

MINUTES
ST. MARY'S COUNTY METROPOLITAN COMMISSION
REGULAR MEETING
JULY 13, 2017

The regular meeting commenced at 3:00 p.m. In attendance were Chairman Carey, Vice Chairman Barthelme, Commissioners Gaskin, Mummaugh, Russell and Willing. Commissioner Thompson joined the meeting at 3:37 p.m. MetCom Staff in attendance were Erichsen, Cullins, Shick, Hollander, Fehn, Norris, Settle, Harding, and Comeau-Stanley. Others Present: Chris Beaver (*MetCom Legal Counsel*), Joe Mason (*Davenport & Company*), Jennifer Dierksen (*Davenport & Company*), John Parlett (*CMI General Contractors*), and Donnie Burch (*Charlotte Hall L.C.*).

APPROVAL OF AGENDA

Chairman Carey welcomed everyone to the meeting and performed a review of the agenda. **Commissioner Willing moved to approve the agenda. Commissioner Barthelme seconded the motion. Motion carried 6-0.**

APPROVAL OF MEETING MINUTES

Commissioner Barthelme moved to approve the meeting minutes of May 23, 2017. Commissioner Willing seconded the motion. Motion carried 4-0-2. Commissioners Gaskin abstained from voting, as she was not present at the meeting and Commissioner Russell abstained, as he was not present for the full meeting.

APPROVAL OF CONSENT AGENDA

1. St. Clements Shores Wastewater Treatment Plant (WWTP): Dewberry Correspondence to the Maryland Department of the Environment (MDE)
2. Legal Services Invoices (Mar/Apr/May)
3. Check Registers – 06/22, 06/29 & 7/06

Brief discussion ensued amongst the group on the planned upgrade of the St. Clements Shores WWTP and the potential to connect the five (5) properties, identified by the Health Department to be in a critical state of failure, without risk of penalty for any violations associated with discharge permit violations that may result, should connections of those properties be granted. Mr. Erichsen provided an explanation of the correspondence from Dewberry Consultants to MDE, specifically the intent of the letter, as it relates to the on-going evaluation and planned upgrade of the plant.

Mr. Erichsen also provided a brief overview of actions to date on this effort and cited the distinction between Memorandum of Agreement, Informal Letter of Agreement and Consent Agreement, noting that it is staff's hope to enter into a Letter of Agreement with MDE, should they grant permission for MetCom to allow connection of those properties. Mr. Erichsen advised that a response from the State could come within the next 60 to 90 days and in closing, he noted that a copy of Dewberry's letter would be provided to the Commissioners of St. Mary's County (CSMC) following the meeting to maintain transparency on this issue.

Commissioner Willing moved to accept the Consent Agenda, as presented, and to hereby approve all matters contained upon the Consent Agenda. Commissioner Russell seconded the motion. Motion carried 6-0.

EXECUTIVE DIRECTOR'S REPORT

1. CSMC Impact Fee Focus Group & Ordinance

Mr. Erichsen advised that the CSMC adopted an Ordinance on May 16, 2017, which becomes effective on July 1, 2017, and amends Chapter 223 of the Code of St. Mary's County, Maryland, to repeal and re-enact provisions for a development impact fee. Mr. Erichsen noted that this authorizes the County to impose a development impact fee to finance any of the costs for educational, road, sanitation, solid waste, park, or similar facilities required to accommodate new construction or development, including water and sewerage. Mr. Erichsen further advised that this could mean that a potential pool of monies may exist to assist with financing connections for all or perhaps failing systems to our system. Mr. Erichsen noted that a Focus Group has been established by the County and MetCom's representative to that group is Becky Shick, Chief Financial Officer. Mr. Erichsen provided some insight as to what may be the direction of discussion for the group and noted that staff would keep Board members updated on that effort.

CONTINUING BUSINESS

1. Davenport Debt / Reserve Study Update

Ms. Shick reminded the Board of the of the Debt Study performed by Davenport & Company for St. Mary's County and the Metropolitan Commission in 2015 and noted the many financial changes that have occurred at MetCom since 2015, which prompted MetCom's contracting of Davenport & Company to perform an update to the financial and debt policy study. Ms. Shick introduced Joe Mason and Jennifer Diercksen of Davenport & Company and handed off the formal report presentation, a copy of which was provided to the Board members as part of their meeting materials.

Mr. Mason and Ms. Diercksen collectively performed a review of the Executive Summary, which reflects an update to the April 2015 Deb Study, due to the implementation of changes in fee structure, reduced levels of reserves and new debt limits imposed by legislation. Ms. Diercksen noted that the financial and debt profile of MetCom remains relatively strong compared to existing rating agency criteria for utility systems, as well as national water and sewer medians on a number of key ratios, which were further identified in the summary. Ms. Diercksen pointed out that the cost of the utility to the customer remains slightly below other national water and sewer systems and highlighted MetCom's annual customer bill versus medium household income, MetCom's liquidity and Moody's scorecard rating of AA3, which is higher than it was in 2012, when MetCom last sought a rating.

Mr. Mason performed a review of the recent MetCom actions, which have supported ongoing strength, as shown on page 4, which included: prioritizing a spend-down of issued, but undrawn bond proceeds, which realigns capital plan buildout and debt issuance; retiring of existing debt under the FY2018-2023 Capital Improvement Budget; refinancing of existing debt with more favorable rates for debt service saving; and targeting of a six-year annualized 3% increase in customer bills, which is consistent with other utility rate systems. Mr. Mason also performed a review of observations and recommendations related to debt, as shown on Page 5 of the report.

Mr. Mason and Ms. Diercksen reviewed the financial and debt analysis, which included an overview of the current reserve policy, projected reserve levels, policy considerations and

recommendations, which included 90-120 days of cash on hand, is in keeping with American Water Works Association (AWWA) guidelines.

Mr. Mason and Ms. Dierksen performed a brief review of 2015 Report Recommendations and discussion ensued amongst the group on various elements of the report and findings. Davenport presenters fielded various questions posed by Board members throughout the presentation and following completion, Board members thanked Mr. Mason and Ms. Dierksen, as well as Ms. Shick for the work on this effort.

2. Employee Satisfaction Survey Results

Ms. Cullins performed a historical review of the steps that led to the completion of the Employee Satisfaction Survey, noting that the Board directed staff to conduct the survey in-house, using available on-line programs back in February, following receipt of proposals that were in excess of \$10,000. Chairman Carey thanked Ms. Cullins for the considerable effort related to the in-house completion of this survey. Ms. Cullins provided a timeline of the effort and advised that there were 55 multiple-choice questions and 3 additional questions, which allowed for employee comments. Ms. Cullins advised that the results were compiled in May with a 92% participation rate using Survey Monkey.

A summary of the Survey results were provided by Ms. Cullins and the full report was included in Board member meeting binders. Ms. Cullins noted that the results indicate that employees are generally happy with their pay, but would like to stay competitive; very satisfied with their benefits; they feel that they understand the customer's needs; employees care about each other; believe that their workplace is safe and well-maintained; and there is a general respect for leadership, but could improve on communication and training and providing an opportunity for upward mobility. Discussion ensued amongst the group on the current policy that relates to outside advertising of all vacant positions. Board members and senior staff present expressed a desire to revisit that policy in the Human Resources Manual in the near future, in order to provide opportunities and retention of in-house staff.

Ms. Cullins advised that the Survey results indicate that the employees overwhelmingly feel as though they are not supported by the Board; the Board does not support the work of the Commission; and the Board and Commission are not working towards the same goal. Mr. Erichsen advised that he believes that there are changes occurring for the better and noted that the negative press in recent years has likely contributed to the perception by staff. Additional discussion ensued amongst the group what appears to be a disconnect between the Board, staff and the organization. Mr. Erichsen noted that will change and cited the work he plans to do on his side of the table to improve matters. Chairman Carey indicated that he believes it is a call to action for the Board and recommends that such a survey be performed more frequently than every 3 – 5 years.

NEW BUSINESS

1. Charlotte Hall Private Wastewater Treatment Plant (WWTP)

Mr. Beaver provided the historical background on the Agreements in place between MetCom and Charlotte Hall L.C. & Burch Property, L.L.C. for the Charlotte Hall Private Sewage Treatment System, which includes a Facility Acquisition Agreement and Operating Agreement. Mr. Beaver detailed the nature of the agreements, which achieves the expressed intent of the Private System

Owners to convey ownership of the private sewage treatment system to MetCom at some unspecified future point in time and transfers responsibility for the operation of the private sewage treatment system to MetCom contemporaneously with the original Agreement.

Mr. Beaver advised that an Addendum presented for consideration today has become necessary to comply with new environmental regulations regarding the establishment of "Controlling Authority" over the private treatment system. Mr. Beaver advised that the Addendum memorializes the statutory language to reflect that MetCom managed and maintained the private treatment facility in addition to operating it and qualifies MetCom as the controlling authority of the private treatment facility. Mr. Beaver indicated that the Addendum provides that the private treatment system will be conveyed to MetCom upon the recognition by MDE that the facility has capacity for 100 Equivalent Dwelling Units (EDUs) or June 30, 2018, whichever occurs first.

Discussion ensued amongst the group, including Woody Norris, MetCom Northern Facilities Wastewater Superintendent, as well as audience members party to the agreement (*Mr. Donnie Burch of Burch Property, L.L.C. and John Parlett of CMI General Contractors*), surrounding the plant operations, MDE requirements, nitrogen removal treatment technology and results, plant capacity, and the current commercial connections to the system (*no current residential connections*). Further discussion ensued regarding the potential expansion of the plant and the current availability of adjacent land for this endeavor, should it become necessary following the completion of the Charlotte Hall Master Plan by St. Mary's County. Following discussion, Mr. Beaver advised that a motion has been prepared for the Board's consideration.

Commissioner Gaskin moved that the Commission accept and approve the First Addendum to the Operating Agreement, executed February 27, 2009, by and between the St. Mary's County Metropolitan Commission and Charlotte Hall L.C. and Burch Property, L.L.C., relating to the terms and conditions for the operation, management and maintenance of the Charlotte Hall private wastewater treatment plant; and further move that the Chairman be authorized and directed to execute the Addendum, on behalf of the Commission. Commissioner Russell seconded the motion. Motion carried 6-0-1. Commissioner Barthelme abstained from voting.

Chairman Carey noted that it might behoove MetCom to evaluate the property acquisition for potential plant expansion. Inquiry made by Commissioner Thompson regarding the Health Department allowing or restricting further development expansion using septic in the Charlotte Hall area. Mr. Erichsen advised that he would seek an answer next week from Mr. Calvano, Environmental Health Department Director.

2. FDR Blvd. Phase 1C Construction Contract Award

Ms. Hollander provided a brief history and summary background for the FDR Blvd. Phase 1C, which is a joint solicitation with the County, as agreed upon through a Memorandum of Understanding (MOA), executed in January 2017. Ms. Hollander and Mr. Erichsen collectively advised that this phase of the project includes the relocation of existing water mains and appurtenances along the FDR Blvd. alignment from Old Rolling Road through the Laurel Glen and Mazel Subdivisions to Kinnegad Drive. Ms. Hollander noted that the bids for our portion of the work came in at less than one-half of what was budgeted.

Commissioner Willing moved to accept and award a contract, based upon the proposal from Locust Lane Farm, Inc. of Upper Marlboro, Maryland, in the amount of \$200,703, for the FDR Boulevard Water Main Phase 1C, Project #8172WM, pursuant to a joint solicitation with the Commissioners of St. Mary's County, under a Memorandum of Agreement, dated January 24, 2017, as recommended by the Acting Chief Engineer. Further, move that staff be authorized and directed to sign all documentation relating to this Contract award, including but not limited to the contract, any contract renewals and all approved change orders. Commissioner Russell seconded the motion. Motion carried 7-0.

3. Permanent Meter Installation Procedure Update

Ms. Hollander provided an overview of the newly adopted Permanent Meter Installation Procedure, as detailed in the Memorandum contained in the Commission meeting binders. Ms. Hollander explained that when MetCom converted to the new Neptune AMR water meters in 2010, which are more sensitive, many were being broken due to mishandling by contractors and required repair or replacement by MetCom operations staff. As a result, in 2011, MetCom began issuing temporary water meters to the contractors and a new AMR water meter installed by operations staff following final inspection, along with a fee of \$60. Ms. Hollander advised that since then, eliminate costs associated with the use of temporary water meters, to recapture lost revenue for water used before final inspection, and to ensure accurate water auditing, a decision was made to revert to the prior practice, which placed responsibility back with the contractors for the care and proper installation.

Ms. Hollander noted that the implementation of the updated procedure occurred on July 1, 2017 and Mr. Erichsen advised that a public information meeting was advertised and notice sent out to developers, builders, plumbers and contractors to discuss the procedural change on June 20; however, with the exception of staff presenters, no members of the building and development community attended. A copy of the memorandum distributed was included in the meeting binders. Mr. Erichsen indicated that given that the notice provided nearly all of the information needed regarding the procedural change, it is likely that there were no questions regarding the planned change. Ms. Debbie Settle, MetCom Supervisor of Field Services Administrative Support, noted that she had an opportunity to speak directly with some members of the building and development community in advance of the informational meeting and they believed it to be a proactive way of addressing the problem. Brief discussion ensued amongst the group on the procedure and the notification appearing on MetCom's website relating to this update.

4. SCADA System Upgrade: FY 18 Purchase Authorization

Mr. Fehn provided the Board members with details related to the planned upgrade of the Systems Control and Data Acquisition (SCADA) System, which is used to monitor and control wells, pumps, water towers and related systems for the Metropolitan Commission. Mr. Fehn provided information related to the need and benefits of the updated technology included in the upgrade, which includes a reduction in polling loop time, better interference rejection, more sensitive receivers, and faster data processing. Mr. Fehn also noted that the upgrade will also allow a splitting of the system to allow for one polling loop for water and another for wastewater, utilizing two controllers on different frequencies. Mr. Fehn advised that the work is slated to begin the end of July with an anticipated completion date of early 2018. Brief discussion ensued amongst the Board and Mr. Fehn on the system improvements.

Commissioner Barthelme moved that the Commission authorize the Safety and Security Upgrade of the Systems Control and Data Acquisition (SCADA) System, performing all work associated with the project, as identified in the approved FY 2018 Capital Improvement Budget. Further, move that staff be authorized to execute all documentation relating to this project, including but not limited to purchase requisitions for equipment. Commissioner Gaskin seconded the motion. Motion carried 7-0.

FUTURE AGENDA ITEMS

Next Meeting Date: July 27, 2017

Commissioner Thompson inquired about the ability for Board members to call into meetings when they are physically unable to attend because of vacation of other extenuating circumstance and asked if this could be a future agenda item. Brief discussion ensued amongst the group on the matter and staff advised that conference call capability exists and requires 24-hour advance notification to initiate the service. Mr. Beaver noted that the By-Laws do not currently speak to this ability. Following additional discussion, Board members in concurrence that Mr. Beaver draft language to add that provision to our By-Laws and initiate the steps to bring it back to the Board for consideration and adoption at a future meeting.

COMMISSION MEMBERS' TIME

1. Chapter 113 Proposed Amendments Task Force Member Update

Chairman Carey requested that Mr. Erichsen and Commissioner Mummaugh provide an update, as he is not feeling well and his voice is strained. Mr. Carey did take a moment to note that he believes the first meeting went well and the selected members in the group, as well as the community representatives, bring specific strengths and knowledge to the table. Mr. Erichsen provided more details on the issues that the Task Force is and will be addressing and noted that a placeholder on each MetCom Meeting Agenda would include an update to the Board to keep everyone apprised of the progress.

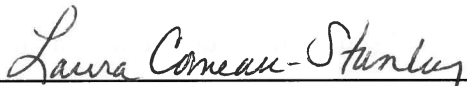
EXECUTIVE SESSION

Commissioner Barthelme moved to go into Executive Session at 5:09 p.m. to Discuss Potential Litigation. Commissioner Mummaugh seconded the motion. Motion carried 7-0.

The meeting reconvened at 5:30 p.m. Due to another commitment, Commissioner Russell departed the meeting at 5:27 p.m., just prior to the conclusion of Executive Session.

ADJOURNMENT

There being no further business, **Commissioner Barthelme moved to adjourn at 5:30 p.m. Commissioner Mummaugh seconded the motion. Motion carried 6-0.**



Laura Comeau-Stanley, Corporate Secretary