

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, February 19, 2014
Laurel, Maryland**

Chair Gene W. Counihan called the meeting to order at 8:50 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocevar 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 Counihan, Commissioners Chris Lawson (Vice Chair), Omar M. Boulware, Adrienne A. Mandel, Roscoe M. Moore, Jr., and Mary Hopkins Navies, were present at the meeting, noting the presence of a quorum. Also in attendance were WSSC General Manager and Chief Executive Officer Jerry N. Johnson, General Counsel Jerome K. Blask, 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 Counihan opened the meeting by welcoming everyone and asking Commissioner Mandel to lead the pledge of allegiance.

AGENDA APPROVAL

The General Manager shared that the proposed agreement between WSSC and Prince George's County relating to the Virginia Manor Road development project was still being reviewed by County officials, thereby requesting that this item be removed from the agenda, to which a motion was made by Commissioner Mandel to adopt the Commission's Public Meeting Agenda of February 19, 2014, as amended. Commissioner Navies 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 January 15, 2014 Commission Meeting, as drafted. Commissioner Moore seconded the motion. The motion carried unanimously with six votes in the affirmative.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of February 2014: John J. Vaonakis, Technician, Customer Care Central Group/Anacostia, retired with 32 years and 9 months of service; and, Sandra S. August (present at meeting), Specialist, Communications and Community Relations, retired with 29 years and 1 month of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video in Spanish on WSSC's "Go Green" Campaign and shared that over 114,000 customers have enrolled in the program to date.

COMMISSIONER/PUBLIC COMMENTS

There were no comments from Commissioners or the public.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson provided a brief summary of his report to allow sufficient time for the special presentation being provided today by the Metropolitan Washington Council of Governments ("MWCOC" or "Metro COG") on the recent Chemical Spill that occurred in West Virginia.

All plants and facilities are well within permit parameters for the month. Management continues to monitor water production; year-to-date, about 5.4 % below five year average (benchmark) and about 3.1 % below production for the same time last year, with slight uptick in January.

Water main reconstruction and sewer laterals remain well ahead of schedule; however, sewer repair and replacement continues to lag due to issues with DNR despite recently signed MOU.

Water main breaks and leaks remain a challenge as a result of the extremely cold weather; 585 for the month of January.

Two budget public hearings were held on February 5th and 6th in Montgomery and Prince George's County; Commissioners will be asked to approve transmittal of the budget to the Counties later in the meeting.

Lastly, the Commission celebrated its 95th Anniversary with a "Thank You" event held at the main headquarters on January 28, 2014, along with members of the senior leadership team visiting all branches and facilities during the month to show appreciation to employees, which was well-received.

Regional Response to Elk River Chemical Spill - The General Manager recognized Stuart Freudberg, Senior Director, Environment, Public Safety and Health and other members of the MWCOG to provide a special report on the recent chemical spill that took place in West Virginia and the region's response and readiness as a result of that event. Metro COG is a regional association of 350 elected officials representing 22 local jurisdictions in Maryland, Virginia and the District of Columbia (along with local Congressional delegations), that come together to address common issues affecting the region and in this case, regional water security. Mr. Freudberg reported from a slide presentation circulated to Commissioners and incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video and is referred to for that purpose.

In summary, Mr. Freudberg addressed: 1) what happened at Elk River; 2) the immediate response; 3) monitoring and sampling; 4) flushing; 5) present status and 6) regional planning should something similar occur in this region/jurisdiction's water supply system.

Elk River and WSSC Readiness - Next, Gary Grey, WSSC Operations Support Manager, Production, along with Production's Acting Chief of Plant Operations J.C. Langley, Laboratory Services Operations Unit Coordinator Mary Stancavage, Principal Environmental Engineer Jin Shin of the Engineering Environmental Group, Potomac Plant Superintendent Joseph Johnson and Patuxent Plant Superintendent Bobby Trimble, provided a report on WSSC Preparedness (should a similar event transpire in the WSSC water supply).

Mr. Grey presented from a slide presentation circulated to Commissioners and incorporated herein by reference. Topics

addressed included: 1) Potomac & Patuxent Watersheds/Major Threats; 2) Monitoring & Detection; 3) Contingencies for Raw Water Contamination; and, 4) Communication & Coordination.

Following discussion, the General Manager and Chief Executive Officer's Report, was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Audit Manager Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of January 6, 2014 through February 7, 2014. Fiscal year-to-date savings for the System Development Charge (SDC) Audits total approximately \$1.5 million. Three SDC audit reports were issued during the reporting period. Ten SDC audit requests are being processed; seven active and three inactive. For Fiscal Year 2014 Risk-Based Audits, IAO has commenced preliminary work on the Customer Relations Group Operational Audit and an entrance conference has been held for the Construction Contracts Change Orders Audit with date being confirmed for the Blue Plains Audit. With respect to Fiscal Year 2013 Carryover Audit projects, a discussion draft is under review for the Information Technology Inventory Audit and an exit conference has been held for the Industrial Asset Management Group Inventory Audit. The Consent Decree Compliance Audit has been completed with a final audit report issued at the end of January (Carryover Audit from Fiscal Year 2012). Under internal audit follow-up activities, six management action items have been closed since the last status report and implementation of management action plans for seven issues is delinquent, with one over 120 days delinquent and one over 90 days delinquent.

Hotline. The next quarterly report will be presented at the March Commission Meeting.

Board of Ethics. The Board held its regularly-scheduled meeting on January 9, 2014; several open and closed items were reviewed.

Code of Ethics Training. The Ethics Officer provided training to 10 new hires on January 21, 2014.

Resolution 2014-2035 - Establishment of Audit Committee - the Internal Audit Manager conferred with the Corporate Secretary on

the establishment of an audit committee comprised of all six Commissioners, to meet on a quarterly basis, in the execution of the Commission's oversight responsibilities in monitoring WSSC's audit processes, financial reporting processes, system of internal controls, and compliance with laws and regulations and the WSSC Code of Ethics; and, is presenting the respective Resolution drafted by the Corporate Secretary establishing such a standing committee, for adoption.

Whereupon, a motion was duly made by Commissioner Mandel and properly seconded by Commissioner Boulware, to adopt Resolution 2014-2035, establishing an Audit Committee of the Commission, as specified therein. The motion carried unanimously by a vote of six-to-zero.

The report of the Internal Audit Office, as presented by the Internal Audit Manager, was received as information.

DEPARTMENT BRIEFINGS

FINANCE

Approval of Transmittal of Fiscal Year 2015 Proposed Budget to Counties. Acting Chief Financial Officer Chris Cullinan, along with Acting Budget Group Leader Letitia Carolina-Powell, presented the Proposed WSSC Operating and Capital Budget for Fiscal Year 2015 to the Commission for approval and transmittal to the Prince George's and Montgomery County governments, in accordance with State Law.

Section 17-202 of the Maryland Public Utilities Article requires WSSC to prepare and submit to the two County Executives, a proposed operating and capital budget by March 1 of each year. Two hearings were held in Montgomery and Prince George's County on February 5 and February 6, 2014, respectively, with comments and written testimony received from the public.

The proposed WSSC operating and capital budget for fiscal year 2015 totals \$1,332,571,000 and indicates a 6.0 % average rate increase. This proposed increase meets the Spending Affordability Guidelines approved by both Counties and will add approximately \$4.47 per month to the bill of a customer who uses 210 gallons of water per day. The budget also funds the rehabilitation of 60

miles of water main, inspection of 18 miles of Pre-stressed Concrete Cylinder Pipe (PCCP), funding for compliance with Consent Decree, funding for new Large Valve Assessments, Repairs and Replacements Program and an increase of 8 work years, along with a pool of \$4.4 million for salary enhancements.

Following discussion, on motion made by Commissioner Boulware and seconded by Commissioner Lawson, the Commission unanimously approved, by a vote of six-to-zero, the transmittal of the Proposed WSSC Operating and Capital Budget for Fiscal Year 2015 to the County Governments of Prince George's and Montgomery County, as recommended by management.

ENGINEERING AND CONSTRUCTION

Contracts for Commission Approval

Infrastructure Systems Group Leader Marcia Tucker, of Engineering & Construction, presented two construction contracts; Acting Chief of Plant Operations J. C. Langley, Production, presented one contract; and, Team Chief of Utility Services Hak Kwon, presented one contract, for Commission approval. [Such contracts were approved as part of the February Meeting Consent Calendar].

CONSENT CALENDAR

Chair Counihan then called for a vote of the four items listed on the Consent Calendar for the February Commission Meeting.

Whereupon, Commissioner Boulware moved that the Commission adopt Resolution 2014-2033, approving the four contracts listed on the Consent Calendar for the February 19, 2014 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. BR5537A13, Water Main Reconstruction, Bladensburg, to J. Fletcher Creamer & Son, Inc., in the amount of \$1,479,450.00.
2. BR5555A13, Water Main Reconstruction, Silver Spring IX, to Fort Myer Construction Corporation, in the amount of \$1,446,796.25.

B. Production

1. **Contract 6362, Sewage Sludge Management and Utilization - Western Branch Wastewater Treatment Plant, to Synagro Central, LLC, in the amount of \$4,333,700.00.**

C. Utility Services

1. **Contract 6479, On-Call Emergency Water and Sewer Main Repairs to Seven (7) Contractors: Ross Contracting, Inc., B&P Utilities, Inc., Taylor Utilities, Inc., Humphrey & Son, Inc., W.F. Wilson & Sons, Inc., Orbit Construction Corporation; and, Sagres Construction Corporation, for a total upset limit amount of \$7,000,000.00.**

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

ADDITIONAL BRIEFINGS

Engineering and Construction Relocation Projects. Infrastructure Systems Group Leader Marcia Tucker provided Commissioners with an overview of two road improvement/relocation projects in Prince George's County, one for notification purposes and the other for action.

In summary, WSSC and the Counties regularly coordinate work to ensure that WSSC facilities impacted by the Counties CIP projects are identified and addressed through the Counties construction contracts. Historically, this coordination has been done through agreements to execute utility replacements, relocations and betterments for incorporation in the Counties' road construction contracts. Betterments are any new WSSC construction requested by WSSC to be included in the Counties CIP project up to and including 48-inch water mains and 24-inch sewer mains, which are funded 100% by WSSC. The betterments provide WSSC an excellent opportunity for efficient coordination with the Counties on WSSC planned infrastructure renewal programs.

Article A-10 of the Delegation of Authority (DOA) has been used as the basis for issuing these work authorizations including the betterments. It has been the practice of both agencies to operate per the existence of an agreement; however, the General Counsel's office (GCO) recently advised that there is no such agreement in place with Prince George's County (one does exist in Montgomery County). Consequently, all future relocation projects and updates

to previously issued authorizations within Prince George's County with WSSC's estimated share of costs exceeding \$250,000 must be presented to the Commission for approval until an agreement is executed with the County. Existing relocation projects in the County exceeding \$250,000 will be reported to Commissioners for notification purposes. The GCO also advised that Article A-10 does not cover betterment work in either County; therefore, all betterments in both Counties, regardless of the costs involved, must be presented to the Commission for approval until the DOA is amended to address betterments.

Since 2009, two Prince George's County Relocation projects exceeding \$250,000 have been authorized (Contract 08RE6885A - Surratts Road and Contract 09RE/RF7094A - Oxon Hill). In accordance with the advice of the GCO, the Oxon Hill contract (09RE/RF7094A) is being presented to Commissioners for notification purposes only. Secondly, management is requesting Commission approval of betterment work for the addition of 1,550 feet of 42-inch water main along Surratts Road. This authorization is an update to an original relocation project authorized in June 2011, which is currently under construction. Total construction costs for the betterment work is estimated at \$1.7 million.

After discussion, on motion made by Commissioner Lawson and seconded by Commissioner Moore, the Commission voted unanimously to approve management's work authorization and payment request for the addition of 1,550 feet of 42-inch water mains for ongoing road improvements along Surratts Road in Prince George's County, Maryland, and for betterment of an existing relocation construction project, namely, WSSC Relocation Contract 08RE6885A.

The motion carried by a vote of six-to-zero.

Power Plant Projects Update. WSSC Planning Group Leader Craig Fricke of Engineering and Construction, provided an update on the status of two key power plant projects; the Keys Energy Project and the Mattawoman Energy Project, both in the Brandywine area of Prince George's County. Both projects involve power generating plants that would like to locate in Prince George's County. Mr. Fricke reported from a power point presentation circulated to Commissioners and incorporated by reference. Details can also be found in the archived corresponding segment of the meeting video.

The Commission was originally briefed on the Keys Energy Project in June of 2012; Keys had planned to use treated effluent from the WSSC Western Branch Wastewater Treatment Plant but has abandoned that plan and is now preparing to develop as an air coolant plant. They will, however, still require significant potable water and sanitary sewer service from WSSC and will work through the normal permitting processes for such services.

The Mattawoman Energy Project would like to purchase treated effluent from the Piscataway Wastewater Treatment Plant and plans to construct all required capital facilities. WSSC is working with Mattawoman on a draft long-term agreement. Management will share details of the agreement and seek Commission approval at the next Commission meeting per Mattawoman's request to finalize the agreement in March. Mattawoman wishes to begin construction at the end of 2014 and have the plant operational by June of 2017.

The Commission received the Power Plants Project Update, as information.

Resolution 2014-2034 - Utility Erosion and Sediment Control

Regulation. Environmental Group Leader Mohammad Habibian of the Engineering Team, along with Environmental Assessment and Enforcement Unit Coordinator Paul Billingsley, provided an overview of the proposed regulation before the Commission for approval. Mr. Habibian and his team are responsible for managing WSSC's Erosion and Sediment Control Program for utility works. Mr. Habibian walked through a power point presentation (incorporated herein by reference), providing historical information on the Maryland Department of the Environment (MDE) erosion and sediment control program; WSSC's delegated authority by MDE for utility works and the regulations and procedures developed by WSSC to govern its oversight; and, the required standards and specifications established by MDE which WSSC must continue to meet. Such MDE standards were updated in 2011 and WSSC must incorporate the changes in its own regulations.

Management is thereby requesting Commission approval of proposed changes to the WSSC Utility Erosion and Sediment Control Regulation, which now reflects the latest MDE updates and requirements.

Whereupon, a motion was made by Commissioner Boulware and seconded by Commissioner Moore to adopt Resolution 2014-2034, approving the new Utility Erosion and Sediment Control Regulation, as proposed by management. Such Regulation to be effective following public notice requirements. The motion carried unanimously by a vote of six-to-zero.

Call Center Upgrades and Improvements Plan. Acting Team Chief of Customer Relations Derrick Phillips and Acting Customer Relations Group Leader Mpande Musonda-Langley provided a report on the recent actions and plans being instituted to improve WSSC's call center operations and answer rate. Detailed information can be found in the circulated staff report, incorporated herein by reference, and corresponding segment of the archived meeting video and are referred to for that purpose.

The Call Center Plan of Action report was received as information.

2014 Legislative Agenda Update. Acting Intergovernmental Relations Office (IRO) Director Eugene Williams provided an update on the status of the bills initiated by WSSC and other non-sponsored bills of interest affecting the Commission.

With respect to the Customer Affordability Program bill (PG/MC 103-14) sponsored by WSSC - WSSC management is recommending that the Commission move forward with an alternative program which would allow WSSC to conduct further research (i.e., place in study mode for a year) to address the issues and concerns expressed by certain County legislators who have proposed amendments to the bill (to include renters and multi-family units).

Commissioners and management engaged in significant discussion on how it could tailor the bill to address the concerns expressed by the legislators. There was general consensus that management should move forward with the original enabling legislation proposal to create such a program with the inclusion of *all* in the language and to explore the concepts discussed relating to implementation being contingent upon the results of a study that WSSC will conduct to determine how it will meet the needs of *all* of its customers. The General Manager to include a programmatic outline to accompany the proposed amendments.

With respect to PG/MC 108-14, the Chair requested that the IRO revise its written report to remove language that suggested that the Chair was attempting to work out a compromise between the City of Gaithersburg, Montgomery County, the Developer and WSSC on a proposed MOU, which he stated was not accurate and that he was in no way involved in that process.

Lastly, the IRO Acting Director provided a report on the outcome of the legislative breakfast that was held in Annapolis on January 23, 2014, noting that he thought it was a success (28 County legislators in attendance) but sought feedback from Commissioners on how to improve attendance going forward.

Following discussion, the Commission received the Legislative Agenda update as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, which included, among other things, updating the Commission on the planning process for the 2014 Counihan/Starks Engineering Scholarship Program/Awards, which will be announced in the next two weeks with the scholarships to be awarded at the July Commission Meeting. Students must be engineering majors and reside permanently in the sanitary district and are required to submit an essay on an engineering-related issue. Up to two new scholarships in the amount of \$1000 each will be awarded; one to a Montgomery County student resident and one to a Prince George's County student resident. Winners are eligible for additional awards of \$1000 each year for up to four years and will receive priority consideration in WSSC's paid summer internship program.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Moore reported that the next meeting of the Board of Trustees will be held on February 26, 2014 and that a full report will be provided to the Commission in March.

The Commission received the report of the WSSC Employees' Retirement Plan Board Sub-Committee, as information.

Personnel, Governance & Legislation. Commissioner Mandel provided an update of the activities of the Committee, noting that the Committee completed all processes relating to the evaluation and goal setting of its direct reports; reviewed and commented on the progress of all WSSC legislation and other relevant bills; discussed and recommended action for the constitution of a new Audit Committee of the Commission; and, reviewed and commented on planned actions relating to the Internal Audit Office audit reports on delinquencies over 120 days and management's responses.

The Commission received the Personnel, Governance and Legislation Committee report, as information.

Bi-County Infrastructure Funding Working Group. Chair Counihan reported that the Commission will receive a report on the recently conducted rate study at the special meeting to be held next week, which is a result of the work of this group.

The Commission received the report of the Bi-County Infrastructure Funding Working Group, as information.

The Chair called for a motion to go into Closed while in Open Session. Following the vote, the Commission will recess for lunch and reconvene in Closed Session in the Commissioners' Conference Room following lunch.

CLOSED SESSION

Whereby at 1:49 p.m., Commissioner Mandel moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, State Government Article: Section 10-508(a)(13) to approve the January 15, 2014 Closed Session Minutes; Section 10-508(a)(7) to consult with counsel to obtain legal advice on pending litigation; Section 10-508(a)(9) to conduct collective bargaining negotiations or consider matters that relate to the negotiations; and Section 10-508(a)(12) to conduct or discuss an investigative proceeding. Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

At 1:49 p.m., Chair Counihan declared the meeting was Closed. The Chair then called for a lunch recess at 1:50 p.m. The meeting reconvened into Closed at 3:13 p.m.

ATTENDEES: Chair Gene Counihan; Vice Chair Chris Lawson; Commissioners Omar Boulware, Adrienne Mandel, Mary Hopkins Navies and Roscoe Moore, Jr. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson, Associate Counsel Laura Swisher (by phone) and Acting HR Director Carolyn White (Mmes. Swisher and White were present during the union negotiations report and were excused at 3:49 p.m.).

Closed Session Minutes - On motion made by Commissioner Boulware and properly seconded by Commissioner Mandel, the Commission voted unanimously by a vote of six-to-zero, to approve the closed session minutes of its January 15, 2014 Commission Meeting, as drafted.

Union Negotiations - Commissioners received an update on the progress of the union negotiations currently underway. An agreement is expected to be finalized by the end of March.

Pending Litigation/Legal Advice - Commissioners were briefed by counsel on pending litigation and other confidential/privileged legal matters affecting the Commission.

At 5:04 p.m., Commissioner Moore moved to end the Closed Session. Commissioner Lawson 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 Mandel seconded the motion. The motion carried unanimously with six affirmative votes.

At 5:04 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary