

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, December 19, 2018
Laurel, Maryland**

Chair T. Eloise Foster called the meeting to order at 10:12 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 Foster, Commissioners Fausto R. Bayonet, Omar M. Boulware, Howard A. Denis, 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 ("GM") 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 called upon, during certain portions of the meeting, to provide information to the Commission.

PLEDGE OF ALLEGIANCE

Chair Foster opened the meeting by welcoming everyone and asking Commissioner Rogers 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

Commissioner Rogers moved to adopt the Commission's Public Meeting Agenda of December 19, 2018, as drafted, to which Commissioner Bayonet seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Bayonet moved to approve the open session minutes of the October 17, 2018 Regular Commission Meeting, as drafted.

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

Commissioner Boulware then moved to approve the open session minutes of the October 26, 2018 Special Commission Meeting, as drafted. Commissioner Denis seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

WSSC Retirement and Investments Division Manager Richard Baker recognized the following Retirees for the month of December 2018:

John Swann, Utility Technician III, Utility Services South Division, retires with 33 years and one month of service.

Gregory Dent (present), Satellite Garage Supervisor, Fleet Services Division, retires with 32 years and 7 months of service.

Nancy Dern (present), Applications Support Analyst, IT Applications & Development Division, retires with 36 years and one month of service.

Hope Farmer (present), FOG Investigations Supervisor, Regulatory Services Division, retires with 25 years and 3 months of service.

Jose Henriquez, Systems Construction Inspector, Pipeline Construction Division, retires with 27 years and one month of service.

Edward Iames (present), Inspection Services Section Manager, Regulatory Services Division, retires with 30 years and 9 months of service.

Ronald Moler, Jr. (present), Electrical & Mechanical Maintenance Section Manager, Potomac Water Filtration Plant, retires with 30 years and 3 months of service.

Robert Russell (present), Project Delivery Support Technician, Facility Design & Construction Division, retires with 30 years and 6 months of service.

Robert Sier, Biosolids Management Technician, Seneca / Damascus / Hyattstown WWTPs, retires with 36 years of service.

Kevin Woolbright (present), Customer Advocate, Customer Engagement & Advocacy Division, retires with 36 years and 11 months of service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. The following comments were shared:

Chair Foster attended the WSSC Holiday Party, held at The Hotel at the University of Maryland, College Park, on December 14, 2018, noting how beautiful the venue was and thanking staff for a wonderful event, to which Commissioners Lawson and Bayonet, joined in agreement.

The Chair also shared, she and the other Montgomery County Commissioners and WSSC staff, recently met with new Montgomery County Executive Marc Elrich and his executive staff to discuss WSSC's Budget and Capital Improvements Program, pointing out that the meeting was positive with the new administration very supportive of WSSC's programs and agenda.

Commissioners Denis and Bayonet both attended WSSC's "Winter Won't Break Us" Winter-Ready Media Event at the Potomac Water Filtration Plant on November 29, 2018, commending the GM and her team on a job well done, and for sharing the helpful information to assist the public.

Montgomery County Commissioners also attended the County Executive's and County Council's Inaugural Ceremony on December 3rd with Commissioner Denis, on behalf of Commissioners, wishing the new county officials the best in their new roles.

Vice Chair Lawson indicated the initial meeting with the new Prince George's County Executive Angela Alsobrooks had not yet been scheduled but that he expected it to take place soon; will provide an update in the new year.

Commissioner Rogers took a moment to thank the GM for her participation in a recent community event hosted by the Commissioner and her Links Chapter at Walker Mill Middle School in Prince George's County - "Ignite the Fire to Dream Program," for purposes of connecting school kids to community figures who can share information about how they got to where they are. The GM educated the students about water, what she does at WSSC and how she moved up the career ladder and all were inspired by her story and with WSSC.

Public Comments. None.

GENERAL MANAGER REPORT

Monthly Report. GM Carla Reid requested a moment of silence to recognize the recent loss of WSSC valued retiree and centenarian, George Isaiah Campbell, Sr., who passed away on December 6, 2018, at the age of 101. Mr. Campbell had joined WSSC at a number of events last year to commemorate WSSC's 100th Anniversary. Ms. Reid followed with her monthly report, presenting from a power point presentation displayed at the meeting and incorporated herein by reference. The GM's full report can be found in the presentation handout and corresponding segment of the archived meeting video, and both are referred to for this purpose.

The GM, along with Commissioners, also took time to recognize Chief Engineer Gary Gumm, who will be retiring at the end of the month.

Following the GM's briefing and Commissioner questions, the GM's Monthly Report was received as information.

INSPECTOR GENERAL REPORT

Monthly Activity Report. Inspector General ("IG") Arthur Elkins reported on the monthly activities of the Office of the Inspector General ("OIG"), for the period of November 5, 2018 to December 7, 2018. Mr. Elkins presented from a power point presentation displayed at the meeting and incorporated herein by reference. The full report can be found in the presentation handout and corresponding segment of the archived meeting video, and both are referred to for this purpose.

The OIG report was received as information.

OTHER REPORTS

ENGINEERING & CONSTRUCTION

House Bill 218 (Master Meter Prohibition) and Proposed Revisions to WSSC Plumbing & Fuel Gas Code and WSSC Development Services Code. Regulatory Services Division Manager Mike Harmer, along with Development Services Division Manager Ray Chicca, presented this briefing to Commissioners, reporting from power point presentations contained in the advance materials and incorporated herein by reference. Specific details can be found in the presentation handouts, other related meeting materials and corresponding segment of the archived meeting video.

In summary, the Development Services Code is a consolidated regulation manual pertaining to the planning, design and construction of WSSC water and sewer systems. The Plumbing and Fuel Gas Code is the regulation governing privately-owned plumbing and gas systems within the Washington Suburban Sanitary District.

Due to new law on master meter prohibitions passed last year, Maryland State House Bill 218, which became law on June 1, 2018, management is proposing revisions to both Codes to satisfy the new law requirements which no longer allow WSSC to authorize the use of a master meter to serve residential/condominium buildings in Prince George's County for billing purposes. Each unit must now have a separate meter, account and shutoff valve. Management is also proposing a few additional revisions to both Codes for

clean-up purposes. Management to come back to the Commission in January for an official vote on the revised Codes.

Following discussion, the Commission received the briefing on the Code updates, as information.

FINANCE

Approval of 2019 Front Foot Benefit Rates and House Connection

Charges. Front Foot Benefit rates are charged to recover the cost of construction for smaller water and sewer lines for single family or health hazard applicants. House Connection rates are charged to recover the cost of construction for lines built from WSSC's water and sewer system to the applicant's property.

Management presented the rate calculations for the Proposed 2019 Front Foot Benefit Rates and House Connection Charges at last month's Commission meeting and is now before the Commission to request approval of such rates. A public hearing for the proposed rates and charges was conducted on November 28, 2018 and no comments were made at the hearing. Additionally, no written testimony has been received to date.

Management is proposing that the Commission: 1) adopt the front foot benefit base per foot rates of \$4.00 for water and \$6.00 for sewer to be paid over a period of 30 years as presented at the Commission's November 28, 2018 meeting; 2) adopt water and sewer charges for unimproved and improved residential small size house connections as presented at the Commission's November 28, 2018 meeting and as contained in Attachment 1 of the Finance board materials on this item (incorporated herein by reference); 3) adopt right of way water and sewer connection charges consistent with current year charges and as contained in Attachment 2 of the Finance board materials on this item (incorporated herein by reference); and 4) adopt non-residential small and large size water and sewer house connection charges based on "Estimated Costs" as contained in Attachment 2 of the Finance board materials on this item (incorporated herein by reference).

Whereby, a motion was duly made by Commissioner Boulware and properly seconded by Commissioner Denis, to approve the 2019 Front Foot Benefit Rates and House Connection Charges, as proposed by management, to be effective January 1, 2019.

The motion carried with five affirmative votes, one absent (Commissioner Bayonet left the room momentarily during the vote).

Approval of Fiscal Year (FY) 2020 Preliminary Proposed Budget for Publication/Public Hearing Purposes. Budget Division Manager Letitia Carolina-Powell presented WSSC's preliminary proposed operating and capital budget for FY 2020 for publication/public hearing purposes to allow customers the opportunity to comment. State law requires that the Commission publish, before January 15th, a proposed operating and capital budget for the upcoming fiscal year. Public hearings on the budget must then be held prior to February 15th, with submission of the proposed budget to the Counties by March 1st.

Public Hearings on WSSC's FY 2020 Preliminary Proposed Budget have been scheduled as follows:

Montgomery County - Monday, February 4, 2019 - 7:30 p.m.

Stella B. Werner Office Building, 3rd Floor Hearing Room
100 Maryland Avenue, Rockville, Maryland 20850;

Prince George's County - Tuesday, February 5, 2019 - 7:30 p.m.

Prince George's County Department of the Environment,
Conference Room 140, 1801 McCormick Drive, Largo, Maryland 20774;

Inclement Weather Date: Wednesday, February 13, 2019 at 7:30 p.m.

Commission Hearing Room/Auditorium, WSSC, RGH Building, Laurel, MD.

Specific details on the proposed budget (for publication) can be found in the respective Finance board report contained in the board materials and incorporated herein by reference.

In summary:

The preliminary proposed budget for FY 2020 totals \$1.5 billion (1.2% increase over FY 2019); majority of budget covers operating expenses of approximately \$817.0 million (56% of total) with capital budget of \$638.4 million. Operating budget increase of 4.5% primarily driven by debt service. Capital budget reflects 2.7% decrease.

Budget supports all of Commission's strategic priorities and provides for proposed/combined 5.0% average increase in water and sewer rates which meets the Spending Affordability Guidelines recommended by both counties. This revenue will be generated under the new 4-tier rate structure. The impact of the revenue increase combined with the implementation of the new rate structure will add approximately \$1.29 per month to the bill of a customer using 165 gallons of water per day (the approximate usage of a 3-person household). The impact to a low usage customer with consumption of 100 gallons per day will result in an increase of approximately \$3.68 per month, while the impact to a customer using 500 gallons per day will reflect a decrease of approximately \$19.11 per month.

The budget also reflects Commission's commitment to affordability for WSSC rate payers. Many cost-saving measures have been implemented in order to reduce costs. The Supply Chain Management Transformation project has produced significant cost reductions in excess of \$40 million with cost-avoidance savings exceeding \$44 million (since inception in FY 2013).

The FY 2020 budget continues WSSC's investment in adequate, reliable infrastructure, including the WSSC network of water and sewer pipes and environmental improvements to wastewater treatment plants. Funds also included for IT Strategic Plan. Additionally, a funding gap of \$30 million was closed.

Since the preliminary budget does not contain any new positions or initiatives for a third consecutive year, the Commission will

not be able to implement some important improvements proposed by WSSC Teams to enhance support and advancement of WSSC's strategic priorities, such as, accelerating large water valve inspections from four-year to three-year cycle; expanding WSSC's leak detection program to provide proactive repairs and reduce water loss; and implementing System-Wide Flushing Program to reduce discolored water complaints and improve water quality.

Funding included for salary enhancements with specific use of funds to be determined during the County budget approval process when both counties decide how to address salary enhancements for County employees.

Management is again recommending an increase to the maximum allowable charge for the SDC charge due to the change in the CPI which was published last week after management's package was submitted to the Commission. The maximum allowable charge has been updated based on last Wednesday's publication and is reflected on the sheet circulated to Commissioners at the start of the presentation (incorporated herein by reference) and replaces last page of report (page 17) contained in the advance materials. Actual charge will not change for Fiscal Year 2020.

Commissioners inquired as to whether the budget contained funding for the new OIG office, per the request of the IG as it pertained to additional personnel needed for proper functioning of the new office, to which management indicated it did not (other than funding for the IG himself).

Following discussion, on motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted unanimously, six-to-zero, to approve for publication and public hearing purposes, the Preliminary Proposed WSSC Operating and Capital Budget for Fiscal Year 2020, as amended, to include additional funding in the amount of \$500,000.00 for additional personnel (two positions) for the OIG.

The Commission noted that it expects this additional funding to be offset by the significant savings the mandated OIG will bring to the Commission through the OIG's regular activities.

Recognition of Budget Division for Distinguished Budget

Presentation Award. Chief Financial Officer ("CFO") Patricia Colihan took an opportunity to officially recognize Ms. Carolina-Powell and the entire budget team for recently winning the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation Award" for the 24th consecutive year (for FY 2018 WSSC annual budget), to which the Chair and Commissioners joined in expressing congratulatory remarks on such an outstanding achievement.

Results of Consolidated Public Improvement Bonds Sale. The CFO also announced that the Commission recently sold bonds in the amount of \$390,000,000.00, with closing to take place tomorrow [December 20, 2018].

The Commission received both announcements by the CFO, as information.

INFORMATION TECHNOLOGY (IT)

Monthly Project Cornerstone Update. Program Director Abe Meer provided the monthly update on Project Cornerstone, reporting 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 archived meeting video. In summary, Mr. Meer advised project status still yellow; integrated project and resource plans for Releases 1 and 2 now complete with Release 1 Go-Live on target for May 28, 2019.

The Commission received the monthly Project Cornerstone update as information.

CUSTOMER SERVICE

Request for Approval - Contract 15966, Utility Bill Printing and Mailing Services. Management is requesting approval of Contract

No. 15966, Bill Printing and Mailing Services, which covers the outsourcing of WSSC's bill printing and mailing services to an outside vendor, Kubra Data Transfer, Ltd., which staff believes will be much more efficient than WSSC's current process of generating bills and printing in-house. Additionally, this outsourcing effort will better support the new billing system. The contract is for an estimated cumulative amount/upset limit of \$6,000,000.00, with three-year base term and one (1), two-year option to renew. Projected total spend for three years at \$2.8 million.

Following discussion, a motion was made by Commissioner Bayonet and seconded by Commissioner Rogers, to approve Contract 15966 for Utility Bill Printing and Mailing Services, to Kubra Data Transfer, Ltd., in a not to exceed amount of \$6,000,000.00, with a three year base term and one (1), two-year option to renew, as requested by management.

The motion carried unanimously with six affirmative votes.

HomeServe USA Contract Renewal Briefing and Management

Recommendations. Director of Customer Service Crystal Knight-Lee, presented management's recommendation for renewal of the current HomeServe USA contract. Per the terms of the contract, the contract is scheduled to auto-renew on May 17, 2019 for one additional year unless the Commission elects not-to-renew, which must be decided no later than the January meeting in order to communicate the decision to HomeServe by the February 13, 2019 deadline (which is 90-days prior to auto-renew date).

Ms. Knight-Lee reported from a memorandum to Commissioners provided in the advance materials and incorporated herein by reference. Specific details can be found in the meeting materials and corresponding segment of the archived meeting video.

In summary, management is recommending renewal for an additional year, through May 2020; will come back to Commission in January for vote on recommended action.

Following Commissioner questions, the Commission received the briefing as information.

IRO

Legislative Update. Intergovernmental Relations Office (IRO) Director Karyn Riley provided an update of IRO activities and the WSSC related legislation expected to move through the 2019 Legislative Session. Opening day of Maryland General Assembly 2019 Session is January 9, 2019.

The Commission received the Legislative Update, 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 Rogers and seconded by Commissioner Denis, to adopt Resolution 2019-2207, approving the three contracts included on the Consent Calendar for the December 19, 2018 Commission Meeting, as follows:

A. Engineering and Construction (Construction Contract)

1. BF6441A18, Potomac Operational Improvements Basic Ordering Agreement (BOA), to W.M. Schlosser Company, Inc., in a not to exceed amount of \$2,000,000.00, with two year base term.

B. Utility Services

1. Contract 6695, Traffic Control Services, Change Order No. 5, to AD & C Management Company, in the amount of \$210,000.00, for a cumulative contract value of \$1,330,000.00. This additional funding will cover additional costs for

unanticipated workload and increased scope due to unforeseen site conditions.

C. Information Technology (IT)

- 1. Contract P00080968, WebFOCUS Licenses & Maintenance, Change Order No. 2, to Information Builders, Inc., in the amount of \$302,792.79, for a cumulative contract amount of \$797,039.50. Additional funding to cover additional add-on components to WebFOCUS.**

The motion carried unanimously with six affirmative votes.

ADDITIONAL BRIEFINGS

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, presenting from the Corporate Secretary report distributed to Commissioners in the advance materials. The Corporate Secretary advised that the planning for the 2019 Commissioners' Engineering Scholarship Campaign will start soon. Senior Engineer/Pipeline Division Manager Marcia Tucker will replace Gary Gumm on the scholarship selection committee. No questions were raised.

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

WSSC Employees' Retirement Plan Board of Trustees. Chair Foster reported on the recent meeting of the Retirement Plan Board of Trustees held on November 28, 2018. As of October 31, 2018, the Plan's assets were \$782.7 million which represents a year-to-date investment loss of \$27.6 million or a decrease of 3.2% from December 31, 2017 to October 31, 2018. No meetings to be held in December or January. Next meeting scheduled for February 27, 2019.

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

Governance & Strategic Visioning Committee. No report.

Legislative & Compliance Committee. No report.

Audit Committee. Approval of Audit Committee Minutes Deferred.

Customer and Other Stakeholder Relations Committee. No report.

Innovation & Infrastructure Committee. No report.

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

CLOSED SESSION

Whereby, at 12:49 p.m., Commissioner Boulware moved and Commissioner Bayonet seconded, that the Commission go into Closed Session, pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b) (13) to approve the October 17, 2018 Closed Session Minutes; Sections 3-305(b) (7) and 3-305(b) (8) to consult with counsel to obtain legal advice and discuss pending or potential litigation for attorney/client privileged legal matters; and Section 3-305(b) (1) to discuss personnel matters regarding Commission Office direct reports.

The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was closed at 12:49 p.m. The Commission then took a lunch recess, with the Commission reconvening in Closed at 2:00 p.m. in the Commission Office Large Conference Room.

ATTENDEES: Chair Eloise Foster, Vice Chair Chris Lawson, Commissioners Fausto Bayonet, Omar Boulware, Howard Denis and Thomasina Rogers. Staff present: General Manager Carla Reid, Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Deputy General Manager ("DGM") Jay Price, DGM Joseph Beach, DGM Monica Johnson, Deputy General Counsel Russel Beers,

Associate Counsel Jim O'Day, Chief of Staff Jaclyn Vincent, Production Director James "J.C." Langley, and Production Deputy Director Gary Grey.

Closed Session Minutes - On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted five-to-zero [one absent - Commissioner Bayonet left room momentarily during vote], to approve the closed session minutes of its October 17, 2018 regular meeting, as drafted.

Pending Litigation/Legal Advice - Commissioners were briefed by the General Counsel, members of her legal team and other staff, on pending attorney/client privileged litigation and legal matters.

Personnel Matters. The Commission met in executive session at 2:19 p.m., without members of management present, to discuss personnel matters (performance reviews) for Commission Office direct reports.

At 4:30 p.m., Commissioner Boulware moved to end the Closed Session. Commissioner Bayonet seconded the motion. The motion carried unanimously with six affirmative votes.

OPEN SESSION RESUMED

ADJOURNMENT

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

At 4:30 p.m., the meeting was declared, adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary