

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, June 20, 2012
Laurel, Maryland**

Chair Roscoe M. Moore, Jr. called the meeting to order at 8:57 a.m. in the Auditorium of the Richard G. Hocevar Building, 14501 Sweitzer Lane, Laurel, MD 20707, with due notice having been given to all members of the Commission and the public. Vice Chair Chris Lawson, Commissioners Adrienne A. Mandel, Antonio L. Jones, Melanie Hartwig-Davis, and Gene W. Counihan were present at the meeting. Also, present were General Manager Jerry Johnson, General Counsel Jerry Blask, and Corporate Secretary Charlett Bundy.

PLEDGE OF ALLEGIANCE

Chair Moore asked employee Kira Calm Lewis to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Jones moved to approve the agenda for the WSSC Commission meeting for Wednesday June 20, 2012. Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

MINUTES

Commissioner Mandel moved to approve the open session minutes of the May 16, 2012 Commission meeting. Vice Chair Lawson seconded the motion. The motion carried with five affirmative votes. Commissioner Hartwig-Davis abstained because she was absent from the May 16th meeting.

WSSC RETIREES

Kamlesh Sharma, an Accounting clerk II, retired with 24 years and 8 months of service in the Revenue Group. Charles L. Harris did not attend but retired as a Systems Construction Inspector II in the Systems Inspection Group/Anacostia with 33 years and 8 months of service.

COMMUNICATIONS

This month Mr. Neustadt showed Commissioners a video on safety at WSSC as WSSC is participating in recognizing National Safety Month.

ROBERT G. BERGER SCHOLARSHIPS

Martin Chandler, Chair of the WSSC Robert G. Berger

Scholarship Board presented the scholarship awards after providing a brief history of this scholarship. Recipients were:

- **Caitlin Buckley (Tom Buckley) - Freshman** - Sacred Heart University - Athletic Training
- **Cordney Landers (Angela Ballard-Landers) - Sophomore** - University of Pittsburgh - Accounting and Finance
- **Christine Long (Debra Long) - Senior** - Towson University - Art Education
- **Marcus Long (Cathy Long) - Sophomore** - Thiel College - Actuary Science
- **Solita Parker (Yvette Parker) - Freshman** - University of Maryland Eastern Shore - Pharmacy
- **William Parker, Jr. (Yvette Parker) - Junior** - University of Maryland Eastern Shore - Accounting
- **Theresa Russell (Ann Russell) - Sophomore** - University of Maryland College Park - Bioengineering
- **Aaron Tucker (Marcia Tucker) - Junior** - University of Maryland College Park - Information Systems and Finance
- **Matthew Williams (Kristina Williams) - Junior** - Virginia Tech - Mechanical Engineering
- **Stefanie Williams (Kristina Williams) - Freshman** - Virginia Tech - Human Nutrition, Foods and Exercise
- **Terry Young, Jr. (Terry Young, Sr.) - Junior** - Pennsylvania State University - Information Technology

This fund is supported by donations from WSSC Employees and retirees as well as some gifts from persons not related to WSSC. It has been in existence since 1996 and has awarded \$120,000 to 110 students. Eight years ago the fund was named to honor Former Commissioner Berger of Montgomery County. Commissioner Berger was an advocate of higher education and was pivotal in developing the scholarship fund. Former Commissioner Berger's family was present to witness the scholarship awards: Barbara Berger Sweeney, the former Mrs. Robert Berger; Mr. Berger's son Graham Berger; and his father Al Berger. Other Berger Scholarship Board members in attendance were: Lisa Cooper, Samantha Cannon, Sarah Swann, and Wayne Ludwig.

COMMISSIONER COMMENTS

Chair Moore provided some comments on his tenure as the Fiscal Year 2012 Commission Chair. He started by noting that public service is "a noble calling." Chair Moore then highlighted some of WSSC's achievements during his tenure as Chair with a slide presentation that addressed the production of the first annual report since 2003 and for the first time ever, a progress report on the company's strategic projects. Chair Moore noted that WSSC continues its 94-year history with no drinking water violations. He went on to inform that as the fiscal year-end nears, WSSC can boast that it has exceeded all of its goals in miles of water and sewer pipe replacement. The Bi-County Infrastructure Renewal Finance Working Group has provided

strategies for lessening rate increases and identifying means for funding infrastructure renewal. The Consent Decree is on target and other outstanding achievements include the sourcing of solar power for two waste water treatment plants; the signing of the Inter-municipal Agreement, something in the making for 10 years; a newly-adopted program for small and local business enterprises as well as the enactment of a five-year extension for the minority business enterprise program. Succession planning is underway for the 77% of the workforce at WSSC that will be eligible to retire in the next five years. Chair Moore concluded by thanking his colleagues and all of the employees of WSSC for an outstanding year.

Vice Chair Lawson presented former Chair Moore with a plaque of appreciation and a water drop engraved with Chair Moore's name and dates of service. Chair Moore thanked the Commission for the recognition and stated, "It is a family tradition that when you honor me, you honor my family." Next Chair Moore called for a nomination for Chair for the 2013 Fiscal Year.

Election of Chair. Commissioner Counihan moved to nominate Vice Chair Lawson as the 2013 Chair of the Commission. Commissioner Jones seconded the motion. The motion carried with five affirmative votes as Mr. Lawson abstained so as not to vote for himself. Commissioner Moore then passed the gavel to Chair Lawson.

Chair Lawson thanked Commissioner Counihan for the words of encouragement that were part of his nomination. Next, Chair Lawson thanked his wife Michelle for coming to witness his election. Then, on behalf of himself and the Commissioners he thanked Chair Moore for his leadership over the past year. Chair Lawson then went on to describe his approach to leading WSSC over the next year. He said, "As I take my turn in this seat I cannot overstate how aware I am of the importance of this time for WSSC. My leadership will focus on continuing to foster harmony among the Commissioners as we face some of the business's most difficult decisions, continuing to complete the Consent Decree projects and maintaining a balance in the contracting of business to small, local and minority businesses just to name a few." He spoke about the need to continue to keep the public and elected officials aware of the aging infrastructure issues before WSSC and other utilities across America. He also encouraged continued development of business projects and tools such as the mobile app to provide more efficient means of serving the customers. He noted that Commissioners have committed to build WSSC as a world

class organization and as Chair he will be fully committed to leadership that builds relationships, partnerships, consensus, at all levels and with all stakeholders including elected officials, environmental groups, civic associations, community groups, peer utility companies and the number one stakeholder, the WSSC customers.

He said he is passionate about WSSC's mission of providing clean drinking water to families. He intends to ensure that the Commission makes timely decisions that address safety and protect the lives, homes, safety and wallets of the ratepayers. It is a key task he noted to provide these services to the 1.8 million residents of the bi-county area. In considering what it takes to make decisions in the best interests of WSSC, he referred to a quote by Dr. Martin Luther King Jr., which says, "An individual has not started living until he can rise above the narrow confines of his individualistic concerns to the broader concerns of all humanity." This is what the Commissioners must do, rise above the confines of individual concerns to the broader concerns of the community. Much of the focus of the Commission is managing to the infrastructure which is out of sight and out of mind. It is difficult for some to appreciate the value of a functioning infrastructure. In a continuing effort to build consensus, he encouraged all stakeholders to consider as the Commission does, the long-term protection and interest of the entire community. This is a very important time for the WSSC: Chair Lawson said, "We are immediately faced with pressing decisions balancing risk with economic decisions of pipeline setbacks. We are aware of our role in supporting economic growth and development and realize that the reliability and security of our infrastructure rests with the leadership of the Commission." He noted he is honored to be entrusted with the responsibility to lead steadfastly in the direction of moving WSSC towards a world-class utility. Chair Lawson pledged to do all that he can to pull everyone together as a team to focus on WSSC's full responsibility. He expects to meet and exceed the challenges ahead.

Election of Vice Chair. Chair Lawson asked for nominations for Vice Chair. Commissioner Jones moved that the Commission nominate Commissioner Gene W. Counihan as Vice Chair. Commissioner Mandel seconded the motion. The motion carried with five affirmative votes. Mr. Counihan abstained so as not to cast a vote for himself.

Other comments from Commissioners were provided after the General Manager's Report (see below).

FY 2013 Meeting Calendar. Commissioners deferred voting on the calendar as there were schedule conflicts in November and August that need to be resolved. Commissioners did agree to meet on July 18, 2012. Commissioner Jones moved that the Commission adopt the July 18, 2012 meeting date. Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

MEDIA COMMENTS

There were no comments from the media.

PUBLIC COMMENTS

There were no comments from the public.

GENERAL MANAGER'S OFFICE

Monthly Report. Mr. Johnson started his report with the statistics from the Call Center. He noted that additional staffing, improved attendance, and adjusted operating hours resulted in an 87% answer rate, the highest since September of 2011. Improvements can be traced also to the increase in the number of calls managed by the IVR System.

As for delinquent accounts, residential accounts are the largest number of accounts in this status. Efforts are being stepped-up to collect these accounts.

Mr. Johnson then described the status of several issues in the company: Monitoring of the bio-solids legislative proposals continue as staff attends meetings and events regarding this issue. He noted concern that storage for biosolids is problematic as there is no current WSSC facility available for such storage. He also cited costs and the need to develop a broader strategy which will include input from Commissioners.

All plants and facilities are operating in compliance with permits. The number of water main breaks is down significantly. Water main reconstruction is ahead of schedule having completed 53.3 miles over the projected 36 miles. Sewer main repair and replacement has been caught up. Laterals are well ahead of schedule as staff have completed twice as many miles as planned. This latter achievement is due to the changes in contracting this work.

The SLMBE Office (now named Diversity Supplier Office) was engaged in a number of activities and events. WSSC's Intergovernmental Relations Office hosted two public information meetings regarding the use of the water shed and at one event 90 persons attended. EA Engineering & Science Consultants

facilitated the meetings. A public hearing was held on the Design Manual Amendment.

The Mobile App continued to win awards with the latest being on the list of the Computer World's "Ten Best in the World Award" in the environmental category. Mr. Johnson noted that other winners in this category were from Proctor & Gamble, Stanford University, Microsoft, Hewlett-Packard, and Fujitso.

Mr. Johnson recognized Commissioner Hartwig-Davis who attended the Employee Appreciation Day event at Brighton Dam. He noted the success of that event. WSSC's Fishing Derby was well attended by over 150 persons. The winning catch was a 3.3 pound carp.

More than 70 attendees were at the Johns Hopkins University Rockville Campus where WSSC held a symposium on Water Awareness. Mr. Johnson remarked that both Leadership Montgomery and Leadership Prince George's wrapped up the year with two graduates who are employees at WSSC: Zoreh Movahed and Marcia Tucker, respectively. Sally Barkley won the Distinguished Service Award from the Institute for Supply Management for Procurement as a result of her automating procurement activities.

Mr. Johnson then enumerated the awards won by plants for performance: The Platinum Peak Performance Award for multiple years of consecutive 100% permit compliance to Parkway Wastewater Treatment Plant (6 years); Seneca (6 years) and Damascus (12 years). This is a very prestigious award given annually by the National Association of Clean Water Agencies.

CIO Magazine awarded WSSC the "2012 CIO 100 Award" for the top 100 organizations around the world that exemplify operational and strategic excellence in IT. Others who won this award were AT & T, City of Boston, Fed Ex, Marriot International, Nationwide Insurance, Pfizer Pharmaceuticals, Scott Trade; Boeing International and others. WSSC received the award because of the mobile app which was the first such app created by a utility.

Commissioners' Comments

Commissioner Hartwig-Davis described her responsibility to carry the ceremonial torch at the opening of the games at the Employee Appreciation Day.

Commissioner Mandel reminded all that environmental stewardship of protecting the Bay is paramount and the regulation on bio-solids control was created to enhance the protections afforded the Bay. She requested that WSSC find alternatives to opposing the legislation to allow WSSC to reach its needs to balance operating needs against environmental stewardship.

Vice Chair Counihan advised of the visit from persons in suburban St. Petersburg, Russia to the WSSC Seneca Plant to learn about the plant's processing methods.

Internal Audit Office

Monthly Activity Report. Ms. Bardwell was attending a business conference and Ms. Angela Makle-Fortune provided the Internal Audit Monthly Report. The report covered May 7 through June 1, 2012. Ms. Makle-Fortune then provided Commissioners with an update on various audits in progress as stated in the written report. System Financial Development audit savings for the fiscal year to date totaled \$493,997.00. She then reviewed the issues aging chart from the report showing what items were complete and still in progress and meetings attended by the IA staff.

Board of Ethics. The Ethics Officer attended 14 smart start meetings with team chiefs/directors. The Board of Ethics held its regularly-scheduled meeting. Several closed and open items were reviewed.

Code of Ethics Training. Auditors provided training to four new hires.

Hotline. Several charts highlighted the case types with customer relations issues and safety being the highest number of cases. There are 31 cases: 5 new, 2 on hold, 3 in progress, and 21 closed.

COMMISSIONERS

Infrastructure Funding Work Group. Commissioner Jones noted this item allows for discussion

DEPARTMENT BRIEFINGS

Finance

Resolution 2012-1959. The resolution states the System Development Charge rates will remain unchanged from the rates in FY 2012. Commissioner Hartwig-Davis moved to approve Resolution 2012-1959 that Adopts the WSSC FY 2013 System Development Charge. Commissioner Counihan seconded the motion. The Resolution was adopted with six affirmative votes.

Resolution 2012-1960. Commissioner Jones moved to approve Resolution 2012-1960 that adopts the WSSC FY 2013 Operating and Capital Budgets. Commissioner Mandel seconded the motion. The Resolution was adopted with six affirmative votes.

Resolution 2012-1961. Commissioner Mandel moved to approve Resolution 2012-1961 that adopts the WSSC Six-Year Capital Improvements Program for Fiscal Years 2013-2018. Commissioner

Jones seconded the motion. The Resolution was adopted with six affirmative votes.

Front Foot Benefit Charges and Deferred House Connection Charges - 2012 Assessment Levy. Commissioners were asked to approve the 2012 Front Foot Levy impacting 220 un-appealed assessments.

Engineering & Construction

Contract BR5228A11, College Park IV. Ms. Marcia Tucker, substituting for Craig Fricke who was substituting for Gary Gumm, provided information about this contract for water main construction.

General Manager's Office

Design Manual Amendment. Mr. Johnson provided the monthly update on this issue. He noted a report that summarizes all of the input on the issue is under review and will be shared with Commissioners at a later date. He then recounted some of the activities/meetings wherein the Design Manual Amendment was discussed.

Logistics

Contract 6210, High Performance Cold Mix. Mr. Roscoe Wade presented the information on this contract used by Customer Care for infrastructure repairs.

Commissioners

Resolution 2012-1969 Bi-County Infrastructure Funding Working Group Recommendations. Commissioner Mandel asked that the agenda be amended to allow consideration of Resolution 2012-1969 after lunch. There was no objection.

Resolution 2012-1970 Amending Joyce Starks Engineering Scholarship Fund. Commissioners discussed making changes to the amount of the scholarship and then dividing it such that a candidate can be awarded from each county. Commissioner Jones asked that the resolution allow Commissioner Gene Counihan's name be added to the award granted to the Montgomery scholarship winner. There was additional discussion about proposals to change the amount of the scholarship as an inducement to increase the number of applicants. The vote on the Resolution was special ordered until the July Commission meeting.

Acquisition

Resolution 2012-1968. Ms. Cathy Martin provided a revised Regulation Handbook wherein the questions about legal sufficiency were resolved. Commissioners were asked to approve the resolution authorizing the distribution of the Regulation Handbook. Mr. Blask confirmed his review of the document. Commissioners tabled

approval until they had an opportunity to actually read the memorandum prepared by Mr. Blask on the legal sufficiency.

CONSENT CALENDAR

Commissioner Jones moved that the Commission approve Resolution 2012-1967 that adopts the Consent Calendar for the June 20, 2012 Commission meeting containing the following items:

Engineering & Construction

Contract BR5228A11, College Park IV, to DHC Corporation in the amount of \$1,325,468.00.

Logistics

Contract No. 6210, High Performance Cold Mix, to TSC Transport, Inc. in the amount of \$1,536,850.00.

Finance

Front Foot Benefit Charges and Deferred House Connection Charges - 2012 Assessment Levy

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

BRIEFING AND POLICY ITEMS

Engineering and Construction

Proposed Keys Energy Project. Mr. Craig Fricke provided an informational briefing on a proposed project in Prince George's County. It is the 735 megawatt power plant on 170 acres near Brandywine. It is expected to be operational by June 2016. It is located next to gas supply lines and the electric grid. WSSC needs to supply process water for this operation. The power plant expects to use reclaimed water from the Western Branch plant, on average of 3.5 million gallons per day. A Memorandum of Understanding will be needed for providing reclaimed water as this project represents the first such arrangement for WSSC. It will provide revenue and all capital costs will be absorbed by Keys.

Production

Water Distribution System Update. Mr. Jay Price gave a report of the lines taken out of service because of inspection or repair and how these service changes in the lines impact water delivery. Commissioners had questions about the PCCP that is being serviced in this process.

COMMISSIONERS' OFFICE

Corporate Secretary's Report

Committee Reports

Personnel & Governance. Commissioner Hartwig-Davis will work with Mr. Blask to review and accept his additional comments on this document.

WSSC Employee Pension Fund Board of Trustees. Mr. Lawson reported on the Board of Trustee meeting held May 30, 2012. On April 30th, Plan assets were \$647.9 million. This represents an investment loss of \$7 million or decrease of 0.3% since the

previous month's report. Of the Plan's total investment portfolio, domestic fixed income constituted 23.8%; global tactical fund was 14.6%; and real estate investments of 3.2%. All asset classes were in the range of their asset allocation ranges.

Committee Appointments. Chair Moore asked Commissioner Hartwig-Davis to continue on the Personnel and Governance Committee along with Commissioner Mandel. He asked Commissioner Moore to sit on the WSSC Employees Retirement Board of Trustees with Commissioner Jones. Chair Lawson indicated he would provide additional information about new committees for the upcoming fiscal year later in the meeting.

LUNCH RECESS

Chair Lawson recessed the meeting at 12:05 p.m. for lunch. The meeting resumed at 1:20 p.m. in the Commissioners' Conference Room.

**AFTERNOON SESSION
COMMISSIONERS' CONFERENCE ROOM**

Acquisition Office

Ms. Cathy Martin provided the written statement from Mr. Blask regarding legal sufficiency for the Acquisition Regulations Handbook. It was clarified that at least two other attorneys in the General Counsel's Office in addition to General Counsel Blask had reviewed the document. Commissioner Hartwig-Davis then moved to approve Resolution 2012-1965 that adopts the Procurement Regulations Handbook. Commissioner Moore seconded the motion. The motion carried with six affirmative votes. Ms. Martin then explained the process for publication and hearing.

Infrastructure Working Group

Commissioner Jones discussed the resolution for adopting the Working Group's recommendations. He referenced the issue that addressed capacity at Blue Plains. It was agreed that the word, "any" would be inserted before the word "unneeded" in paragraph 3(a) of the Resolution 2012-1969.

Mr. Johnson then discussed the preliminary tasks including meetings and soliciting approvals in order to institute the recommendations of the Working Group.

Commissioner Jones moved for approval of Resolution 2012-1969. Commissioner Moore seconded the motion. The motion carried with five affirmative votes as Commissioner Hartwig-Davis was out of the room.

CLOSING

Having completed the open session business, at 2:05 p.m. Chair Moore requested a motion to close the meeting. Commissioner Jones moved that the meeting be closed pursuant to Maryland State Government Article 10, Subtitle 5, Section 10-508(a)(13) to approve the May 16, 2012 Closed Session Minutes; and Section 10-508(a)(7) to receive legal advice on litigation, amending County anti-discrimination codes to subject them to liability caps; amending Maryland Code to apply liability limits to constitutional torts and federal state local discrimination claims; and amending Maryland Code to permit multi- and bi-county agencies to petition the court to transfer a suit to another jurisdiction in which it operates, and the Amendment to the Design Manual. Commissioner Moore seconded the motion. The motion carried with six affirmative votes. At 2:05 Chair Moore declared the meeting was closed.

CLOSED SESSION

ATTENDEES: Chair Dr. Roscoe Moore; Vice Chair Chris Lawson; Commissioners Adrienne A. Mandel, Gene Counihan, Melanie Hartwig-Davis and Antonio Jones; General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Charlett Bundy, Craig Fricke, Dave Burke and Mike Hammer of Engineering and Construction and Laura Swisher of General Counsel's Office.

80-Foot Setback/Design Manual. The discussion began by having an explanation of the open projects and legal issues related thereto.

At 3:00 p.m. everyone was asked to leave the room while Commissioners took a recess. The meeting resumed at 3:25 p.m.

Attorney Russell Beers of General Counsel's Office joined the closed session.

Litigation Update/Advice. Mr. Blask and Mr. Beers provided Commissioners with legal advice regarding legislative proposals for the 2013 legislative session as well as advice on the mediations in the Cartwright and Sillers cases. At 3:48 p.m. Mr. Beers left the closed session.

Closed Session Minutes. Vice Chair Counihan moved to approve the Closed Session Minutes for the May 16, 2012 Commission meeting. Commissioner Jones seconded the motion. The motion carried with five affirmative votes. Commissioner Hartwig-Davis abstained because she was absent.

At 3:50 p.m. Vice Chair Counihan moved to end the closed session. Commissioner Jones seconded the motion. The motion carried with five affirmative votes as Commissioner Mandel was temporarily out of the room.

At 3:51 p.m. Chair Lawson declared the meeting was re-opened.

OPEN SESSION RESUMED

Commissioner Mandel then made an amendment to Resolution 2012-1972 Amendments to the Pipeline Design Manual Resolution to wit: remove paragraph 2; replace paragraph number 2 with paragraph number 3 and create a new number 3 that reads: Commissioners will work with the Corporate Secretary to engage the services of a facilitator to meet with and facilitate an agreement on the setback standard for the design manual. WSSC to convene the meeting with the following principals - two planning board members, one appointed by each county section of the Maryland National Capitol Park & Planning Association; one person appointed by the county executive of each county in the water district; three WSSC employees appointed by the GM/COE and to include the GM/CEO; one member appointed by each county council for 11 members total. Commissioner Jones seconded the motion. The motion carried with six affirmative votes.

Chair Lawson asked if there was any additional business. There being none he requested a motion for adjournment.

Adjournment

At 3:58 p.m. Commissioner Jones moved to adjourn the Commission meeting for June 20, 2012. Commissioner Hartwig-Davis seconded the motion. The motion carried with six affirmative votes. At 3:59 p.m. Chair Moore declared the meeting was adjourned.

Respectfully submitted,

 //signed//
Charlett Bundy
Corporate Secretary