

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, September 17, 2014
Laurel, Maryland**

Chair Omar M. Boulware 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 Boulware, Commissioners Adrienne A. Mandel (Vice Chair), Gene W. Counihan (arrived at 9:20 a.m.), Chris Lawson, Mary Hopkins Navies and Roscoe M. Moore, Jr., 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 Boulware opened the meeting by welcoming everyone and asking Commissioner Lawson to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Mandel moved to adopt the Commission's Public Meeting Agenda of September 17, 2014, as drafted, to which Commissioner Lawson seconded the motion. The motion carried with five affirmative votes; one absent (Commissioner Counihan absent from vote).

APPROVAL OF MINUTES

Commissioner Navies then moved to approve the open session minutes of the August 20, 2014 Commission Meeting, as drafted. Commissioner Moore seconded the motion. The motion carried with five votes in the affirmative with one absent (Commissioner Counihan absent from the vote).

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of September 2014: Susan Barry, Unit Coordinator of Industrial Discharge, Regulatory Services Group, retired with 32

years of service; Nathan Leshner, Group Leader, Utility Services West Group, retired with 28 years and 7 months of service; Kevin Savoy, Pipe Technician, II, Utility Enhancement Support Group, retired with 24 years and 9 months of service; Joel Kramer, Associate Counsel II, General Counsel's Office, retired with 29 years and 2 months of service; Herman Pritchett, Systems Construction Inspector II, Systems Inspection Group, retired with 35 years and 7 months of service; and, David Burke (present at meeting), Group Leader, Technical Services Group, retired with 26 years and 7 months of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on "WSSC's Information Technology ("IT") Team, Services and Accomplishments." Mr. Neustadt reminded Commissioners of the "IT Techno Expo" that is taking place today at the RGH Building, which will feature informational booths and exhibits showcasing IT's critical role in supporting WSSC's key business functions through innovative solutions, process re-engineering and day-to-day operational support.

COMMISSIONER/PUBLIC COMMENTS

The Vice Chair provided an overview of her experience (along with the Chair, Corporate Secretary and Commissioner Counihan) attending the Maryland-District of Columbia Utilities Association Annual Fall Conference held last week (September 10-12, 2014) at the Hyatt Regency in Cambridge, Maryland, which focused on "Exceptional Service with Security" and featured speakers from the Federal Bureau of Investigation ("FBI"); U.S. Department of Transportation, Pipeline & Hazardous Materials Safety Administration; Environmental Protection Agency (EPA), Water Security Division; PEPCO Holdings, Inc.; Public Service Commission of Maryland and the District of Columbia; and, the State Legislature.

There were no comments from the public.

GENERAL MANAGER'S REPORT

The General Manager's full report can be found in the corresponding segment of the archived meeting video and the written "General Manager's Report" provided in the meeting

materials, and both are referred to for that purpose. However, highlights are as follows:

Call Center Operations Briefing will be provided today, later in the meeting; answer rate at 84% for the month as compared to 89% for the same period last year.

Delinquencies are slightly down.

All plants and facilities are well within permit parameters.

The Potomac Water Filtration Plant, Seneca Wastewater Treatment Plant (WWTP) and Western Branch WWTP participated in a PJM Emergency Demand Response Compliance Test, which was an exercise to determine if WSSC has the capacity to ramp down its facilities under certain power conditions; WSSC was successful in reducing plant loads to meet reduction requirements. Under Constellation Energy's PJM program, WSSC could save an estimated \$166,000 in electrical costs between June 1, 2014 and May 31, 2015 by reducing loads to target levels during peak summer and winter demand hours.

Water main reconstruction, combined house and contractor, is right at target. Sewer replacements continue to lag due to permitting issues; expect to catch up in the next few months. Sewer laterals almost complete.

WSSC issued a "boil water" alert in certain portions of Prince George's County between September 2-4, 2014 due to a water main break in Hyattsville; done as a precautionary measure and water testing showed no signs of contamination.

Lynhill Condominiums delinquency continues to be a challenge; Hearing was held on September 4, 2014; Bankruptcy Trustee filed Motion to dismiss bankruptcy proceedings but the Motion was dismissed. \$235,000 remains outstanding to WSSC.

Three WWTPs (Piscataway, Damascus, and Parkway) awarded Fiscal Year 2015 Operating and Maintenance Optimization Grants using the Bay Restoration Fund; will help to cover some of WSSC's operating expenses associated with enhanced nutrient removal.

Several WSSC employees/teams received awards over the past month related to the 2014 CSAWWA Tri-Association Conference Awards Program held last month in Ocean City, Maryland.

Commissioner Counihan arrived at this juncture; 9:20 a.m.

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 August 4, 2014 through September 5, 2014. The fiscal year-to-date System Development Charge (SDC) Audits remain the same as last reported. No SDC Audit reports were issued during the reporting period. Out of the eight audit requests in process; five are active and three are inactive. The draft Fiscal Year 2015 Risk-Based Audit Plan will be presented at the October Commission Meeting. For Fiscal Year 2014 Carryover Audit Projects, IAO is conducting field work on the Customer Relations Group Operational Audit and the Blue Plains Audit. The Construction Contracts Change Orders Special Audit has been postponed until completion of the Blue Plains audit. The Lead Auditor is in the process of preparing the final report findings and recommendations for the Physical Inventory Observation at the Anacostia Depot. With respect to Fiscal Year 2013 Carryover Audit projects, the second exit conference was held on August 13, 2014 with final report in preparation for review by the General Manager. Under internal audit follow-up activities, one management action item has been closed since the last status report and a review is underway for the eight implemented-pending Internal Audit verification action items. Implementation of management action plans for four issues is delinquent. The IAO Manager met with the new HR Director to discuss the status of the HR Office management action plans.

Hotline. Next report to be provided at November quarterly audit committee meeting.

Board of Ethics. The Board held its regularly-scheduled meeting on August 14, 2014; several open and closed items were reviewed.

Code of Ethics Training. The Ethics Officer provided training to 13 employees on August 19, 2014.

External Auditors. The external auditors BCA Watson Rice, LLC, wrapped up their audit on August 26, 2014, with the final exit conference held on September 15, 2014. BCA Watson Rice will present audit findings at the November Commission Meeting.

Audit Committee Meeting. The next quarterly meeting of the Audit Committee will be held on November 19, 2014.

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

DEPARTMENT BRIEFINGS

FINANCE

Schedule for Approval of 2015 Front Foot Benefit Rates and House Connection Charges. New front foot benefit rates and house connection charges will be effective as of January 1, 2015. The approval process includes one Commission work session, advertisement of the proposed rates and a public hearing. Management presented a proposed schedule for timing of the rate setting process with the Commission work session on preliminary rate calculations to be conducted during the November 19, 2014 Commission meeting and a public hearing on the front foot benefit rates and house connection charges to be held at WSSC on November 19, 2014 at 2:30 p.m. (following the conclusion of the November Commission meeting). The Commission would then approve the proposed rates at its December 17, 2014 Commission Meeting.

Following management's recommendation, Commissioner Lawson moved that the Commission adopt the proposed Schedule for the rate setting and approval process in connection with the 2015 Front Foot Benefit Rates and House Connection Charges with the public hearing set for November 19, 2014 at 2:30 p.m. at the WSSC RGH Building. Commissioner Counihan seconded the motion. The motion carried unanimously with six affirmative votes.

Resolutions to Authorize Issuance of Bonds. Management is seeking approval to issue bonds in Fiscal Year 2015 for the construction of water supply facilities and large transmission mains, sewage disposal facilities and large collection mains and WSSC-built

water/sewer pipes in subdivisions. A portion of the debt may be realized through the State of Maryland Revolving Loan Program and through WSSC's Multi-Modal Note Program. The balance of debt will be obtained through a competitive bid process as authorized under State law. The estimated bond issuance cost of \$476,000,000 is consistent with WSSC's Capital Improvements Program requirements, and is within budget estimates.

Resolution 2015-2065 - Authorization for Issuance of Water Supply Bonds.

Whereupon, a motion was duly made by Commissioner Mandel and properly seconded by Commissioner Counihan to adopt Resolution 2015-2065 authorizing the issuance of Water Supply Bonds, as stipulated in the aforementioned Resolution. The motion carried unanimously with six affirmative votes.

Resolution 2015-2066 - Authorization for Issuance of Sewage Disposal Bonds.

Whereupon, a motion was duly made by Commissioner Counihan and properly seconded by Commissioner Lawson to adopt Resolution 2015-2066 authorizing the issuance of Sewage Disposal Bonds, as stipulated in the aforementioned Resolution. The motion carried unanimously with six affirmative votes.

Resolution 2015-2067 - Authorization for Issuance of General Construction Bonds.

Whereupon, a motion was duly made by Commissioner Lawson and properly seconded by Commissioner Navies to adopt Resolution 2015-2067 authorizing the issuance of General Construction Bonds, as stipulated in the aforementioned Resolution. The motion carried unanimously with six affirmative votes.

Resolution 2015-2068 - Authorization Providing for Public Sale and Publication of Notice of Sale of Water Supply Bonds, Sewage Disposal Bonds and General Construction Bonds and Providing for Consolidation of Such Bonds for Issuance, Sale and Delivery as a Single Series of Bonds.

Whereupon, a motion was duly made by Commissioner Mandel and properly seconded by Commissioner Counihan to adopt Resolution

2015-2068 authorizing and providing for the public sale, and publication of the notice of sale, of the Water Supply Bonds, Sewage Disposal Bonds and General Construction Bonds, and providing for the consolidation of such bonds for issuance, sale and delivery as a single series of bonds, as stipulated in the aforementioned Resolution. The motion carried unanimously with six affirmative votes.

Special Telephone Meeting. Acting Chief Financial Officer Chris Cullinan apprised Commissioners of the need to conduct a special meeting next week for the Commission to approve the transmittal of the Commission's Proposed CIP for Fiscal Years 2016-2021 to the Prince George's and Montgomery County Governments by the October 1, 2014 statutory deadline.

The Corporate Secretary to coordinate scheduling for either Thursday, September 25, 2014 or Friday, September 26, 2014 based on Commissioners' availability.

ENGINEERING & CONSTRUCTION

Contracts for Approval

Chief Engineer Gary Gumm, Project Delivery Group Leader Theon Grojean, Infrastructure Systems Group Leader Marcia Tucker and Systems Inspection Group Leader Ross Beschner, along with Dan Hamilton of the Systems Inspection Group, presented three architect/engineer contracts and three construction contracts; and Chief of Utility Services Hak Kwon, along with Utility Management Group Leader Calvin Farr, presented one Utility Services contract, for Commission approval. [Such contracts were approved as part of the September Meeting Consent Calendar].

CONSENT CALENDAR

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

Whereupon, Commissioner Mandel moved that the Commission adopt Resolution 2015-2064, approving the seven contracts included on the Consent Calendar for the September 17, 2014 Commission Meeting, as follows:

A. Engineering and Construction (Architect/Engineer Contracts)

1. PM0009A13, PM0010A13 and PM0011A13, Water and Sewer Design Services Basic Ordering Agreement, to AB Consultants, Inc. & The Wilson T. Ballard Company Joint Venture (JV), Wallace, Montgomery & Associates, LLP and Louis Berger Water Services, Inc., in an amount not to exceed \$4,000,000.00 for each contract with a base term of three years. Each contract will also contain one option term, with three years duration in the same amount, for a total upset limit of \$12,000,000.00.
2. BL3192A01/B01, Change Order No. 3, Water Main Design Contract for Oak Grove/Leeland Road 24-inch Transmission Main to Patton Harris Rust & Associates, PC, to increase the contract amount by \$87,627.00, for a total upset limit of \$1,051,527.00, and to increase the contract duration by 90 non-compensable calendar days.
3. BF2028I97, Change Order No. 2, Potomac Submerged Channel Intake Project, to Black & Veatch Corporation, in the amount of \$465,000.00, for a total contract upset limit of \$1,823,419.00, and to increase the contract duration by 182 non-compensable calendar days.

Engineering and Construction (Construction Contracts)

1. CT4231E05, Broad Creek Augmentation Project Conveyance System-South, to Northeast Remsco Construction, Inc., in the amount of \$35,794,735.00.
2. PM5248A11, Indefinite Delivery Indefinite Quantity (IDIQ) for Sanitary Sewer System Rehabilitation in Environmentally Sensitive Areas (ESA) in Broad Creek Basin, Prince George's County, Maryland, to Layne Inliner, LLC, in the amount of \$5,500,000.00, for a total upset limit of \$35,500,000.00.
3. BL3192A01, Change Order No. 3, Oak Grove/Leeland Road 24-inch Transmission Main, to American Infrastructure-MD, Inc. dba American Infrastructure, in the amount of \$209,604.38, for a total upset limit of \$6,324,029.38, and to increase the contract duration by 90 non-compensable calendar days.

B. Utility Services

1. Contract 1089, Oxon Run Basin Comprehensive Sewer Study, to O'Brien & Gere Engineers, Inc., in the amount not to exceed \$2,017,123.40.

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

ADDITIONAL BRIEFINGS

Proposed Legislative Agenda for 2015. Intergovernmental Relations Office Director Michael Stroud presented the WSSC bills to be proposed for the 2015 Maryland General Assembly Session, as follows:

1) Customer Affordability Program - the purpose of this enabling legislation (to amend Section 25-501 of the Public Utilities Article) is to authorize the Commission to establish a Customer Affordability Program (CAP) through which a ratepayer who meets certain criteria may receive economic assistance with their water and sewer bills; and,

2) Commissioner Salary - the purpose of this legislation is to alter the terms of compensation for the Commissioners of the Commission under Section 17-107 of the Public Utilities Article.

Following discussion, on motion made by Commissioner Counihan and seconded by Commissioner Lawson, the Commission unanimously approved, by a vote of six-to-zero, the proposed WSSC Legislation for the 2015 Maryland General Assembly Session.

The Commission received the report of the Intergovernmental Relations Office on the 2015 WSSC Legislative Agenda, as information.

Customer Relations Contact Center Optimization Plan Briefing.

Customer Relations Acting Group Leader Mpande Musonda-Langley, along with Chief Information Officer Mujib Lodhi and the Contact Center Consultant Lyn Kramer of Kramer & Associates, presented the findings from the Contact Center Optimization Project that was conducted over the past several months to develop a strategy and objectives to enhance the WSSC customer call center operations. Specific details can be found in the presentation handout (incorporated herein by reference), circulated to the Commission at the meeting, and in the corresponding segment of the archived meeting video; both are referred to for that purpose.

Following the presentation, the Commission received the report as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, announcing that she joined the Maryland Association of the Administrative Law Judiciary (MAALJ) and its parent association, the National Association of the Administrative Law Judiciary (NAALJ), which is the largest professional association devoted exclusively to administrative adjudication within the executive branch of government. The Corporate Secretary also advised that she will be contacting the Commission to confirm who can attend the two quorum refund hearings that are in the pipeline which the Corporate Secretary is scheduling to take place following the upcoming October 15th and December 17th Commission meetings.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Lawson reported that no meeting was held in August and that the next meeting of the Board of Trustees would be held on September 24, 2014.

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

Personnel and Governance. Commissioner Navies provided an update of the Committee's activities for the month, stating that the Committee had concluded their performance assessments with regard to two of the Commission Office direct reports and will be presenting their recommendations to the full Commission during closed session.

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

Legislation. Commissioner Counihan reported that the Committee met by phone on September 8, 2014 with management (as noted earlier by the GM) to discuss the proposed legislation for the upcoming 2015 Maryland Legislative Session.

The Commission received the report of the Legislation Committee, as information.

Audit Committee Meeting. The Chair indicated that the Minutes of the Audit Committee Meeting held on August 20, 2014 were before the Commission for consideration.

Whereupon, a motion was duly made by Commissioner Mandel and properly seconded by Commissioner Counihan to approve the Audit Committee Minutes of August 20, 2014. The motion carried unanimously by a vote of six-to zero.

The Chair then 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 after lunch.

CLOSED SESSION

Whereby at 12:20 p.m., Commissioner Lawson moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, State Government Article: Section 10-508(a)(13) to approve the August 20, 2014 Closed Session Minutes; Section 10-508(a)(7) to consult with counsel to obtain legal advice on pending litigation; and, Section 10-508(a)(1) to discuss personnel matters pertaining to the performance evaluations of two of the Commission Office direct reports. Commissioner Mandel seconded the motion. The motion carried unanimously with six affirmative votes.

At 12:20 p.m., Chair Boulware declared the meeting was Closed. The Chair then called for a recess for lunch and to allow Commissioners to tour the WSSC Techno Expo. The meeting reconvened in Closed Session at 3:05 p.m.

ATTENDEES: Chair Omar Boulware; Vice Chair Adrienne Mandel; Commissioners Gene Counihan, Chris Lawson, Roscoe Moore, Jr. and Mary Hopkins Navies. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, and Corporate Secretary Sheila Finlayson.

Closed Session Minutes - On motion made by Commissioner Mandel and properly seconded by Commissioner Navies, the Commission voted

unanimously by a vote of six-to-zero, to adopt the closed session minutes of its August 20, 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, including updates on a recent meeting with the Maryland Department of the Environment (MDE), Department of Justice (DOJ) and Environmental Protection Agency (EPA) on a potential extension of the Consent Decree; continued discussions with the National Park Service (NPS) on gaining access to WSSC property controlled by the NPS; and the Clean Water Act lawsuit filed by the Potomac Riverkeeper environmental group.

Personnel Matters - The Commission met in executive session without management present to discuss personnel matters relating to the annual performance evaluations of two of its direct reports, specifically, the Corporate Secretary and the Internal Audit Manager.

The General Manager, General Counsel and Corporate Secretary were excused from this part of the meeting; at 3:21 p.m.

The Commission voted to approve the annual performance evaluation scores/results for the Corporate Secretary and Internal Audit Manager for Fiscal Year 2014 performance and directed the Corporate Secretary to transmit the approved/signed personnel action notification forms (PANs) for both employees to the Human Resources Office for processing [Commissioner Mandel - mover; Commissioner Navies - seconder; two motions (taken separately) approving the performance scores/results for the Corporate Secretary and Internal Audit Manager each carried unanimously by a vote of six-to-zero. A third vote was taken with regard to approving an amendment to the Internal Audit Manager's employment contract, which carried unanimously with six affirmative votes [Commissioner Mandel - mover; Commissioner Navies - seconder].

At 4:25 p.m., Commissioner Moore moved to end the Closed Session. Commissioner Mandel 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 Moore moved to adjourn the meeting. Commissioner Mandel seconded the motion. The motion carried unanimously with six affirmative votes.

At 4:26 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary