

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, September 19, 2012
Laurel, Maryland**

Chair Chris Lawson called the meeting to order at 8:46 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 Gene Counihan, Commissioners Adrienne A. Mandel, Antonio L. Jones, Melanie Hartwig-Davis, and Roscoe M. Moore, Jr. 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 Lawson asked Commissioner Moore to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Jones moved to approve the agenda for the WSSC Commission meeting for Wednesday September 19, 2012. Vice Chair Counihan seconded the motion. The motion carried with six affirmative votes.

MINUTES

Commissioner Hartwig-Davis moved to approve the open session minutes of the August 14, 2012 Commission meeting. Commissioner Jones seconded the motion. The motion carried with six affirmative votes.

WSSC RETIREES

None of the four retirees were present at the meeting to be recognized. They were: David A. Newberry, Contract Manager in the Systems Inspection Group Anacostia who retired with 28 years and 1 month of service; Ahmad Karami, Relocations Unit Coordinator Infrastructure-System Group, who retired with 17 years and 6 months of service; Livingston A. Fomukong, Desktop Support Technician, Human Resources Non-Department who retired with 15 years and 7 months of service; and Felicia Y. Walker, Senior Acquisition Consultant who retired with 11 years and 5 months of service.

COMMUNICATIONS

The Communications Department showed a short video of the Bladensburg Waterfront Park inspection of a 102" pipe using a 600-pound robot. The video featured the perspective of the robot as it moved inside the pipe which was flowing with sewage.

TRIBUTE TO RICHARD C. HOCEVAR

Commissioner Mandel delivered the tribute. She stated she first met Mr. Hocevar when she worked for Montgomery County government in 1985. She was saddened upon learning of his passing on September 17, 2012. He was 86 years old. She recounted some of the highlights of what she characterized as his "quite extraordinary and distinguished career."

Nearly 40 years ago Mr. Hocevar came to WSSC following a quarter century career in the U.S. Army Air Corps. He was an administrator with the District of Columbia Department of Environmental Services. He came to WSSC in 1974 first as Deputy General Manger, later he was assigned to be Manger of Maintenance and Operations and then the General Manager in 1985. Commissioner Mandel recalled that Mr. Hocevar started his WSSC workday by visiting crews on the street before coming to the office.

In 1978 Mr. Hocevar helped WSSC to become the first utility to use trenchless pipe imported from England. Another landmark was in 1987 when Mr. Hocevar obtained the approval of county executives of both Montgomery and Prince George's County to build the consolidated office building named the Richard C. Hocevar building. It opened in 1992. A year later, in 1993 Mr. Hocevar convinced the Maryland General Assembly to allow WSSC to bill developers for the cost of providing water and sewer services to new buildings. Mr. Hocevar retired from WSSC in 1996.

Commissioner Mandel recalled a telephone call from Mr. Hocevar in 1994 when she was contemplating pursuing public office. He advised her that he was living in the district she was thinking about representing and expressed an interest in supporting her candidacy. She recalled he was a kind and considerate person who did support her during the campaign and after she became elected. She described him as a valued, trusted, and knowledgeable advisor on environmental issues and the water and sewer industry during the time she served as a member of the Maryland General Assembly. "Mr. Hocevar is remembered for his straight forward cooperative approach with county leaders in both counties and this approach improved working relationships for WSSC," Commissioner Mandel stated. She then asked the audience to stand for a moment of silence in honor of Richard C. Hocevar.

COMMISSIONER COMMENTS

Vice Chair Counihan reported on the summer conference of the Maryland Association of Counties (MACo). He described WSSC's exhibit at MACo and how it gave WSSC employees the opportunity to talk with state-wide officials and local elected persons who were attending the conference. There were a number of sessions held on various topics related to government. He noted the most valuable experience was the opportunity to network with colleagues. Mr. Counihan opined that developing these relationships is important for calling upon later for advice, guidance and/or assistance.

Commissioner Hartwig-Davis discussed her activities with part of the Leadership Prince George's Program (LPGP) and the success of the WSSC "Can the Grease" program, which was highlighted during a LPGP session.

Commissioner Jones shared information about the Maryland-DC Utilities Association Conference in Cambridge, Maryland that he attended with Commissioners Counihan and Mandel. The conference was titled, "Living in a Smart World." He noted that WSSC attorney Laura Swisher moderated a panel on Smart Customer Relations - Intelligent Interfaces. A presentation on Security for Smart Times included presentations from academia and law enforcement on cyber security and breaches of that security leading to identify theft and other cyber-related crimes.

MEDIA/PUBLIC COMMENTS

There were no comments from the media or the public.

GENERAL MANAGER'S OFFICE

Monthly Report. Mr. Johnson noted the Call Center continues at a 92% call answer rate even despite a mainframe outage, a routing issue, and a planned fire drill. The fire drill was a planned event involving several area rescue and fire squads and WSSC building management. It included Howard County, Montgomery County, Prince George's County, City of Burtonsville and City of Laurel, all of which attended the drill. It gave the crews an opportunity to conduct an exercise in a building the size of WSSC.

The pilot bill paying/collection program has been extended until the end of the year and is under evaluation to determine if the program will become permanent. Delinquencies are slightly down from last month's report.

As for the legislative proposal on the Nutrient Management Guidelines and Biosolids Application, the comment period has closed and WSSC is awaiting the outcome. Several Maryland

jurisdictions have expressed concerned but expect it to go forward anyway.

All facilities are operating well within permit parameters. Thirty-two students completed the WSSC Student Intern Program. Three were repeat students and good work product was achieved from the program.

There is a new section of dashboards in the General Manager's Report regarding workforce statistics and other human resources information.

The SLMBE Office had many community outreach activities. The Pipeline Design Manual Ad Hoc Committee has been implemented with the appointments from the counties and Park and Planning but await the assignments from the public school boards. The consultant has signed off on the contract to facilitate the committee's work and a kick-off meeting is expected to be held within a week or two from the commission meeting. Activities of the Bi-County Infrastructure Working Group now focus on the aggressive implementation of recommendations from the Working Group.

The Loudon County Water Withdrawal Permit has been progressing and a permit was issued in August. A set of principles have been agreed upon allowing Loudon's entry into the co-op agreement. There is now a 30-day comment period and letters are being distributed from WSSC, Fairfax Water, the Washington Aqueduct, Interstate Commission on Potomac River Basin (ICPRB) and the Maryland Department of the Environment. The letters express concerns with the maximum allowable daily withdrawals that are higher than they should be for general conditions on the river. Mr. Johnson was skeptical whether the letters will have an impact. A follow-up strategy includes requesting a hearing on the permit.

Mr. Johnson expects to provide a report on the Watershed Study at the November Commission meeting. This will include transcripts of hearings and letters and comments from the public all of which have been posted on WSSC's web site.

Mr. Johnson highlighted several WSSC community outreach activities and mentioned the coverage in the Washington Post on WSSC's Fats Oil and Grease (FOG) Program. He also recognized staff for serving as a panelist in the Women's Power Conference held in Bethesda, MD. Mr. Johnson congratulated the Parkway staff and the persons who attended the Tri-Association conference in Ocean City and who won first place in the Biosolids Beauty Contest, a competition among wastewater operators.

Mr. Johnson then thanked Mark Brackett for serving as Acting Budget Group Leader after the retirement of Sheila Cohen with the assistance of Letitia Carolina-Powell. He noted that for the 18th consecutive year WSSC has received the Government Finance Officers Association of United States and Canada (FGOA) Certificate of Recognition for Budget Preparation. Next he introduced Chris Cullinan who was hired as the Budget Group Leader replacing Sheila Cohen who retired. Mr. Cullen brings over 15 years of experience in budget and finance. Mr. Johnson described some of Mr. Cullen's experience that makes him a valued addition to the Budget Group and the Finance Office.

Lastly, Mr. Johnson stated WSSC has received the physical commemorating WSSC as a 25th Annual CIO Honoree. Hewlett-Packard and General Motors are among the companies that also received this award.

Mr. Traber then provided an analysis of the year-end budget results from the data in the June 30, 2012 Status Report. Several areas were less than budgeted: water consumption, debt service, waste water treatment expenses for biosolids and hauling; water treatment chemical costs, salary and wages, overtime, health care costs, street repair. An unseasonably mild winter, low interest rates, internal organization restructuring and benefit cost-saving measures all contributed to the savings during Fiscal Year 2012. Mr. Traber advised Commissioners that the Finance Office will analyze the lower expenditures to ascertain if they are timing related, i.e., some were expensed at a time that might cause them to be pushed into the next fiscal year, situational such as the items related to the weather conditions, or that the savings necessitate being redirected into other programs.

The net effect of the year's finances is that year-end revenue of \$28 million combined with prior years' net leads to a fund balance of \$112 million. Included in the fund balance is the \$40 million of WSSC reserve for working capital to protect against unexpected expenses. Any excess will be used to benefit rate payers in future budget processes, rate revenue mitigation, additional contribution towards capital reserve, or one-time uses for example such as to cover expenses of the ERP program. Mr. Traber then described the plan to raise the required reserve to \$53 million or 9% of water/sewer rate revenues which is in keeping with the long-term fiscal policy of raising working capital to 5-10% over time. He cautioned that inflationary increases have to be covered by rate increases as the more efficient plumbing appliances are leading to a flattened water use rate.

Some of the budget staff responsible for the GPOA award were present at the Commission meeting and were introduced by Mr. Traber. They were: Mark Brackett; Carolina Letitia-Powell; Rubina Barrett; Loree Benziger; and Julie Pohutsky.

Internal Audit Office

Monthly Activity Report. Mr. Dana Whiting made the monthly report on behalf of Ms. Bardwell who was not present. The report covered the period August 6, 2012 to September 7, 2012. System Development Charge savings for the period totaled \$407,000. Of the issues reviewed during the report period, 14 were starting issues; 19 were pending and 96 were closed items. All are part of the 12 audits in process. Delinquent items were described.

Board of Ethics. The Board of Ethics held its regularly-scheduled meeting on September 13, 2012. Eight new employees received ethics training on August 20, 2012 from the Ethics Officer. Several closed and open items were reviewed.

Fraud Waste Abuse Hotline. Mr. Whiting then gave the statistics for the use of the Hotline as of September 7, 2012. The top case types were: 7 customer relations; 7 safety and sanitation; 5 fraud; 5 policy; and 4 conflicts of interest. He then noted that 61% are closed; 30% are in progress; 7% are new and 2% are on hold. As for reported incidents, 48% were unsubstantiated; 44% required corrective action; 4% were withdrawn; and 4% were outside the WSSC district. From October 20, 2011 to June 20, 2012 company violation and customer interaction incidents for WSSC were greater than comparable industries such as public administration, transportation and utilities.

Risk-Based Audit Plan. Mr. Whiting asked if there were any questions about the Risk-Based Audit Plan which would be voted on as part of the consent calendar. There were no questions or comments.

DEPARTMENT BRIEFINGS

Finance

Schedule for Approving 2013 Front Foot Benefit Rates and House Connection Charges. Mr. Traber requested that the public hearing on 2013 front foot benefit rates be held November 19, 2012 at 2:30 p.m. at Richard G. Hocevar building.

Resolution 2013-1981. Commissioner Hartwig-Davis moved to approve Resolution 2013-1981 that designates Chris Cullinan as the Primary Agent and Jieying Quian as the Alternate Agent for WSSC matters involving the Federal Emergency Management Agency and the

Maryland Emergency Management Agency. Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

Engineering & Construction

Contract BR5228A11. Mr. Gumm had one construction contract, to wit BR5228A11 for Water Main Replacement sub-titled College Park, IV. Commissioners received information about the winning bid.

Contracts CP4231C05 and CD5170A11. Mr. Gumm next presented to Commissioners for approval two architectural and engineering contracts: CP4231C05, Amendment for Design Services During Construction, Broad Creek Augmentation Project; and CD5170A11, Piscataway Waste Water Treatment Plant Facility Plan.

CONSENT CALENDAR

Commissioner Mandel moved that the Commission approve Resolution 2013-1982 that adopts the Consent Calendar for the September 19, 2012 Commission meeting containing the following items:

A. Finance

Schedule for Approving 2013 Front Foot Benefit Rates and House Connection Charges.

B. Engineering and Construction

Construction Contract

BR5228A11, Water Main Replacement College Park, IV to Rustler Construction, Inc. in the amount of \$1,297,495.00.

Architectural and Engineering Contracts

1. CP4231C05, Amendment for Design Services During Construction, Broad Creek Augmentation Project to Gannett Fleming/Hatch Mott MacDonald Joint Venture in the amount of \$7,992,772.49.

2. CD5170A11, Piscataway Waste Water Treatment Plant Facility Plan to AECOM Technical Services, Inc. in the amount of \$2,606,717.00.

C. Internal Audit

Fiscal Year 2013 Risk-Based Audit Plan

Commissioner Hartwig-Davis seconded the motion. The motion carried with six affirmative votes.

General Manager's Office

Amendment Two to Resolution 2010-1876 Delegating Authority to the General Manager. Mr. Gumm asked that Commissioners approve a revision to paragraph six of the Delegation of Authority to the General Manager/Chief Executive Officer. This change clarifies the authority for change orders regarding net cumulative amounts and

compensable time. Commissioners requested a red-line copy of the changes and deferred voting until later in the meeting.

Design Manual Amendment - Status Report. Mr. Johnson provided information during his monthly report but noted that the consultant has been hired and a kick-off meeting would be scheduled. All committee members have been assigned except for the public school board members.

Watershed Study. Ms. Claudia Koenig of the General Counsel's office reported on the process for responding to a Maryland Public Information Act request from certain persons interested in the policy changes that impact use of the WSSC watershed. The report covered specific questions from Commissioner Hartwig-Davis. The matter was tabled until the afternoon session.

Human Resources Dashboard Briefing. Ms. Yvonne McKinney provided an overview of the dashboards on workforce management that will be a part of the General Manager's Report beginning with this month's meeting packet. She also described the recruitment workflow process in the Human Resources Office. Her briefing was supported by a slide presentation.

LUNCH RECESS

At 12:42 p.m. Chair Lawson called for the lunch recess. The meeting resumed at 1:48 p.m. Commissioner Moore left the meeting during the lunch break.

AFTERNOON SESSION COMMISSIONERS' CONFERENCE ROOM

Intergovernmental Relations Office

2013 Legislative Proposals. Mr. Wineland presented several legislative proposals for the upcoming legislative session.

Commissioners' Salaries. Prince George's Delegation asked to bring back this legislation drafted to empower county executives with the discretion to award a supplemental salary for WSSC Commissioners. Commissioner Hartwig-Davis moved that the Commission approve the proposal on changing Commissioners' salaries and include language to require any supplemental salary to be the same in each county. Commissioner Mandel seconded the motion. The motion carried with five affirmative votes.

Nutrient Management Bio-solids. Commissioner Mandel moved that the Commission approve the filing of the Nutrient Biosolids Bill. Commissioner Jones seconded the motion. The motion carried with five affirmative votes.

SLMBE Legislative Report. Commissioner Hartwig-Davis moved that the Commission approve the filing of the bill to change the due date of the annual report from the SLMBE Office to October 30th from September 15th. Commissioner Jones seconded the motion. The motion carried with five affirmative votes.

Corporate Secretary's Report

Ms. Bundy first distributed a white paper on an ethics topic prepared by the Ethics Officer, Kim Neal and then she gave an update on her activities for the month including her experience at the Maryland Association of Counties Conference.

Committee Reports

Personnel & Governance. Commissioners Hartwig-Davis and Mandel continued their review of the Governance Policy that now includes the comments from General Counsel Blask. They noted receipt of additional materials to add to the Policy on confidentiality.

WSSC Employee Pension Board of Trustees. As the Board did not meet in August, there was no report this month.

Telephone Meeting. Commissioners agreed to hold a meeting on Thursday, September 27, 2012 at 3:00 p.m. to approve the transmittal of the WSSC 2014-2019 Capital Improvements Program.

CLOSED SESSION

At 2:49 p.m. Commissioner Jones moved that the Commission go into Closed pursuant to Maryland State Government Article 10, Subtitle 5, Section 10-508(a)(13) to approve the August 14, 2012 Closed Session Minutes; Sections 10-508(a)(7) to obtain legal advice concerning legislative proposals; Section 10-508(a)(1) to discuss a personnel matter related to a direct report; and Section 10-508(a)(10) to receive a briefing on company vulnerability and security. Commissioner Mandel seconded the motion. The motion carried with five affirmative votes.

Commissioners

At 2:51 p.m. Chair Lawson declared the meeting was closed.

CLOSED SESSION

ATTENDEES: Chair Chris Lawson; Vice Chair Gene Counihan, Commissioners Adrienne A. Mandel, Antonio Jones and Melanie Hartwig-Davis; General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Charlett Bundy.

Closed Session Minutes. Commissioner Jones moved to adopt the Closed Session Minutes for the August 14, 2012. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes as Commissioner Hartwig-Davis was temporarily out of the room.

Legislative Proposals. At 3:00 p.m. Mr. Kirk Wineland joined the meeting while Mr. Blask shared his legal opinion on certain legislative proposals.

Commissioner Mandel moved to approve the filing of the bill to amend the statutory rule regarding venue options for filing actions against WSSC. Commissioner Jones seconded the motion. The motion carried with five affirmative aye votes.

At 3:25 p.m. Kirk Wineland, Jerry Blask and Charlett Bundy left the closed session.

Commissioners held a discussion on a personal matter involving a direct report.

At 4:10 p.m. Chris Brous, Julian Caesar, Roscoe Wade, Terry Rankin and Mujib Lodhi joined the closed session. Commissioners received a briefing on security at WSSC. At 4:50 Mr. Brous left the meeting and a discussion ensued about cyber security at WSSC. At 5:30 p.m. Julian Caesar, Mujib Lodhi, Roscoe Wade, and Terry Rankin left the meeting.

Commissioner Mandel moved to end the closed session. Commissioner Jones seconded the motion. The motion carried with five affirmative votes. At 5:51 p.m. Chair Lawson declared the meeting was re-opened.

OPEN SESSION RESUMED

Amendment Two. Commissioner Mandel moved that the Commission approve Amendment Two to the Delegation of Authority to the General Manager/CEO that modifies paragraph six. Commissioner Jones seconded the motion. The motion carried with four affirmative votes as Commissioner Hartwig-Davis was temporarily out of the room.

ENGINEERING SCHOLARSHIP

SP GOV 13-01. Commissioner Counihan led the discussion on the procedure for awarding the WSSC Commissioners' Engineering Scholarship. He asked that the requirement that applicants be enrolled as a full-time student be added to the procedure. He also asked that scholarship winners get priority consideration for

paid WSSC internships and that this be added to the procedure as well. The vote on SP GOV 13-01 was tabled until the September 27, 2012 meeting.

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

Adjournment

Commissioner Jones moved to adjourn the meeting.

Commissioner Mandel seconded the motion. The motion carried with four affirmative votes. At 5:55 p.m. Chair Lawson declared the meeting was adjourned.

Respectfully submitted,

 //signed//
Charlett Bundy
Corporate Secretary