

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Monday, November 19, 2012
Laurel, Maryland**

Chair Chris Lawson called the meeting to order at 8:45 a.m. in the Auditorium of the Richard G. Hoyer 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 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. Commissioner Adrienne Mandel was absent.

PLEDGE OF ALLEGIANCE

Chair Lawson asked Commissioner Hartwig-Davis to lead the pledge of allegiance.

AGENDA APPROVAL

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

MINUTES

Vice Chair Counihan moved to approve the open session minutes of the October 17, 2012 Commission meetings. Commissioner Jones seconded the motion. The motion carried with five affirmative votes.

WSSC RETIREES

This month five employees retired. Those in attendance at the Commission Meeting were: Gloria B. Trope, Senior Strategic Management Advisor, Strategic Systems Management Office who retired with five years and seven months of service and John C. White, Public Affairs Manager in the Communications and Community Relations Group who retired with five years and three months of service.

Sally Barkley who retired in October appeared at the meeting to be recognized. She retired as the Functional

Implementer II in the Information Technology Team Office with 31 years and 6 months of service.

The three retirees not in attendance were: William A. Stapleson, Jr., a Senior Water Distribution Operator in the Systems Control Group who retired with 31 years and 4 months of service; Charlotte A. Tyndle, a Senior Wastewater Plant Operator in the Piscataway Group who retired with 25 years and 3 months of service; and Joseph R. Wright, a Field Service Representative in the Customer Care West Group who retired with 25 years and 3 months of service.

COMMUNICATIONS

This month the Communications Department showed a video clip from News Channel 4 (Washington, D.C.) featuring WSSC's Fats, Oil and Grease (FOG) Unit and the Can the Grease program.

COMMISSIONER COMMENTS

Commissioner Hartwig-Davis shared a photo of her son with a deer he had killed during one of WSSC's managed deer hunts.

Vice Chair Counihan noted that Commissioner Mandel was on vacation and the two with their spouses were supposed to meet in Barcelona but a political protest blocked traffic precluding the meeting before Commissioner Mandel's ship left Barcelona for the U.S.

MEDIA/PUBLIC COMMENTS

There were no comments from the media.

GENERAL MANAGER'S OFFICE

Monthly Report. Mr. Johnson's report began with the news that the Call Center sustained continued improvement since the previous month. The call answer rate averaged 96% even though a couple of days the answer rate was as high as 98%.

Mr. Johnson called Commissioners' attention to the slight uptick in delinquencies. This was because of a large federal account but at the time of the meeting, payment arrangements had been made on the account with one payment already received.

Hurricane Sandy dumped seven to nine inches of rain in three days as measured at the Patuxent Plant. All plants sustained high flows with overflows at the Broad Creek and Fort Washington plants. Some employees slept at the Richard G.

Hocevar Building to ensure continuation of water flow. Mr. Johnson highlighted the differences in being prepared for a predicted storm versus the unpredicted derecho from last summer.

All plants operated within their respective permit parameters for the reporting period. As the weather gets colder there has been a gradual increase in the number of pipe breaks. Winter preparation has begun with the storing of supplies and other materials needed to manage the increasing pipe breaks.

Water main and lateral repair/replacement continue to be ahead of projections for completion. A new web-based tool for tracking compliance with the Small, Local, Minority Business Enterprise Program has been implemented, replacing Sym-Trac. Some vendors were trained in the new software.

Organization budgets are all on target; the bond sale was delayed due to the hurricane but all rating agencies reaffirmed WSSC's AAA rating by the time of the sale. The all-in rate was 2.27, what Mr. Johnson characterized as "an incredible interest rate" on the 30-year bonds that totaled \$250 million.

Mr. Johnson advised that the new nutrient management regulation enacted by the State of Maryland will begin immediately. The Maryland Department of the Environment will notify WSSC on how the implementation plan will work.

The Communications Department launched, "Go Green," a program to make customers aware that paperless billing is now available. It also gives customers a chance to pay online without the \$3 fee now charged by a vendor for credit card payments. Even without advertising, on the first day over 500 customers signed up on the web site and last week a total of 1700 customers opted for the payment plan.

WSSC had a United Way goal of \$65,000 and \$58,572 was raised. Mr. Johnson thanked all employees for their generosity.

The Communications Department received several MAR-COM Video Awards: A platinum award for "Mobile App I"; gold awards for "Mobile App II" and "How to Check for Toilet Leaks"; and honorable mention awards for "WSSC and the Bay Fund/Financial Hardship Exemption Program" and "Can the Grease" about the negative impact of grease on the sewer system. Mr. Johnson

extended kudos to all in the Communications Department for these awards.

ADDITIONAL COMMISSIONER COMMENTS

Commissioner Jones commended the organization for its tremendous efforts in the call center answer rate improvements.

Chair Lawson commended the staff for working during Hurricane Sandy to ensure continued service to the customers.

Internal Audit Office

Monthly Activity Report. Ms. Maxene Bardwell provided an update on the activities in the Internal Audit Office. The report covered the period October 8, 2012 to November 2, 2012. System Development Charge savings for the period totaled \$407,000. She reviewed the status of some of the current audits.

Board of Ethics. The Board of Ethics held its regularly-scheduled meeting on October 11, 2012. Several closed and open items were reviewed. Code of Ethics training was cancelled due to Hurricane Sandy. An administrative professional will support both the Ethics Officer and the Fair Practice Officer and may be hired as soon as within the next 30 days.

External Auditors. Albert Lucas and Genes Malasy of Basilio, Cobb and Associates (BCA) presented the outcome of the Fiscal Year 2012 Audit. Audit results of the Fiscal Year 2011, ending June 30, 2012 were unqualified. With regard to the Office of Management and Budget Circular A-133 Audit, BCA issued an unqualified opinion as to the report on internal control over financial reporting and other matters and an unqualified opinion regarding compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance. Mr. Lucas explained that unqualified opinions with no findings constitute a good report. BCA reviewed annual financial statements and no significant deficiencies or material weaknesses in internal controls were found.

Commissioner Moore made the following disclosure upon the conclusion of the report: "Just for full disclosure, I have an affiliation with a senior official at the audit firm. We serve on a board for Constituency for Africa. I have no financial ties with the auditing group and no financial ties with Constituency for Africa."

Chair Lawson stated he has a relationship with the auditing group. He clarified that, "The disclaimer in terms of having a relationship with Basilio, Cobb and Associates dates back to 1996 when I was hired as their insurance broker and I am still today their insurance broker." There were no comments or questions about this disclaimer or Dr. Moore's.

Vice Chair Counihan then expressed and acknowledged the good work that led to the good report from the external auditors.

DEPARTMENT BRIEFINGS

Customer Care

Contract 6271. Mr. Derrick Phillips provided Commissioners information on riding this contract with Baltimore City for the valve and hydrant exercising program.

Engineering & Construction

Construction Contract

C16003A11. Mr. Gary Gumm described this contract which is part of Consent Decree work for an indefinite delivery/indefinite quantity sewer main, sewer house connection and manhole repair, replacement and renewals of sewers in environmentally sensitive areas for Rock Creek Basin

Contract BL3192A01. Mr. Gary Gumm briefed Commissioners on this contract for purchasing/installing a 24" transmission main for Oak Grove/Leeland Road.

Production

Contract 6110, Change Order 1. Mr. James Price explained the necessity for this first change order for the contract for purchasing methanol for use at Piscataway Wastewater Treatment Plant.

CONSENT CALENDAR

Commissioner Hartwig-Davis moved that the Commission approve Resolution 2013-1986 that adopts the Consent Calendar for the November 19, 2012 Commission meeting containing the following items:

- A. Customer Care
Contract 6271 for Valve and Hydrant Exercising Program to Wachs Utility Services in the amount of \$ 1,500,000.
- B. Engineering and Construction

Construction Contracts

1. C16003A11, (Consent Decree) Indefinite Delivery/Indefinite Quantity Sewer Main, Sewer House Connection and Manhole Repair, Replacement and Renewals of Sewers in Environmentally Sensitive Areas for Rock Creek Basin to four most responsive and responsible bidders: Cherry Hill Construction, Inc, Inland Waters Pollution Control, Inc., Layne Inliner, LLC and SAK Construction, LLC for a total of \$70,000,000.00.

2. BL3192A01, Oak Grove/Leeland Road 24" Transmission Main to American Infrastructure-MD, Inc. dba American Infrastructure in the amount of \$5,846,550.00.

C. Production

Contract 6110, Change Order, for Piscataway Wastewater Treatment Plant to Ride Western Branch's Methanol Contract to Intercoastal Trading, Inc. and C&E Services, Inc. at an up-set limit of \$500,000.

Commissioner Counihan seconded the motion. The motion carried with four affirmative votes (Commissioner Moore was off the dais).

Finance Office

Ms. Kim Luquette of the Finance Office explained the basis for establishing Front Foot Benefit Rates. She then proposed Commissioners adopt the 2013 rates at \$4.80 per foot for water and \$7.18 for sewer to be paid annually over 20 years. Next she addressed house connection charges for 2013. The proposed rates include the change of using one rate for both the one-inch and the 1-1/2 inch pipes since the latter has become the standard.

General Manager's Office

Design Manual Amendment - Status Report. Mr. Johnson reminded Commissioners that the scope of work had not been clarified and that the new members of the committee would receive invitations to participate.

Intergovernmental Relations Office

2013 Legislative Agenda. There was discussion about the strategy for staffing committee meetings on matters related to bills put forward by the Commission.

SLMBE. With the absence of SLMBE Director Towanda Livingston, Mr. Johnson gave an overview of the 2012 SLMBE Legislative Report. The report is late due to the need to clarify statistical data that is not gathered and analyzed until after the end of the fiscal year. Mr. Johnson reminded Commissioners that a legislative proposal requests a date later

than September 15 to submit this report so that in the future, it can be filed timely with the Maryland Legislature.

Overall, the legislative support highlights the small local minority business enterprise program accomplishments in promoting inclusion of diverse suppliers in the WSSC contracting opportunities and as such WSSC has exceeded its aspirational goal for MBE payments; increased participation of SLMBE firms in Commission's contracting opportunities and supported development of business capacity and competitive advantages through commission-hosted vendor training programs. FY 2012 total contract payments were \$365,680,655. MBE contract payments totaled \$102,281,071 or 28% of the total payments. It exceeds the fiscal year's aspirational goal of 26%. The report also describes the outreach activities of the SLMBE Office that resulted in 1526 new registrants in the CBR with 79 new suppliers approved as SLMBE firms.

The Legislative Report will be sent to the Maryland legislators later in the month. Commissioner Counihan said the report is something the company can be proud of and he saluted Mr. Johnson and the management and staff of the SLMBE Office.

Engineering and Construction.

Loudon County Water Intake Permit. Mr. Johnson noted that WSSC is an active member of the Interstate Commission on the Potomac River Basin (ICPRB) which includes WSSC, The Washington Aqueduct, and Fairfax Water. The ICPRB agreement establishes how WSSC and others to the agreement that now includes Loudon County, monitor and operate withdrawals from the Potomac River. Dr. Roland Steiner, WSSC Regional Water and Wastewater Manager, provided an explanation of how the Loudon County withdrawal will be removed and stored if not used and how/where Loudon County would withdraw from the Potomac, which is upstream of WSSC reservoirs but downstream of WSSC withdrawals. The withdrawal permit contains conditions before and after the quarry comes on line. Commissioners were advised of the next step in the development of the ICPRB agreement that would address Loudon County's use of the Potomac River.

Watershed Study Briefing. Commissioners received a copy of the consultant's report on the Patuxent Reservoir Watershed

Protection Study. Commissioners learned of the Phase I study including the next steps for WSSC. The presentation was given by Mr. Gumm, with assistance of Mr. Jim Neustadt Director of Communications, Mr. Jay Price Production Team Chief, and Mr. Roscoe Wade Director of Logistics. EA Engineering Science and Technology conducted the study. It took ten months to complete.

Information Technology. Mr. Mujib Lodhi set out in detail, the Strategic Plan for his department and the capital needed to support this plan.

Corporate Secretary's Report

Commissioners received a report on the month's activities for Ms. Bundy.

Committee Reports

Personnel & Governance. Commissioners Hartwig-Davis stated the committee is reviewing the Standard Operating Procedures. Work continues to develop consistency in evaluating direct reports by developing standard procedures for this process and the procedures are expected to be completed by the end of January after receipt of additional information from Mr. Johnson. The final evaluation for this year will be conducted the week after the commission meeting.

WSSC Employee Pension Board of Trustees. There was no meeting in November so there was no report.

Bi-County Infrastructure Funding Working Group. The group met October 24, 2012. Three additional meetings were scheduled but due to Hurricane Sandy, one meeting was cancelled. Participants include members of the Prince George's County Health Department who provided information on underserved and un-served residents. The Montgomery County Department of the Environment also attended. Both counties have difficulty in getting the property owners to understand the breadth of problems related to development of sewer/water services when a private system fails. Several approaches were discussed to address this issue.

LUNCH RECESS

At 12:29 p.m. Chair Lawson called for the lunch recess. The meeting resumed at 1:40 p.m.

**AFTERNOON SESSION
COMMISSIONERS' CONFERENCE ROOM**

CLOSED SESSION

At 1:40 p.m. Commissioner Jones moved that the Commission go into Closed Session pursuant to Maryland State Government Article 10, Subtitle 5, Section 10-508(a)(13) to approve the October 17, 2012 Closed Session Minutes and Sections 10-508(a)(7) to obtain legal advice concerning litigation. Commissioner Hartwig-Davis seconded the motion. The motion carried with five affirmative votes.

At 1:41 p.m. Chair Lawson declared the meeting was closed.

CLOSED SESSION

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

Closed Session Minutes. Commissioner Melanie Hartwig-Davis moved to adopt the Closed Session Minutes for the October 17, 2012 Commission meeting. Commissioner Jones seconded the motion. A sentence on page 2 was to be corrected by the Corporate Secretary and confirmed by the General Counsel. The motion was amended to allow for this correction and then carried with five affirmative votes.

Legal Advice. Mr. Blask opined on several matters currently in litigation which require Commissioners' approval or oversight.

At 2:30 p.m. Antonio Jones left the meeting to oversee the Front Foot Benefit Appeal Hearing. He returned at 2:33 p.m. Commissioner Moore left the meeting at 2:40 p.m.

END OF CLOSED SESSION

Commissioner Hartwig-Davis moved to end the closed session at 2:42 p.m. Commissioner Jones seconded the motion. The motion carried with four affirmative votes. At 2:43 p.m. Chair Lawson declared the meeting was re-opened.

OPEN SESSION RESUMED

Chair Lawson asked if there was any additional business to consider. There being no further business, Chair Lawson requested a motion for adjournment.

Adjournment

Commissioner Hartwig-Davis moved to adjourn the meeting. Commissioner Jones seconded the motion. The motion carried with four aye votes.

At 2:42 p.m. the meeting was adjourned.

Respectfully submitted,

_____/signed/_____
Charlett Bundy
Corporate Secretary