding ROEs decreased from 81 to 30; and, the National Park Service (NPS).

The Commission received the 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 Bayonet and seconded by Commissioner Denis, to adopt Resolution 2018-2168, approving the three contracts included on the Consent Calendar for the August 16, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts:

1. PM0007A17, Potomac WFP Consent Decree Construction Services BOA, to W.M. Schlosser Company, Inc., in a not to exceed amount of \$20,000,000.00, with three (3) year base term and one (1) two-year option.
2. BD5969A15, Brighton Dam Facility Upgrades, to Tuckman-Barbee Construction Co., Inc., in the amount of \$3,650,000.00, with substantial completion time of 400 calendar days.

B. General Services

1. Contract 7177, Manhole Covers and Frames, to Ferguson Enterprises dba Ferguson Waterworks and Omega Supply Services, Inc., in the amount of \$1,620,000.00, with three (3) year base term and one (1) two-year option term.

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 overview of IRO activities for past month, noting that IRO is scheduling a meeting with Delegate Kramer to discuss the IG bill. IRO also checking to see if delegation members plan to sponsor customer classes legislation but do not believe they will. Will work with Legislative Committee on strategy to move forward. IRO also planning event on Capitol Hill with Senator Cardin as host to educate staffers on water/wastewater infrastructure needs.

Chair Rogers commented that she is looking forward to attending the MACO Annual Summer Conference (from August 16-19, 2017 in Ocean City, Maryland) with other Commissioners and staff.

The Commission received the IRO report 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 Employees' Retirement Plan Board of Trustees. Commissioner Lawson reported on the recent activities of the Retirement Plan Board of Trustees, sharing that the Plan's assets were \$774.4 million as of June 30, 2017 which represents year-to-date investment gain of \$57.0 million (or an increase of 7.9% from December 31, 2016 to June 30, 2017). Next meeting to be held on September 27, 2017.

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

Personnel and Governance. No report.

Legislation. No report.

Audit. Next quarterly meeting to be held in October.

The Chair announced that the Morning Open Session business has concluded and called for a motion to go into Closed after indicating that she has read and approved the written closing statement. Following the vote, the Commission will recess for lunch and reconvene in Closed Session in the Commissioners' Large Conference Room at approximately 1:50 p.m.

CLOSED SESSION

Whereby at 12:46 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 June 21, 2017 Closed Session Minutes and Section 3-305(b) (1) to discuss personnel matters relating to Commission Office direct reports and staffing.

Commissioner Bayonet seconded the motion. The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed at 12:46 p.m. The Chair then recessed the meeting for lunch (12:47 p.m.). The meeting reconvened at 1:58 p.m. in the Commission Office Large Conference Room.

ATTENDEES: Chair Thomasina Rogers, Vice Chair Eloise Foster, Commissioners Fausto Bayonet, Omar Boulware, Howard Denis and Chris Lawson. Staff present: General Manager Carla Reid and Corporate Secretary Sheila Finlayson.

Closed Session Minutes - On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted unanimously by an affirmative vote of 6-0, to approve the closed session minutes of the June 21, 2017 meeting, as drafted.

Per the Corporate Secretary's request, consideration/adoption of the closed session minutes of July 19, 2017 will be deferred until next month.

Legal Matters - None.

Personnel Matters - The Commission met in executive session at 1:59 p.m., without management present, to discuss personnel matters.

At 3:00 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Lawson and seconded by Commissioner Bayonet to end the Closed Session. The motion carried with six affirmative votes.

OPEN SESSION

At 3:00 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 Lawson moved to adjourn the meeting. Commissioner Bayonet seconded the motion. The motion carried with six affirmative votes.

At 3:00 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary