

MINUTES
ST. MARY'S COUNTY METROPOLITAN COMMISSION
REGULAR MEETING
MARCH 23, 2017

The regular meeting commenced at 3:00 p.m. In attendance were Chairman Barthelme, Vice Chairman Russell, Commissioners Carey*, Gaskin, Mummaugh, Thompson, and Willing. MetCom Staff in attendance were Erichsen, Cullins, Shick, Hollander, Fehn, Engleson, Harding, and Comeau-Stanley. Others present: R. Christopher Beaver (*MetCom General Counsel*) and Jason Babcock (*The Enterprise*).

APPROVAL OF AGENDA

Chairman Barthelme welcomed everyone to the meeting and performed a review of the agenda. **Commissioner Russell moved to approve the agenda. Commissioner Willing seconded the motion. Motion carried 5-0.**

APPROVAL OF MEETING MINUTES

Commissioner Willing moved to approve the meeting minutes of February 16, 2017, with the minor typographical corrections noted prior to the meeting. Commissioner Gaskin. Motion carried 5-0.

APPROVAL OF CONSENT AGENDA

1. Legal Services Invoice – February 2016
2. Fiscal Standard Report – February 2016
3. Engineering Standard Report – February 2016
4. Facilities and Operations Standard Report – February 2016
5. Check Registers 3/09 & 3/16

Commissioner Russell moved to accept the Consent Agenda, as presented, and to hereby approve all matters contained upon the Consent Agenda. Commissioner Thompson seconded the motion. Motion carried 5-0.

** Commissioner Carey arrived to the meeting at the conclusion of the Consent Agenda vote.*

DIRECTOR'S REPORT

1. MWQFA & DHCD Loan Process

Mr. Erichsen provided a brief explanation of the two (2) types of loans programs utilized by MetCom, which includes the Maryland Water Quality Finance Administration (MWQFA) and the Department of Housing and Community Development (DHCD). A detailed memorandum, citing historical/background information, budget and comprehensive plan information, as well as loan timeline and information, was included in the meeting binders for the Board member's use and review. Commissioner Willing suggested that staff forward copies of each memorandum to the County Commissioners and the State Delegation for their awareness. Mr. Erichsen advised that when Resolutions are presented to the County, a copy of the applicable memorandum would be provided in the submittal package.

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2. Cursory Benefits Comparison

Mr. Erichsen advised that as a follow up to a question posed at a recent work session, a cursory benefits comparison between the County and MetCom was prepared for the Board's review and is contained in the meeting binders. A brief overview of comparisons provided by Mr. Erichsen.

3. MOU SSO's Executed 03/31/17

Mr. Erichsen advised that the Public Notification Response Protocol, an inter-agency agreement between the St. Mary's County Environmental Health Department, the Department of Information Technology and Emergency Services, and MetCom, discussed at the last meeting, was executed on March 31. Mr. Erichsen reminded the Board that the agreement follows the Maryland Department of the Environment guidelines regarding public notification response protocols for Sanitary Sewer Overflows (SSO's).

4. Intergovernmental Agreement/MD Environmental Service: Sent to MES 03/20/17

Mr. Erichsen announced that as discussed at the last meeting and as directed by the Board, a draft Intergovernmental Agreement was sent to Maryland Environmental Service (MES) for their review and approval. Once finalized and returned by MES, staff would bring the agreement back to the Board for approval and execution.

5. 01/26/17 Public Forum Update

Mr. Erichsen advised that in response to the Public Forum presentation made by John Parlett of CMI at the January 26 meeting, at which time he discussed the initial fees associated with a draft version of the budget and a comparison of the connection charges between MetCom, Charles, Calvert and Anne Arundel Counties. Mr. Erichsen indicated that based upon the updates to the Budget made to date, which included the movement of some projects from FY 18 to future years, the disparities between MetCom and neighboring counties is now much less.

Mr. Erichsen made brief mention of the Town Creek project phasing, which creates the potential for new water service connections for properties on the north side of Town Creek Drive. Some discussion ensued amongst the group on the project, connection policies and Chapter 113 updates. Additional comments proffered by Commissioner Thompson suggesting that the County provide funding or cost-sharing for upgrades made by MetCom that benefit a particular community, such as fire hydrants, fire flow and prevention.

6. Republican Club Appearance 03/09/17

Mr. Erichsen made mention of his appearance at a Republican Club event on March 9, noting that he spoke to the group on matters related to MetCom and those in attendance included County Commissioner Hewitt, MetCom Commissioners Mummaugh and Thompson.

7. Southern Maryland Building Industry Association (SMBIA) Appearance 03/15/17

Mr. Erichsen made mention of his appearance at the meeting of the SMBIA on March 15, noting that County Commissioner President Randy Guy was in attendance. Mr. Erichsen announced that

he would continue to keep the Board advised when he speaks at special group events like those mentioned today.

CONTINUING BUSINESS

1. FY 2018-2023 Capital Improvement Budget & Plan: Approval to take to Public Hearing

Mr. Shick announced that the proposed Capital Improvement Plan includes the removal of five (5) projects, as detailed in the cover sheet of the meeting materials for this agenda item, noting that this lowered the Water System Improvement Charges in out-years. Ms. Shick performed a review of the sewer systems options matrix, detailing the impacts on the Sewer Debt Service Fund, Sewer Capital Project Upgrade Reserve balance, overall Reserves and the estimated monthly impact on residential customer bills. Ms. Shick performed a review of the rate projections for all options for Water and Sewer System Improvement Charges and Capital Contribution Charges per EDU for residential and commercial customers.

Ms. Shick performed a review of the Debt Ceiling Limit Analysis and noted that the current debt is less than 1% and is projected to be less 1% through FY 2023. Mr. Erichsen noted the retiring of existing debt and advised that through shifting of projects in the Capital Improvement Budget, we were able to bring the figure down by \$20 million dollars and level it out across the board.

Ms. Shick made mention of an email thread with Senator Waugh, which was included in the meeting binders, regarding MetCom's drawn and undrawn debt/loans, which is currently \$32 million dollars; all of which are earmarked for specific projects. Mr. Erichsen advised that \$21 million dollars will be moving in the next year to eighteen (18) months and referenced the Debt Service spreadsheet in the meeting binders, which helped staff respond to Senator Waugh's email.

Ms. Shick announced that the Public Hearing is scheduled for April 5 at 6:00 p.m. and will occur in this Conference room and noted that the advertisement is scheduled to appear in the Enterprise Newspaper on March 29, March 31 and April 5. Mr. Erichsen advised that a notice regarding the public hearing was sent to all MetCom customers. Extensive discussion ensued amongst the group on the four (4) options presented and their effect on the reserves and rates.

Commissioner Thompson moved to authorize staff to present Option 3 of the proposed Capital Improvement Budget and FY 2019 – FY 2023 Capital Improvement Plan, and proposed system improvement and capital contribution charges, which support that option, as a duly advertised public hearing to be held April 5, 2017, as required by Section 113-27(D) of the Code of St. Mary's County, Maryland, being part of Article 19 of the Code of Public Local Laws of Maryland. Commissioner Willing seconded the motion. Motion carried 5-0-1. Commissioner Carey abstained from voting.

2. FY 2018 Operating Budget: Approval to take to Public Hearing

Ms. Shick performed a review of the fifth (5th) draft of the FY 2018 Operating Budget, noting that it is the same budget presented at the last meeting. Ms. Shick advised that the budget was impacted by the rate structure implemented in July 2015, noting that we are not achieving the budgeted revenues this year and so the projected revenues are less than the current budgeted revenues.

Extensive discussion ensued on increasing the 10,000-gallon limit to 15,000 gallons, which would affect our large volume and irrigation system customers on the sewer side, but would not impact nearly 60% of our customers, who use 5,000 gallons or less per month.

Ms. Shick advised that expenses are \$571,000 less than the 2017 Operating Budget and includes a 3% increase in water service rates and 3.75% increase in sewer service rates. Ms. Shick noted that the budget proposes a reduction in the grease trap waste rate and recommends the elimination of funding for the Assistant Director, Database Analyst, Engineering and part of Fiscal Interns, but not the elimination of the positions. Ms. Shick further advised that this draft budget includes a salary adjustment reserve totaling \$211,000, instead of Cola and Step, which could be used to make adjustments following the results of the salary study; Mr. Erichsen noted that this provides the Board with flexibility going into the public hearing, as does proceeding with projected health insurance premiums included in the budget. Brief discussion ensued amongst the group throughout the operating budget presentation.

Commissioner Russell moved to authorize staff to present the proposed FY 2018 Operating Budget, and the related Service Charges and other rates, as proposed, at a duly advertised public hearing, to be held April 5, 2017, as required by Section 113-27(D) of the Code of St. Mary's County, Maryland, being part of Article 19 of the Code of Public Local Laws of Maryland. Commissioner Gaskin seconded the motion. Discussion: Clarification sought from Commissioner Willing on the salary adjustment reserve and Commissioner Mummaugh inquired about the performance of certain duties identified under the Assistant Director position. Mr. Erichsen addressed both questions and following discussion, Chairman Barthelme called for the vote. Motion carried 5-1. Commissioner Carey opposed the motion.

3. Davenport: Debt, Rate, Fee Structure, Reserve Evaluation RFP

Ms. Shick advised that in 2015, Davenport and Company performed a Debt Study for the County and MetCom and staff believes that it is a good time to have that analysis updated to review our rates, reserve levels and other financial elements following the 2015 rate restructuring. Ms. Shick noted that a meeting has been established with Davenport representatives for the end of the month to discuss a proposal for that scope of work. Ms. Shick indicated that consideration could also be given to using the Intergovernmental Agreement (IGA) with Maryland Environmental Services (MES), once approved. Ms. Shick advised that the results of the meeting with Davenport will be brought back to the Board to determine whether to move forward with the request.

4. 03/10/17 Tax Sale Update

Ms. Shick advised the Board that 38 properties were sold at the annual tax sale on March 10, 2017. Ms. Shick performed a review of the memorandum contained in the meeting binders and an overview of the historical tax sale information. Inquiries made by Board members on the types of properties sold at tax sale (*i.e. bank owned or unimproved*). Ms. Shick noted that she would provide the Board with additional details in a follow up report at the next meeting.

5. Compensatory Time for Exempt Employees & Flexible Time

Ms. Cullins noted that following the presentation at the last meeting on the Compensatory Time for Exempt Employees and the Flexible Time, a revised memorandum has been provided for the

Board's review, along with the redlined text for inclusion in the Personnel Handbook. Mr. Erichsen reminded the Board that following his first review of payroll, these revisions are intended to legitimize a practice and establish guidelines that will create a more accurate time keeping system. Brief discussion ensued amongst the group on the maximum compensatory leave accrual of eighty (80) hours, which Mr. Erichsen indicated matches the County's policy and is a standard maximum compensatory policy figure.

Commissioner Willing moved to approve and adopt the Compensatory Time for Exempt Employees Policy for inclusion into the Personnel Handbook, as presented, effective April 1, 2017. Further, move to amend the Flextime provision, under Section 4.3 of the Personnel Handbook, as presented, effective immediately. Commissioner Russell seconded the motion. Extensive discussion ensued between Board members, Mr. Erichsen and Ms. Cullins on this matter. Following discussion, Chairman Barthelme called for a vote. Motion carried 5-1. Commissioner Carey opposed the motion.

6. Winters WWTF Request/Response

Ms. Hollander advised the Board that as a follow up to the presentation made by Mr. Winters to the Board on March 9, Mr. Sullivan sent a letter to Mr. Winters identifying three (3) options that may help facilitate MetCom's acquisition of the Wastewater Lagoon Treatment System. Mr. Erichsen performed a brief overview of the items identified in the letter, which was provided in the meeting binders.

7. By-Laws Amendment

Mr. Beaver provided an overview of the two proposed revisions to the By-Laws, which affect the voting rights of the Commission Chairperson.

Commissioner Carey moved to amend Article II of the By-Laws of the St. Mary's County Metropolitan Commission, relating to voting rights of the Commission Chairperson, as specifically proposed during the February 23, 2017 Regular Meeting of the Board, said amendment being made in accordance with Article IX of the By-Laws. Commissioner Thompson seconded the motion. Comments made by Commissioner Willing, advising that he believes it is appropriate to amend the motion to make it effective the beginning of the next Fiscal Year (July 1, 2017), which is the start of a Chairman's term. Discussion ensued amongst the group on the amendment and procedures with regard to amending a motion for a By-Laws amendment. Following discussion, Chairman Barthelme called for a vote. Motion passed 4-2. Commissioners Russell and Willing opposed the motion.

8. Legislative Updates

Mr. Beaver performed a review of the six (6) House and Senate Bills under consideration during the 2017 Legislative Session, which are of consequence to MetCom. Mr. Beaver's presentation included a synopsis and status of each of the proposed bills, as outlined in his memorandum, dated March 23, 2017. Brief discussion ensued amongst the group throughout the presentation.

FUTURE AGENDA ITEMS

Mr. Erichsen noted that the future agenda items is contained on the back page of the Agenda and advised that the list reflects matters and topics that are upcoming, which include Board requested items for consideration, as well as staff recommendations.

EXECUTIVE SESSION

Commissioner Mummaugh moved to go into Executive Session at 5:03 p.m. to discuss personnel items. Commissioner Carey seconded the motion. Motion carried 6-0.

Meeting reconvened at 5:32 p.m.

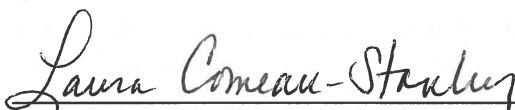
Commissioner Carey moved that the Director of Human Resources proceed, as discussed in Executive Session. Commissioner Russell seconded the Motion. Motion carried 6-0.

COMMISSION MEMBERS' TIME

Commissioner Carey addressed the follow up provided by Staff to Mr. Parlett's prior presentation to the Board, pointing out that even with our newly adjust rates and all of the work to date on the budget, MetCom rates remain the highest of the Southern Maryland counties. He asked that Mr. Erichsen reach out to the Director of each of the Water & Sewer Utilities for the neighboring counties to determine how they are able to provide service at lower rates. Mr. Erichsen indicated that there is a level of County subsidy in each of those counties that we do not see at MetCom (*i.e. through the County taxpayer base*).

ADJOURNMENT

There being no further business, **Commissioner Russell moved to adjourn at 5:35 p.m. Commissioner Thompson seconded the motion. Motion carried 6-0**



Laura Comeau-Stanley, Corporate Secretary