

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

Wednesday, August 21, 2013
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), Antonio L. Jones, Adrienne A. Mandel, and Roscoe M. Moore, Jr., were present at the meeting. Commissioner Mary Hopkins Navies was on travel out of the country and thus, absent from the meeting. 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.

AGENDA APPROVAL

The Chair opened the meeting with approval of the meeting agenda. **Commissioner Mandel moved to adopt the Commission's August 21, 2013 Public Meeting Agenda, to which Commissioner Lawson seconded the motion. The motion carried with five affirmative votes (Commissioner Navies absent from vote).**

PLEDGE OF ALLEGIANCE

Chair Counihan then asked Commissioner Moore to lead the pledge of allegiance.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of August 2013: Douglas Michael Vitagilano, Lead Project Manager, Project Delivery Group/COB, retired with 28 years and 8 months of service; Kenneth D. Green, Facilities Construction Inspector II, Project Delivery Group/COB, retired with 26 years and 6 months of service; Yanira E. Reyes, Human Resources Manager, Human Resources/COB, retired with 5 years and 4 months of service; James R. Swann (present at meeting), Utility Technician II, Customer Relations Group/COB, retired with 33 years of service; Ambrose Wade (present at meeting), Systems Construction Inspector

II, Systems Inspection Group/Temple Hills, retired with 32 years and 11 months of service; and Rafiq Qayumi (present at meeting), Laboratory Support Unit Coordinator, Laboratory Services Group/CLF, retired with 28 years and 3 months of service.

APPROVAL OF MINUTES

Commissioner Jones moved to approve the open session minutes of the July 10, 2013 and July 17, 2013 Commission Meetings, as drafted, to which Commissioner Moore seconded the motion. The motion carried with five affirmative votes (Commissioner Navies absent from vote).

ENGINEERING SCHOLARSHIP AWARD

Vice Chair Lawson recognized Prince George's County resident and second-year student Adeolu Zion Babayemi of The Ohio State University as the 2013 recipient of the Joyce Starks/Gene Counihan Engineering Scholarship Award. Mr. Babayemi was not present to accept the award as he had to return to school on August 15, 2013. The scholarship award is provided annually to one or more students who permanently reside in the sanitary district and is based on scholastic achievement, references and submission of an essay. Applicants were instructed to: "[C]onsider the water/sewer system of the future - describe it and detail how engineering will impact the evolution from today's water systems to the water system of the future." Mr. Babayemi's essay was regarded as one of the best submissions since inception of the engineering scholarship program.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on the "54-Inch PCCP Repair" that took place last month in Forestville, Maryland. The emergency repair of the 54-inch water transmission main in Forestville was a massive undertaking -- from building a road to access the pipe, to the shut-down, to the recharge, and everything that occurred in between... The video was produced to educate the Ad Hoc Committee on Large Diameter Water Mains on just how challenging it can be to repair large transmission mains.

Following the video, Mr. Neustadt provided an overview of how social media played a critical role in informing the public about the incident, developments and timeline for repair. The visits to the WSSC website increased dramatically; 'likes' on the WSSC

Facebook page doubled; and the number of followers on WSSC's Twitter account has grown since the incident. The Chair thanked Mr. Neustadt and his team for their outstanding work in "getting the word out" and for the excellent video, which he added "should be very helpful."

EMPLOYEE RECOGNITION

Recognition of Employee Service During Water Emergency. The General Manager was called upon by the Chair and Commissioners to pay special recognition to the team of employees who "saved the day" and averted the pending water crisis in Prince George's County, Maryland on July 16, 2013. Tommy Ecker, Brad Destelhorst, Jerome Thomas and Marcus Harley were saluted for their extraordinary actions and tremendous efforts in closing a stuck valve and conducting other emergency repairs that helped to avert the pending water outage. The General Manager presented each with a workman's statue replica of the statue commissioned and located in the lobby of the WSSC main building, which the Chair pointed out was "symbolic" of the work performed by these men as the replica statue is "two workmen turning a valve."

The General Manager also expressed his gratitude to the entire team of employees that worked together to perform the emergency repairs, alert the public and ultimately, avert the emergency water crisis. He also thanked Prince George's County, the State Emergency Management Office, the Metropolitan Washington Council of Governments, Hartford and Howard County officials/neighbors and all others who banded together to assist the Commission through this emergency situation.

COMMISSIONER COMMENTS

Commissioner Mandel made mention of the General Manager's recent interview (August 19, 2013) on the Kojo Nnamdi show broadcast on the local WAMU radio station, noting that she listened to the entire interview and was very proud as a ratepayer and resident of the sanitary district of the quality information that Mr. Johnson provided to the listening audience.

Commissioner Jones provided an overview of his recent experience at this year's Maryland Association of Counties (MACO) Summer Conference held on August 14-17, 2013 in Ocean City, Maryland. He complimented the General Manager and his staff for a very well-

represented booth and for the networking and hospitality breakfast events sponsored by the agency. He added that he had an opportunity to chat with Lieutenant Governor Anthony Brown about WSSC's aging infrastructure and funding needs, to which the Chair also shared that he had similar discussions with other State officials during the Conference. The Chair then spoke about the press conference held last Tuesday (August 13, 2013) at WSSC's Patuxent Water Filtration Plant with U.S. Senator Ben Cardin and the federal funding being proposed by the Senator, noting that although no one has actually written a check, the agency is making progress in "getting policy makers to at least talk about it [aging pipe infrastructure and funding needs]."

PUBLIC COMMENTS

Three members from the public were recognized to speak before the Commission. Ms. Susan LaCourse commented on the water and sewer rate increases, expressing concerns with the continuing rate increases year after year and since 2008 and the costs that have been passed on to ratepayers as a result of the agency's water/sewer infrastructure rehabilitation work/repairs. She urged the Commission "to continue to pursue the federal funding initiatives proposed by Senator Cardin and to look at ways to operate more efficiently so that further rate increases won't be necessary." Ms. Barbara Sollner-Webb commented on the Howard County zoning matter and specifically, the high density development draining into the WSSC reservoirs, pointing out that there is still a window of opportunity to act. She also commented on the rate increases, noting that some ratepayers do understand that additional resources and increases are necessary in light of the aging underground infrastructure but proposed that the rate increases be devoted fully to the underground infrastructure rehabilitation efforts. She lastly commented on the equestrian hiker trail at the Rocky Gorge reservoir, sharing how the riders and users really enjoy the trails and the beautiful scenery; however, she requested that the Commission consider reopening winter riding, improving the entrances and reopening public access to the Triadelphia Reservoir. Ms. Ting Chan spoke about the rate increases as well, expressing her dissatisfaction with the increases she has experienced for the last seven years since moving to the area, noting that water is a necessity and should be affordable yet it is becoming more unaffordable in her eyes.

MEDIA COMMENTS

There were no comments from the media.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson started his report by indicating that since the fiscal year just began, there was nothing significant to report spending wise. The complete financial report is contained in the General Manager's report.

Turning to the call center, call volume was up during the month, which is more than likely due to the water emergency situation. The answer rate is at 88%, management is still working to meet projected goals. All plants and operations are well within the permit parameters for the month. In light of the 54-inch PCCP water main repair that transpired last month in Forestville, management is looking at emergency planning and preparedness efforts as the agency moves forward.

With respect to the Maryland Department of Agriculture (MDA) new nutrient management guidelines, MDA forwarded revised phosphorus regulations to the Administrative, Executive and Legislative Review (AELR) Committee on July 11, 2013 with a request to issue the regulations on an emergency basis effective July 26, 2013. WSSC has submitted comments on the regulations which are expected to remove a huge percentage of agricultural land from eligibility for manure land application (bio solids are considered manure by MDA, and are included in this prohibition). These regulations will make an already challenging land application program in Maryland even more difficult and will increase WSSC's dependency on neighboring states for land application. Virginia had a major modification in their land application and bio solids management regulations; however, the new regulations are not expected to create any significant problems for bio solids land application in Virginia, but will certainly increase costs.

The Anacostia Wastewater Storage Facility project has been completed seven months ahead of schedule. During high flow events, it will divert flow from the Anacostia force main to temporary storage, thus preventing overflows at the Anacostia pumping station and into the Anacostia River.

The Summer Internship Program was closed out this past week; WSSC had a number of excellent students participate in the program. As mentioned earlier, Senator Ben Cardin toured the WSSC Patuxent Water Filtration Plant on August 13, 2013 and shared his support of proposed federal legislation for grant funding for water infrastructure assistance. Water and wastewater is now a part of the national dialogue, which the General Manager noted as critically important and a major step forward.

The Maryland Association of Counties (MACO) met in Ocean City, Maryland this month and WSSC was pleased to again be a sponsor and exhibitor at this well-attended event, which provides a great opportunity for interaction with State and county elected officials.

In the wake of law enforcement officials warning area residents of people posing as utility workers, WSSC issued a news release to help WSSC customers better understand how WSSC employees identify themselves, which was picked up and aired by several local news stations.

The Communications Office (Lyn Riggins) received a number of Videographer Awards for recent video productions. WSSC won the highest honor in the international competition, the Award of Excellence, for the Anacostia 102-inch Sewer Condition Assessment video, followed by the Award of Distinction for videos about the Watershed and Fire Hydrant Locator App and Honorable Mention for the Water Main Replacement video.

Lastly, WSSC received a thank you note from middle-school students who attended the Maryland Bio Solids Summer Camp at Black Hills Regional Park where Community Outreach Manager Kim Knox made a presentation.

Call Augmentation Project. Acting Customer Relations Group Leader Mpande Musonda-Langley was recognized by the General Manager to present an overview of the call augmentation project and performance of the related vendor. Specific details are contained in the Call Augmentation Vendor Evaluation Report circulated to the Commission and incorporated herein by reference.

In summary, WSSC's answer rate for June 2012, as a result of inbound calls being routed from the auto dialer and bill payment

calls to the call augmentation vendor, increased to 91% from 85% in May 2012 with average speed of answer (ASA) decreasing to 3:03 from 4:57. In July 2012, answer rate was 92% with ASA a respectable 2:41. The WSSC Call Center ended Fiscal Year 2013 with an answer rate of 91%, up from 83% in Fiscal Year 2012. The Call Augmentation Vendor has consistently exceeded the 95% answer rate that is required in the contract and since the vendor specializes in collections, WSSC has reaped an additional benefit of increasing its collected dollars from delinquent accounts. Additionally, the call center has experienced some intangible benefits - the stress levels associated with extremely high call volume have decreased and agent morale has increased along with attendance. This has resulted in more agents available to take calls which has increased the answer rate and decreased the ASA.

COMMISSION STRATEGIC PLAN

Proposed Mission, Core Values and Strategic Priorities. On May 16-17, 2013, Commissioners held strategic planning workshops to provide strategic direction to management for updating WSSC's Strategic Plan for Fiscal Years 2014-2018. The Commission reviewed WSSC's then-current vision statement, mission, and strategic priorities with management, sharing what the Commissioners envisioned to be the agency's strategic priorities moving forward and over the next several years. Management re-crafted the strategic plan based on the Commissioners' input and directives and Commissioners approved a new vision statement in June. Management is now presenting recommendations for proposed modifications to WSSC's mission, core values and strategic priorities for Commission approval. Such modifications were circulated to Commissioners in a handout and are thereby incorporated herein by reference.

After discussion, and on motion made by Commissioner Lawson and seconded by Commissioner Moore, the proposed modifications to the Commission's mission statement, core values and strategic priorities for Fiscal Years 2014-2018, were adopted by majority vote. (5-0 with Commissioner Navies absent from the vote).

During the questions/comments dialogue between Commissioners and the General Manager regarding his report, Commissioner Mandel commented on the Glenmont Water Tank Facility and the proposal by the Montgomery County historic preservation and planning

commissions to designate the facility as a historic landmark and whether further action is required. The General Manager, along with the General Counsel, stated that WSSC is not bound by the historic landmark designation and management has taken the position that WSSC will not subject itself to any requirements that come with such a designation. The General Counsel further opined that even if the designation prevails, it will essentially have "no effect" on the agency.

The General Manager and Chief Executive Officer's Report was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Senior Internal Auditor Dana Whiting reported on the monthly activities of the Internal Audit office for the period of July 8, 2013 through August 2, 2013. Fiscal year-to-date savings for the System Development Charge (SDC) Audits total approximately \$2,600. No SDC audits were issued during this reporting period; however, one SDC audit was issued during the reporting period of June 10, 2013 through July 5, 2013 for the beginning of Fiscal Year 2014. With regard to internal audit follow-up activities, as of August 2, 2013, there were 34 pending management action items, 8 implemented-pending internal audit verifications and 135 closed management actions for a total of 177 management action items related to 13 audits. The Internal Auditor pointed out where the 34 pending or started action items reside and which have been identified as delinquent.

Board of Ethics. The Board held its regularly-scheduled meeting on August 1, 2013 and discussed several open and closed items.

Code of Ethics Training. The Ethics Officer provided training to 6 new hires. Commission-wide annual ethics training is also being conducted and is scheduled to conclude at the end of September. As of August 2, 2013, 60% of the WSSC workforce has been trained.

Hotline. The WSSC Hotline Industry Comparison Report from January 2013 to June 2013 reflected 75 cases under the corruption/fraud and company/professional code violations. To date, 7 cases are active, 5 in progress, one new and one on hold.

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

DEPARTMENT BRIEFINGS

FINANCE

Public Hearing Dates for Fiscal Year 2015 Budget. Following management's recommendation, Commissioner Mandel moved that the Commission set the public hearing dates for the Fiscal Year 2015 Proposed Budget, as follows:

Montgomery County

Wednesday, February 5, 2014, at 7:30 p.m.

Stella B. Werner Office Building

7th Floor Council Hearing Room

100 Maryland Avenue, Rockville Maryland

Prince George's County

Thursday, February 6, 2014, at 7:30 p.m.

RMS Building - Room 308

1400 McCormick Drive, Largo, Maryland

Backup Date

Wednesday, February 12, 2014, at 7:30 p.m.

RGH Building

Commissioner Lawson seconded the motion. The motion carried with four affirmative votes (Commissioner Jones left room momentarily and thus, absent during the vote. Commissioner Navies absent from vote).

ACTION ITEMS

Contracts for Commission Approval

Chief Engineer Gary Gumm of Engineering & Construction presented two architect/engineer contracts and three construction contracts; and Acting Chief of Plant Operations J.C. Langley, along with WSSC Energy Manager Rob Taylor, presented one production contract, for Commission approval.

CONSENT CALENDAR

Chair Counihan called for a vote of the contracts listed on the Consent Calendar for the August 21, 2013 Commission Meeting.

Whereupon, Commissioner Lawson moved that the Commission adopt Resolution 2014-2020, approving the items on the Consent Calendar for the August 21, 2013 Commission Meeting, as follows:

A. Engineering and Construction

Architect/Engineer Contracts

1. Amendment 1, BF1582G91, Rocky Gorge Pump Station Upgrades, to CDM Smith Inc., in the amount not to exceed \$1,282,481.00.
2. PM0015A08, Staff Augmentation Basic Order Agreement - Option Term 1, to Parsons Water & Infrastructure, Inc., in the amount of \$1,500,000.00

Construction Contracts

1. PM5425A12, Parkway Basin ESA IDIQ (Consent Decree Work), 4 Awards, to Cherry Hill Construction Inc.; Inland Waters Pollution Control, Inc.; Pleasants Construction, Inc.; and AB Construction, Inc., for a total upset limit of \$35,000,000.00.
2. PM5337A12, Watts Branch Basin ESA IDIQ (Consent Decree Work), 4 Awards, to Cherry Hill Construction, Inc.; Inland Waters Pollution Control, Inc.; Pleasants Construction, Inc.; and SAK Construction, LLC, for a total upset limit of \$35,000,000.00.
3. BL5341A12, Norbeck Road Water Main Replacement, to Sagres Construction Corporation, in the amount of \$1,387,115.00.

B. Production

1. Contract No. 3223, Electricity - Phase II C, Change Order No. 1, to Constellation Energy Projects & Services Group, in the amount of \$15,000,000.00.

Commissioner Moore seconded the motion. The motion carried with five affirmative votes (Commissioner Navies absent from vote).

ADDITIONAL BRIEFINGS

GENERAL COUNSEL'S OFFICE

Reimbursement of Expenses for Volunteer Board Members. Following a request from the Customer Advisory Board for reimbursement of

expenses for travel to board meetings, the Commission had requested the General Manager and General Counsel's Office to research practices relating to reimbursement of expenses for volunteer members that serve on Commission boards to include a comparative analysis of the reimbursement practices of volunteer board members/committees at other State and County agencies/entities. Laura Swisher, Associate Counsel, General Counsel's Office, drafted two policies (standard procedures) for the Commission's consideration based on its directives at the July Commission meeting. The draft Standard Procedures provide volunteer members of official Commission Boards reimbursement of mileage and/or dependent care expenses incurred in attending official meetings of said Boards and will only be available to those Board Members who serve without compensation.

Whereupon, a motion was made by Commissioner Mandel and seconded by Commissioner Lawson, to adopt the proposed Standard Procedure/Regulation for Reimbursement of Expenses for Volunteer Board Members of Official Commission Boards. The motion carried with five affirmative votes (Commissioner Navies absent from the vote).

Notice of the approved Regulation to be published in a local newspaper by September 1, 2013. Effective date of new regulation is October 1, 2013.

Confirmation of Labor Relations Administrator. General Counsel Jerry Blask and Associate Counsel Laura Swisher reported on the recent appointment of the new WSSC Labor Relations Administrator by informing Commissioners of the process for selection/appointment by WSSC and the American Federation of State, County and Municipal Employees ("AFSCME" -- the current union representing WSSC's service, labor and trade bargaining unit) of the new Labor Relations Administrator and background information on the appointee Mr. Homer La Rue.

Following discussion, a motion was made by Commissioner Mandel and properly seconded by Commissioner Jones to adopt Resolution 2014-2021 confirming the appointment of Homer La Rue to serve as the Labor Relations Administrator for WSSC for a term of three years (beginning August 21, 2013 and ending on August 21, 2016). The motion carried with five affirmative votes (Commissioner Navies absent from the vote.)

The Commission received the report provided by the General Counsel's Office, as information.

INTERGOVERNMENTAL RELATIONS OFFICE

Preliminary Review of 2014 Legislative Proposals. Director Kirk Wineland of the Intergovernmental Relations Office provided a summary of the bills to be proposed by WSSC for the 2014 legislative session. Bills to be presented to Commissioners in September for final approval. Mr. Wineland also provided a summary of all bills from the 2013 session and the outcome of such bills (i.e., WSSC position, County position and whether bill passed or failed).

The Commission received the report from the Intergovernmental Relations Office on the Proposed 2014 Legislative Agenda, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month commenting, among other things, on how well the new Commissioner orientation had gone and suggesting that Commissioners also meet informally with Commissioner Navies to provide perspective from the Board's vantage point.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Moore reported on the activities of the WSSC Employees' Retirement Plan Board of Trustees for the June 2013 reporting period - the Plan's assets were \$673.6 million, which represents a year-to-date investment gain of \$34.6 million or an increase of 5.1% (from December to June). Commissioner Moore directed Commissioners to the summary report contained in the board materials for further detail.

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

Personnel, Governance & Legislation. Commissioner Mandel provided an update of the activities of the Committee, noting that the Committee has established a draft work plan for the fiscal year which will include reviewing the concept of an Audit Committee; implementing procedures for monitoring of leave and other matters pertaining to the Commission's direct reports; conducting annual performance evaluations of Commission's direct reports and ensuring that the General Manager implements general management training for the Commission's senior management team.

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

Bi-County Infrastructure Funding Working Group. Commissioner Jones reported that members of this subgroup on unserved and underserved areas from the two counties met again on July 18, 2013. The subgroup is working on a preliminary framework for revising a new process to address utility extensions to unserved and underserved areas. The Counties are working through their data to identify the scope and extent of the problem and the subgroup is developing a framework and decision matrix to take back to the entire Bi-County working group for its input and review. The subgroup is expected to meet in the next few weeks to finalize a presentation to the full Bi-County working group in September.

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

The Chair announced that he will be absent from the September Commission Meeting and out of the country. The Vice Chair will preside over the meeting in his absence. The Chair also indicated that the Commission would entertain a motion to go into Closed while in Open Session and then would recess for lunch and reconvene in Closed Session in the Commissioners' Conference Room following lunch.

CLOSED SESSION

Whereby at 1:03 p.m., Commissioner Lawson moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, State Government Article 10, Subtitle 5: Section 10-508(a)(13) to approve the July 10, 2013 and July 17, 2013 Closed Session Minutes and to discuss an internal audit matter; Section

10-508(a)(7) to consult with counsel to obtain legal advice on the scope of the Maryland Open Meetings Act requirements and pending litigation; Section 10-508(a)(8) to consult with staff, consultants or other individuals about pending or potential litigation; and Section 10-508(a)(1) to discuss personnel matters pertaining to recruitment of top leadership positions and leave policy for Commissioners' direct reports. Commissioner Moore seconded the motion. The motion carried with five affirmative votes (Commissioner Navies absent from the vote).

At 1:04 p.m., Chair Counihan declared the meeting was Closed. The Chair then called a recess for lunch at 1:05 p.m. The meeting reconvened into Closed at 2:30 p.m.

ATTENDEES: Chair Gene Counihan; Vice Chair Chris Lawson; Commissioners Antonio Jones, Adrienne Mandel, and Roscoe Moore, Jr. Absent: Commissioner Mary Hopkins Navies. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson, Senior Counsel Vicki Webb, Chief of Staff Johnnie Hemphill and Senior Internal Auditor Dana Whiting. Outside Counsel Natalie Ludaway and Jalil Dozier were also present at the start of the Closed Session. Ms. Ludaway and Mr. Dozier departed at 3:10 p.m., along with Vicki Webb, Johnnie Hemphill and Dana Whiting.

Chief Engineer Gary Gumm and Intergovernmental Relations Director Kirk Wineland joined the meeting at 3:11 p.m., and were excused at 3:52 p.m.

General Counsel Jerry Blask was excused at 4:48 p.m.

Vice Chair Lawson departed the meeting at 5:19 p.m.

Closed Session Minutes. Commissioner Mandel moved to adopt the Closed Session Minutes of July 10, 2013 and July 17, 2013, as drafted. Commissioner Jones seconded the motion. The motion carried with five affirmative votes (Commissioner Navies absent from vote).

Legal Advice/Pending Litigation - Commissioners met with legal counsel to obtain legal advice on the scope of the Open Meetings Act and its applicability to social events, chance encounters and other gatherings attended by a quorum of Commissioners who do not

