

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, April 16, 2014
Laurel, Maryland**

Chair Gene W. Counihan called the meeting to order at 8:47 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, reflecting 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 Boulware to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Mandel moved to adopt the Commission's Public Meeting Agenda of April 16, 2014, as drafted, to which Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Lawson then moved to approve the open session minutes of the March 19, 2014 Commission Meeting, as drafted. Commissioner Boulware seconded the motion. The motion carried unanimously with six votes in the affirmative.

WSSC RETIREES

Richard Baker, WSSC Employees' Retirement Plan Group Leader, recognized the following WSSC Retirees for the month of April

2014: Hal Ransom, Technician, Customer Care Central Group/Anacostia, retired with 30 years of service; Plato P.T. Chen, Scientist, Environmental Group/Consolidated Office Building, retired with 13 years and 2 months of service; and, Richard J. Newell (present at meeting), Engineer, Technical Services Group/Consolidated Office Building, retired with 28 years and 10 months of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on WSSC's latest innovative application - TEAMS (Total Enterprise Asset Management System); a new work order management system that manages all of WSSC's maintenance activities in one place.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Mandel took an opportunity to share the significance of Earth Day which will be celebrated on April 22, 2014. This year marks the 44th Anniversary of the first Earth Day recognition when roughly 20 million Americans took to the streets on April 22, 1970 to demonstrate for a healthy, sustainable environment which led to the green movement and eventually the enactments of the Clean Air Act and Clean Water Act.

Commissioner Mandel thanked WSSC leadership and staff for the multiple Earth Day events hosted by WSSC and held in the respective counties throughout the year and for continuing to demonstrate environmental stewardship through *all that we do*, noting how each employee, in carrying out WSSC's mission and values, contributes daily to preserving, protecting and sustaining Planet Earth.

There were no comments from the public.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson began by reporting that WSSC received its official bond ratings for its outstanding bonds as well as the ones just issued (following management's visit to the bond rating agencies in New York last month), which were reaffirmed as AAA ratings. WSSC completed a

bond sale on yesterday (April 15, 2014) and issued \$200 million in bonds; \$150 million in consolidated public improvement bonds with proceeds to be used to fund the Commission's capital improvement program to include the replacement and reconstruction of infrastructure; and, \$48,585,000 of consolidated public improvement refunding bonds with proceeds to be used to refund outstanding bonds from 2004 with a debt service savings of nearly \$3.8 million over the next eight years.

No significant change in the financial position since last month's briefing; quarterly investment report to be distributed later this morning.

Delinquencies are slightly down from last month as anticipated. Call Center consultant is on board and has begun its twelve-week engagement as part of the action plan presented to the Commission a few months ago. Meter readings are up-to-date and customer billings back on cycle.

All plants and facilities continue to operate well within permit parameters.

Water main breaks and leaks are down as compared to previous months with pick up in water main construction. Sewer main repairs continue to lag; laterals, however, remain well-above projections.

WSSC's Annual Report and performance report for Fiscal Year 2013 to be distributed prior to next month's meeting. WSSC's Water Quality Report for 2013 was released on April 1, 2014 as required by the U.S. Environmental Protection Agency. WSSC continues to meet or exceed all federal standards for water quality.

Annual H2O Summit held on March 22, 2014 was a great success; over 600 people attended with approximately 40 exhibitors.

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 March 10, 2014 through April 7, 2014. Fiscal year-to-date savings for the System Development Charge (SDC) Audits total approximately \$533,613.42. For Fiscal Year 2014 Risk-Based Audits, IAO has conducted field work on the Customer Relations Group Operational Audit and the Construction Contracts Change Orders Special Audit with an entrance conference held and field work initiated for the Blue Plains Audit. With respect to Fiscal Year 2013 Carryover Audit projects, management's responses are being incorporated into the discussion drafts for both the Information Technology Inventory Audit and the Industrial Asset Management Group Inventory Audit. Under internal audit follow-up activities, twelve management action items have been closed since the last status report and implementation of management action plans for six issues is delinquent, with one over 120 days delinquent and five over 90 days delinquent.

Hotline. The next quarterly report to be presented at the June Commission Meeting.

Board of Ethics. The Board held its regularly-scheduled meeting on March 13, 2014; several open and closed items were reviewed.

Code of Ethics Training. The Ethics Officer provided training to 13 new hires on March 31, 2014.

Annual Disclosure Filing. The Annual Disclosure Filing period commenced on April 1, 2014 and will close on April 30, 2014.

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

DEPARTMENT BRIEFINGS

FINANCE

Setting Public Hearing Dates for Proposed Fiscal Years 2016-2021 Capital Improvements Program (CIP). Following management's recommendation, Commissioner Navies moved that the Commission set its public hearing dates on the Proposed CIP for FYs 2016-2021, as follows:

Prince George's County

Tuesday, September 9, 2014, at 7:30 p.m.

RMS Building - Room 308

1400 McCormick Drive, Largo, Maryland

Montgomery County

Wednesday, September 10, 2014, at 7:30 p.m.

Stella B. Werner Office Building - 7th Floor Hearing Room

100 Maryland Avenue, Rockville Maryland

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

ENGINEERING AND CONSTRUCTION/UTILITY SERVICES/IT

Contracts for Commission Approval

Chief Engineer Gary Gumm, of Engineering & Construction, presented four construction contracts and one professional services contract; Team Chief of Utility Services Hak Kwon, presented one utility services contract; and Chief Information Officer Mujib Lodhi, presented one IT contract, for Commission approval. [Such contracts were approved as part of the April Meeting Consent Calendar].

CONSENT CALENDAR

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

Whereupon, Commissioner Boulware moved that the Commission adopt Resolution 2014-2046, approving the construction, professional, utility services, and IT contracts included on the Consent Calendar for the April 16, 2014 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. BL4830A08, Adelphi PRV Vault Relocation, to Cianbro Corporation, in the amount of \$5,730,900.00.
2. CD4231D05, Piscataway WWTP Storage and Headwork Improvements (Consent Decree), to Adams Robinson Enterprises, Inc., in the amount of \$41,362,000.00.
3. BI5589C13, New Hampshire Avenue Water Main Lining Rehabilitation (Pilot Project), to AM-Liner East, Inc., in the amount of \$1,552,754.00.

4. **BI5589D13, New Hampshire Avenue Water Main Lining Rehabilitation (Pilot Project), to Inland Waters Pollution Control, Inc., in the amount of \$1,699,520.00.**

Professional Services Contract

1. **IC2011A11, Option Term 1, Inspection Services, to Development Facilitators, Inc., in the amount of \$6,412,199.00.**
- B. Utility Services**
1. **Contract 1085, General Engineering Services Basic Ordering Agreement, to Prime AE Group, Inc., in an amount not to exceed \$3,000,000.00 with a base term of 3 years and one 3-year option term.**
- C. Information Technology**
1. **Contract RFP 1087, Modular Data Center, to Datapod USA, Inc., in the amount of \$2,070,000.00.**

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

ADDITIONAL BRIEFINGS

Consent Decree Update. Chief Engineer Gary Gumm provided Commissioners with a quarterly update on the status of projects being undertaken to comply with the Consent Decree. Mr. Gumm circulated copies of the presentation he reported from, which is incorporated herein by reference. Detailed information can be found in the presentation handout and the corresponding segment of the archived meeting video.

In summary, Mr. Gumm reported on schedule status, work ongoing, work completed, projected/actual costs to date and areas of concern. Cumulative projected costs at \$929 million with total program costs estimated at \$1.36 billion. Areas of concern continue to center around External Resources; National Park Service; Rights of Entry; Maryland Department of Natural Resources (DNR) Mitigation/Forest Conservation Plans, Stream Design and Joint Permitting; and, Consent Decree Modification.

The Commission received the quarterly report on the Consent Decree, as information.

2014 Legislative Agenda Final Report. Acting Intergovernmental Relations Office (IRO) Director Eugene Williams provided a final legislative report summarizing the outcome of the 2014 Maryland Legislative Session and related Commission sponsored and non-sponsored bills. In summary, two Commission sponsored bills passed: House Bill 0973 - Commission Infractions/Watershed Regulations and House Bill 1075 - System Development Charge/Definitions. Several other non-sponsored bills affecting WSSC in some capacity also passed including the legislation put forth by Senator Douglas Peters, namely, House Bill 1043 - Deferred Water and Sewer Charges Homeowner Disclosure Act of 2014 (Prince George's County). Mr. Williams also informed the Commission that management is working on the Customer Affordability Program bill for the next legislative session (as requested by the Commission) and should have a proposed draft by the July meeting. Details on other sponsored legislation can be found in the final report, incorporated herein by reference.

The Commission received the Final Legislative Report, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, sharing, among other things, that she is continuing to monitor the outreach efforts and promotion campaign for this year's Counihan/Starks Engineering Scholarship Program. She also was pleased to report that two of the scholarship's past recipients will be participating in this year's WSSC 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 Plan's assets were \$745.2 million, which reflects a year-to-date investment gain of \$8.0 million or an increase of 1.2% from December to February. Dr. Moore directed Commissioners to the full summary report contained in the board materials for more information.

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 which included, keeping abreast of the legislative activities through completion of the session and continuous monitoring and review of pending management issues and follow-up items from Commission meetings and other related business.

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

Bi-County Infrastructure Funding Working Group. The Chair reported on the work of this special working group/Committee, detailing the matters reviewed by the Committee to date which include the recently completed rate study and related recommendations and the work regarding the unserved and underserved areas. The Chair indicated that although he believed the work of the group to be completed, that the Commission would hold off in declaring so just in case the Commission had some further business for the group to do. The group will be meeting tomorrow to establish a calendar and rollout plan for the rate-setting process.

The Board received the report of the Bi-County Infrastructure Funding Group, as delivered by the Chair, as information.

The Chair then recommended moving up the closed session business to take place before lunch since there was adequate time, to which there were no objections. Commissioner Mandel requested that an item be added to the Closed Session Agenda, specifically, discussion of a personnel matter affecting one or more individuals, to which there were no objections.

CLOSED SESSION

Whereby at 11:12 a.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 March 19, 2014 Closed Session Minutes; Section 10-508(a)(7) to consult with counsel to obtain legal advice on pending litigation; Section 10-508(a)(12) to discuss an investigative proceeding; and, Section 10-508(a)(1) to discuss a

personnel matter that affects one or more specific individuals. Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

At 11:12 a.m., Chair Counihan declared the meeting was Closed. The Chair then called for a brief recess. The meeting reconvened into Closed at 11:28 a.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, and Corporate Secretary Sheila Finlayson. The General Counsel and Corporate Secretary were excused at 12:12 p.m. while the Commission met with the General Manager in executive session.

Closed Session Minutes - On motion made by Commissioner Moore and properly seconded by Commissioner Boulware, the Commission voted unanimously by a vote of six-to-zero, to approve the closed session minutes of its March 19, 2014 Commission Meeting, as drafted.

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

Personnel Matter - Commissioners met with the General Manager/CEO in executive session to discuss matters involving recruitment and related personnel.

At 12:50 p.m., Commissioner Lawson moved to end the Closed Session. Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

The Chair called for a lunch recess.

OPEN SESSION RESUMED

WSSC Ad Hoc Committee on Large Diameter Water Mains Final Report. The meeting resumed in open session at 1:30 p.m. with the Commission receiving a report from Seth Verry and Ellen Kagen of Indiggo Associates, consultants hired by WSSC to facilitate the work and meetings of the Ad Hoc Committee, who provided a final report in draft form of the commissioned work of the Ad Hoc

Committee on Large Diameter Water Mains (previously constituted as the Ad Hoc Committee to Study Amendments to the Pipeline Design Manual).

The consultants reported from a briefing report/outline and executive summary circulated to the Commission and incorporated herein by reference. In summary, the Ad Hoc Committee was convened at the direction of the WSSC Commission in response to concerns raised by bi-county planning authorities and elected officials of Montgomery and Prince George's County regarding management staff's proposal/amendments to the WSSC Design Manual for Pre-stressed Concrete Cylinder Pipes (PCCP) and recommended setback requirements. As a result of those concerns, WSSC suspended implementation of the proposed pipeline design manual amendments and created an Ad Hoc Committee, comprised of public officials from each county, school boards, and planning authorities along with WSSC staff, civic interests and developer and industry representatives, to consider and study the proposed amendments and setback requirements. This charge and the Ad Hoc Committee's mission expanded into the Ad Hoc Committee's review and examination of the risks associated with the failure of large-diameter PCCP and cast iron water mains with the goal of developing a set of fully informed recommendations for the prevention and mitigation of such risks. The specific presentation outlining the mission, work, findings and full set of recommendations of the Ad Hoc Committee can be found in the briefing materials and the corresponding segment of the archived meeting video and are referred to for that purpose.

Following the presentation, the Chair on behalf of the Commission thanked Indiggo for its leadership and members of the Ad Hoc Committee for their excellent work in developing a work product that will prove to be a valuable resource and guide in shaping and directing future Commission policy and action.

The Vice Chair recommended and Commissioners unanimously agreed to table any recommended action until the next meeting of the Commission following receipt of the actual final report of the Ad Hoc Committee.

ADJOURNMENT

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

At 3:53 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary