

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, October 16, 2013
Laurel, Maryland**

Chair Gene W. Counihan called the meeting to order at 8:44 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, Roscoe M. Moore, Jr., and Mary Hopkins Navies, were present at 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.

PLEDGE OF ALLEGIANCE

Chair Counihan opened the meeting by asking Commissioner Jones to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Lawson moved to adopt the Commission's October 16, 2013 Public Meeting Agenda, to which Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Jones moved to approve the open session minutes of the September 18, 2013 and September 25, 2013 Commission Meetings, as drafted, to which Commissioner Moore seconded the motion. The motion carried with six affirmative votes.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of October 2013: Rose B. Handon-Brown (August 2013 Retiree), Support Aide, Human Resources Non Departmental/COB, retired with 6 years and 10 months of service; John M. Lazo, Fleet Technician, Fleet Services Group/Laurel, retired with 30 years and 7 months of service; Crystal Y. Savoy (present at meeting), Contract Manager, Systems Inspection Group/Temple Hills, retired with 33 years and

one month of service; and, Forrest H. Breakey (present at meeting), Contract Manager, Systems Inspection Group/Anacostia, retired with 29 years and 7 months of service.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on "WSSC's Brighton Dam;" however, due to technical difficulties, the video was not able to be shown in its entirety [and is available on You Tube]. Brighton Dam, one of WSSC's primary sources of water, was built in 1942 and holds back about 8 billion gallons of water in the Triadelphia Reservoir. The video was originally developed to educate area students on *where our water actually comes from...* WSSC has been hosting students from across the two counties for several years now and the video serves as a learning tool in classrooms and provides teachers a sneak peak at what their students learned on those respective field trips.

COMMISSIONER COMMENTS

Commissioner Jones shared with Commissioners and the public that this [meeting] would be his last meeting of the Commission as his four year term is up and the County Executive [for Prince George's County] is in the process of selecting his replacement who will likely be present at the next Commission meeting in November. Commissioner Jones thanked his colleagues on the Board and the General Manager and staff for their support, noting how tremendous this experience has been serving the Commission these past four years. The Chair and fellow Commissioners joined in recognizing Commissioner Jones for his excellent service, significant contributions and steadfast dedication to the Commission.

PUBLIC COMMENTS

Five members from the public were recognized to speak before the Commission with two additional public statements read and submitted by one of the guests. Debby Poole, Terry Ledley, Denis Webb, John Railey, Lucy Ertter, Barbara Sollner-Webb, and Laurel Santamarina commented on the equestrian trails at the Rocky Gorge Reservoir, sharing how all are frequent users and riders of the trails and requesting that WSSC reconsider the following: 1) the ban on winter riding [amending recreational use watershed regulations and reopening the trails during winter months]; 2) improving the entrances and access to the trails including increased access to parking; and 3) assessment of access fees.

All of the guests also expressed pleasure and gratitude to WSSC for the excellent maintenance, upkeep and condition of the trails, noting that the hotline instituted last year (to alert users/riders of when the watershed is open or closed due to bad weather conditions) is an excellent service, suggesting that it also be used during the winter months which should allay WSSC's concerns that winter riding and the related elements would damage the trails.

MEDIA COMMENTS

There were no comments from the media.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson reported that several events affected the call center performance in September, noting that the answer rate was at 84% for the month; Management continues to work on staffing, training and technology in an effort to pull the numbers up. The budget is on target, both on expenditures and revenue. All plants are well within the permit parameters for the month; however, WSSC did experience a sanitary sewer overflow (SSO) at the Broad Creek Wastewater Pumping Station in Fort Washington, Maryland on Friday, October 11th. The excessive rainfall caused high flows which exceeded the pump station's capacity. Appropriate notifications were made to the Maryland Department of the Environment (MDE) and Prince George's County Health Department, requisite signs were posted and the necessary cleanup conducted. [The estimated overflow volume was originally reported at 3.9 million gallons of raw sewage but this estimation was found to be erroneous and was revised after careful analysis of past overflows with similar characteristics to 105,000 gallons.]

The Environmental Protection Agency (EPA) conducted a full scale laboratory exercise with several State agencies and federal laboratories from around the country during the week of September 23, 2013, in which the WSSC Laboratory Services Group also participated; specific details can be found in the General Manager's report on page 4 (incorporated herein by reference).

Limited production testing began on October 1st at both the Seneca and Western Branch Wastewater Treatment Plants in connection with

the Solar Project that is currently underway; WSSC to hold ribbon-cutting events at both sites on November 6, 2013.

Senator Douglas Peters of the Maryland Legislature, Prince George's County, held a Task Force Meeting at WSSC RGH Headquarters on October 2, 2013 to discuss Front Foot Benefit Rates with local residents. WSSC's past and current role was discussed and the primary focus centered on the developers and their utilization and execution of the charges. The State of Maryland is drafting a final report which should be available in December.

WSSC has been teaming up with national industry organizations on the disposable wipes issue affecting (clogging) sewer systems locally, around the country and abroad, and is advocating for the regulation of these products and the requiring of manufacturers to modify their claims relating to the "disposable" nature of these products.

Water main reconstruction is ahead of target; sewer main replacement and repair continues to lag; however sewer laterals are ahead of schedule. The lag is attributed to the DNR issues.

WSSC hosted its 7th Annual "How to Do Business with WSSC" event on September 27th at WSSC RGH Building, which drew a full house with 751 participants and 98 suppliers in attendance. The purpose of the event is to introduce suppliers and entrepreneurs to WSSC's contracting processes and requirements for goods, supplies and professional, architectural, engineering and construction services. Other community outreach events can be found on page 19 of the General Manager's Report (incorporated herein by reference).

WSSC held a series of meetings with the Council of Montgomery County and its T & E Committee and discussed several issues, including the Chevy Chase water main break, emergency preparedness and budget affordability. Management also held a similar meeting with the T H E Committee in Prince George's County on budget spending affordability.

Hak Kwon has been named WSSC's first Chief of Utility Services, effective October 15, 2013. The Chief of Utility Services is a newly-created position and it, along with the new position of

Chief of Customer Relations, will oversee the Customer Care operations. Mr. Kwon will be responsible for repair and maintenance of the water distribution system, the wastewater collection system, and meter operations. The position reports directly to the General Manager and is charged with the critical oversight responsibilities of inspecting the hundreds of miles of large water transmission lines, inspecting and repairing thousands of vaults in the system, repairing breaks and leaks in pipes and replacing approximately 12 miles of water main each year. Mr. Kwon brings over 32 years of civil engineering experience to the role. He is from Seoul, South Korea and came to the United States in the late 1970s. He received his Bachelor of Science Degree in Civil Engineering in 1981 from The George Washington University (GW), which is the same year he was hired at WSSC. He received his Master of Science Degree in Structural Engineering from GW in 1985 and was promoted to Principal Structural Engineer at WSSC around the same time. He has also served as Senior Structural Engineer (1988), Customer Care West Group Leader (2006) and most recently as Customer Care North Group Leader (2010). The General Manager recognized Mr. Kwon and the Chair and Commissioners joined in congratulating him.

As of October 1, 2013, the Commission has instituted the new Maryland State prevailing wage law requirements which will affect all WSSC public works construction contracts advertised after October 1st and over \$500,000.

The Commission held its 13th Annual Family Campfire and Watershed Fair on September 28, 2013 at the field across from the RGH Building, which yielded a great turnout.

WSSC was nominated and selected for the 2013 Public Entity of the Year Award from the Maryland/District of Columbia Minority Supplier Development Council.

The WSSC United Way/Water Fund Campaign kicked off on September 26, 2013 and WSSC was named as one of the top 150 Corporate Partners in the United Way of the National Capital Area for the 2012-2013 Campaign. The Campaign runs through October 25, 2013 and WSSC has set a goal of \$65,000.

Lastly, the General Manager recognized the recipients of the "Peak Performance Awards" presented by the National Association of Clean

Water Agencies, which distinguishes member agencies' facilities each year for outstanding clean water (non-pollutants) permit compliance. For Calendar Year 2012, all six of WSSC's wastewater treatment plants received peak performance awards.

Supply Chain Management Transformation Plan. The General Manager circulated the three year supply chain management transformation plan (incorporated herein by reference) that the Chief Procurement Officer had discussed with Commissioners at the last Commission meeting. This plan is comparable to the strategic plan produced by IT and provides guidance on how WSSC will execute the plan and move into the new supply chain management model over the next few years.

SLMBE Fiscal Year 2013 Legislative Report. Thomas "Mike" Turner, Acting Director, Small, Local and Minority Business Enterprise (SLMBE) Office, presented the Fiscal Year 2013 SLMBE Program Legislative Report. Specific details are contained in the Draft SLMBE Legislative Report for Fiscal Year 2013 circulated to the Commission and incorporated herein by reference.

Overall, the FY 2013 Legislative Report highlights the SLMBE program accomplishments in promoting inclusion of diverse suppliers in WSSC contracting opportunities and as such, WSSC paid \$92.1 million in contract payments to Minority and Women Business Enterprises (M/WBEs) - this amounts to 20 percent of total contract payments, which is 8 percent less than FY 2012; awarded \$256.2 million to M/WBE contracts - 31 percent of total awards, and \$127.2 million more than in 2012; and awarded \$1.6 million to Small, Local Business Enterprises (SLBE) contracts. 67 percent of MBE payments were paid to firms in Prince George's and Montgomery Counties and the State of Maryland and total contract awards increased in FY 2013 by \$113 million, which is an indicator of an increase in future payments over time.

The report also describes other accomplishments and the numerous outreach activities of the SLMBE Office, which includes the launching of a compliance awareness campaign and new web-based compliance tool and registration of 1078 new suppliers - 152 MBE firms and 102 SLBE firms. The Legislative Report will be sent to Maryland legislators by the October 31st deadline.

Following Commissioner questions, 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 for the period of September 9, 2013 through October 4, 2013. Fiscal year-to-date savings for the System Development Charge (SDC) Audits total approximately \$2,600. Two discussion drafts have been issued for two audits - Laboratory Services Regulatory Compliance and Consent Decree Compliance Audit. With regard to internal audit follow-up activities, no action items were closed since last status report of September 6, 2013. The Internal Auditor pointed out that there are 2 delinquent action items that are over 90 days delinquent, which reside in HR.

Board of Ethics. The Board held its regularly-scheduled meeting on September 12, 2013 and discussed several open and closed items.

Code of Ethics Training. The Ethics Officer provided training to 13 new hires on September 30, 2013. Commission-wide annual ethics training is wrapping up with last training session held on yesterday. To date, 98% of the WSSC workforce has been trained.

External Auditors. The external auditing firm of Bazilio Cobb Associates submitted its Opinion Letter for the year ended June 30, 2013 financials and will present its findings to the Commission at the November 20, 2013 Commission meeting.

Fiscal Year 2014 Risk-Based Audit Plan. In accordance with the International Standards for the Professional Practice of Internal Auditing, the Chief Audit Executive communicates the internal audit activity's plan and resource requirements to senior management and the board for review and approval.

Following discussion, on motion made by Commissioner Navies and seconded by Commissioner Jones, the Commission approved, by a vote of five-to-zero, the Fiscal Year 2014 Risk-Based Audit Plan, as proposed by the Internal Audit Manager [Commissioner Moore briefly left the meeting room and thus, was absent during the vote].

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

DEPARTMENT BRIEFINGS

ACTION ITEMS

ENGINEERING AND CONSTRUCTION

Contracts for Commission Approval

Chief Engineer Gary Gumm of Engineering & Construction presented one architect/engineer contract and two construction contracts; and Acting Team Chief, Customer Care Derrick Phillips, along with WSSC's new Chief of Utility Services Hak Kwon, presented one contract, for Commission approval. [Such contracts were approved as part of the October Meeting Consent Calendar].

CONSENT CALENDAR

Chair Counihan called for a vote of the contracts listed on the Consent Calendar for the October 16, 2013 Commission Meeting.

Whereupon, Commissioner Jones moved that the Commission adopt Resolution 2014-2028, approving the items on the Consent Calendar for the October 16, 2013 Commission Meeting, as follows:

A. Engineering and Construction

Architect/Engineer Contracts

1. Amendment 3, BE1775D96, Collington Elevated Water Storage Facility Engineer Design Services During Construction, to Whitman, Requardt & Associates, LLP, in the amount of \$140,211.90.

Construction Contracts

1. BE1775D96, Collington Elevated Water Storage Facility, to Landmark Structures I., L.P., in the amount of \$9,385,800.00.
2. PM0002A12, Large Meter Vaults and Meter Replacements IDIQ, 5 Awards, to J. Fletcher Creamer & Son, Inc.; Ross Contracting, Inc.; Mid-Atlantic Utilities, Inc.; Anchor Construction Corporation; and, Rivers Construction Group, Ltd., for a total upset limit of \$8,000,000.00.

B. Customer Care

1. **Change Order No. 4, PCCP Emergency "On-Call" Rehabilitation & Repair, Contract 5791, to Orbit Construction Corporation; Spiniello Companies; and W.F. Wilson & Sons, Inc., for a total amount of \$17,400,000.00.**

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

ADDITIONAL BRIEFINGS**CONSENT DECREE UPDATE**

Chief Engineer Gary Gumm provided Commissioners with a quarterly update on the status of projects being undertaken to comply with the Consent Decree. Mr. Gumm circulated copies of the presentation he reported from which is incorporated herein by reference.

Detailed information can be found in the presentation handout.

In summary, Mr. Gumm reported on schedule status, IDIQ contracts awarded, work ongoing, work completed, projected/actual costs to date and areas of concern. Cumulative Program Costs projected at over \$900 million with total costs to complete the entire Consent Decree program estimated at \$1.4 billion. Areas of concern continue to center around External Resources; National Park Service/Environmental Assessments; Rights of Entry; Maryland Department of Natural Resources (DNR) Mitigation/Forest Conservation Plans, Joint Permits and Consent Decree Modification.

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

COMMISSION OFFICE

Virginia Manor Road - Proposed MOU between Prince George's County and WSSC. The Commission was briefed last month by the General Manager and Prince George's County officials on the Virginia Manor Road development project and a request from Prince George's County to enter into a fifty-percent cost-sharing agreement with WSSC to relocate two of WSSC's pre-stressed concrete cylinder pipes ("PCCP") in connection with the County reconstruction project. The General Manager also responded to questions posed by

Commissioners at the September meeting and the proposal is now before the Commission for action.

Whereupon, a motion was duly made by Commissioner Lawson and properly seconded by Commissioner Moore to authorize the General Manager to enter into a fifty-percent cost-sharing agreement with Prince George's County to relocate two of WSSC's pre-stressed concrete cylinder pipes (PCCP) in connection with the Virginia Manor Road reconstruction project in Prince George's County, with specific details to be set forth and outlined in the respective agreement. The motion carried unanimously by a vote of six-to-zero.

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month commenting, among other things, that she recently attended the Annual Meeting of the Maryland Open Meetings Act Compliance Board ("OMCB"), which provided a great opportunity for the Corporate Secretary to network with other governance professionals and discuss with members of the OMCB pressing issues, interests and concerns relating to the Act requirements and new and proposed legislation.

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 July/August 2013 reporting period. At August 31, 2013, the Plan's assets were \$697.9 million, which represents a year-to-date investment gain of \$47.1 million or an increase of 7.0% (from December to August). Commissioner Moore directed Commissioners to the summary report contained in the board materials for further details. The next meeting of the Employees' Retirement Plan Board of Trustees will be held on October 30th.

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

Personnel, Governance & Legislation. Commissioner Lawson provided an update of the activities of the Committee, noting that the Committee has implemented procedures for monitoring leave of the Commission's direct reports and will conduct the annual

performance evaluations of the General Manager and Internal Audit Manager next week.

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 is planning to meet with the full Bi-County working group at WSSC on October 23, 2013 to brief the full group on its work and proposed framework on a new process for utility extensions to unserved and underserved areas. A final report is expected to be provided to the Commission at its November meeting.

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

The Corporate Secretary advised the Chair that the Commission should entertain a motion to go into Closed while in Open Session, to which the Chair agreed. Following the vote, the Commission will recess for lunch and reconvene in Closed Session in the Commissioners' Conference Room following lunch.

CLOSED SESSION

Whereby at 11:50 a.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 September 18, 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 pending litigation; and, Section 10-508(a)(8) to consult with staff, consultants or other individuals about pending or potential litigation. Commissioner Mandel seconded the motion. The motion carried unanimously with six affirmative votes.

At 11:51 a.m., Chair Counihan declared the meeting was Closed. The Chair then called a recess for lunch at 11:51 a.m. The meeting reconvened into Closed at 1:15 p.m.

ATTENDEES: Chair Gene Counihan; Vice Chair Chris Lawson; Commissioners Antonio Jones, Adrienne Mandel, Mary Hopkins Navies

