

**MINUTES  
REGULAR SESSION  
ST. MARY'S COUNTY METROPOLITAN COMMISSION  
FEBRUARY 25, 2016**

Following a one-hour budget work session, the regular session of the meeting commenced at 3:05 p.m. In attendance were Commissioners Willing, Russell, Barthelme, Gaskin, Mummaugh, Pessagno, and Thompson. MetCom staff in attendance included Bundy, Cullins, Shick, Elberti, Fehn, Meiser, Edwards, and Comeau-Stanley. Others present included Jason Babcock (*Reporter, The Enterprise*).

Chairman Willing welcomed everyone and performed a review of the meeting agenda.

**MOTION TO APPROVE AGENDA**

**Commissioner Russell moved to approve the Agenda as presented. Commissioner Barthelme seconded the motion. Motion carried 6-0.**

**APPROVAL OF CONSENT AGENDA**

Inquiry made by Commissioner Mummaugh and brief discussion ensued on agreements between MetCom and Cellular providers for the placement of antennas on MetCom property and the payment of real estate taxes for those properties by Cellular providers.

**Commissioner Gaskin moved to accept the Consent Agenda. Commissioner Russell seconded the motion. Motion carried 6-0.**

**APPROVAL OF MEETING MINUTES**

**Commissioner Russell moved to approve the meeting minutes of January 28, 2016. Commissioner Barthelme seconded the motion. Motion carried 6-0.**

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Bundy provided an update on Russell Gibson's daughter and asked that we continue to keep her and Mr. Gibson's family in our thoughts and prayers.

Mr. Bundy advised the Board of a request received yesterday from a member of the Navy Alliance to attend a meeting in Charleston next week on the potential privatization of Patuxent River, noting that his attendance would represent MetCom's willingness to have a dialogue, but not commit to anything. Extensive discussion ensued amongst the group on the magnitude of prior privatization negotiations, which occurred between 2004 and 2008, the Base Realignment and Closure (BRAC) analysis, the costs associated with the infrastructure takeover to bring the facilities into compliance with the Maryland Department of the Environment (MDE), and the Navy's repayment of the debt to accomplish the same. Mr. Bundy recommended that we keep the door open and requested authorization from the Board to attend this meeting to inform those present, including the Secretary of the Navy, that conceptually MetCom is open to discussions.

Following discussion, **Commissioner Barthelme moved that Mr. Bundy attend the meeting in Charleston, South Carolina, leaving the door open for discussions with the Navy regarding MetCom's conceptual interest in taking over the system at Patuxent River, NAS. Commissioner Russell seconded the motion. Motion carried 6-0.**

Mr. Bundy reported on the customer inquiry made to one of the Commissioners regarding their Hollywood property, for which they recently sought a change of use to from residential to commercial/business for a dance studio. Mr. Bundy provided background on the property and advised that it lies within 200 feet of the sewer service line and the property owner is seeking a waiver from connection to the system, referencing a waiver granted for another commercial property in Lexington Park, which is more than 800 feet from the sewer service lines. Mr. Bundy noted that the exception made for the other property cited is not applicable and additional discussion ensued on the permit process and ongoing interaction between the customer and MetCom, as well as the whether or not the line was installed as part of developer work or under a MetCom capital project

Mr. Bundy addressed the interview guidelines relating to certain positions, established by the Board and placed in the By-Laws in recent years. Mr. Bundy noted that because of those By-Laws, the plans discussed at the last meeting regarding the Assistant Director interview are no longer an option and suggested that perhaps this could be discussed further at an upcoming meeting, as the policy is cumbersome and very detailed. Ms. Meiser provided an overview of policy and By-Laws change and a brief discussion ensued amongst the group. Mr. Bundy advised that staff would provide Board members with copies of both documents for their review and eventual discussion.

Mr. Bundy announced that House Bill 889, which is proposed to extend MetCom's ability to borrow for longer than 30 years, would be heard at 1:00 p.m. on March 11, 2016. Mr. Bundy reported that he and Ms. Meiser plan to attend the hearing. Mr. Bundy noted that it is his understanding that the Board and staff are not opposed to this Bill and Ms. Meiser advised that if testimony were sought at the hearing, they would like to provide the Board's concurrence to support the Bill, as written.

**Commissioner Russell moved that Director Bundy attend the hearing on House Bill 889 and has the backing of the Board to offer opinions in support of the proposed Bill. Commissioner Barthelme seconded the motion. Commissioner Mummaugh sought clarification of the language of the Bill and Ms. Meiser advised that the only change would increase the term to borrow from 30-years to 40-years. Following discussion, call for vote by Chairman Willing. Motion carried 6-0.**

Mr. Bundy advised the Board of a tax sale issue and sought Ms. Meiser's assistance in presenting the materials. Ms. Meiser indicated that the matter involves the owner of 1-lot unimproved property, located in the St. Clements Shores area. For the benefit of the Board, Ms. Meiser provided some historical data regarding the St. Clements Shores subdivision, citing the lot size requirements, which are very small by today's standards.

Ms. Meiser reported on the correspondence received by the customer in 2013, which indicated that because of the small lot size, it was not a buildable lot and therefore should not be charged for water and sewer. Ms. Meiser detailed the subsequent correspondence with the office of Land Use and Growth Management (LUGM), who confirmed twice in 2013 that the property is a platted, buildable lot of record with an EDU allocated, but because of current building restrictions and setback requirements, it would likely require a variance to build upon the lot.

In July of 2013, MetCom suggested to the customer that their EDU could be removed, relinquishing any building rights and sewer allocation, at which time they would no longer be charged by MetCom, in accordance with Chapter 113 of the St. Mary's County Code. Ms. Meiser advised that the customer sent follow up correspondence, advising that we did not understand what he was saying and reiterated that it was not a buildable lot. No other communications occurred until February 8, 2016, when a letter was received from the customer, indicating that LUGM has advised in writing that the lot is not a buildable lot.

Ms. Meiser summarized the delinquent status of the account, advising that payments have not been made on this property since September 2009. The property went to tax sale in 2013, but did not sell and the property is again on the tax sale list, as no payments have been made and the customer has not availed himself of his right to have his EDU removed, so the charges continue to accrue.

Ms. Meiser detailed her discussions with LUGM Director, and advised that it is a matter of interpretation and that with a variance; a small house could be built on the lot. Discussion ensued amongst the Board and staff on keeping the account on the tax sale list or removing it to allow the customer time to request that their EDU be removed, in light of LUGM's recent determination. Ms. Meiser reported that the delinquent charges through February 29, 2016 are \$582.00. Following discussion, it was the consensus of the Board that if the account is removed from the tax sale list this year and if the EDU is not relinquished by the customer, then it should be placed back on the tax sale list next year if charges are not paid.

**Commissioner Mummaugh moved to take the property off the tax sale list for this year. Commissioner Pessagno seconded the motion. Motion carried 6-0.**

Mr. Bundy touched on electronic communications and reminded Board members that any Commission business should be done here at the meetings in this setting and not in another form, as it affects the Open Meetings Act. Discussion ensued amongst the Board, Mr. Bundy and Ms. Meiser on the topic and suggestion made by Mr. Bundy that in the future, to avoid crossing the line and eliciting input from others, without the benefit of open meeting discussion, contact him to have an item placed on the agenda or address it during Commission Members' time.

Mr. Bundy announced that the deadline for Board Members to submit Financial Disclosure Statements to the County is April 21, 2016. Mr. Bundy encouraged Board members to complete them now and noted that some members have not filed and/or are not up to date with their filings. Brief discussion ensued on obtaining forms and Mr. Bundy advised that Ms. Stanley would email the Board members the County website link to those documents.

## CHIEF FINANCIAL OFFICER'S REPORT

### A. FY 2016 2<sup>nd</sup> Quarter Financial Statements

Ms. Shick performed a review of the second quarter financial statements for FY 2016, for the period ending December 31, 2015, detailing the revenues and expenses for the Water, Sewer, Engineering, General and Administrative Divisions, Other Income, as well as Debt Service. Discussion ensued amongst the group on Capital Contribution Charges collected and budget expectations for the remainder of FY 2016.

### B. FY 2016 Operating Budget Amendment

Ms. Shick performed a review of the needs associated with the Operating Budget Amendment, along with the effects on the Sewer, Engineering, General and Administrative Division, and the Capital Equipment and Expenditures section of the budget, as detailed in the corresponding report memorandum. Brief discussion on the increase in the penalties line item, due to the estimated fines associated with the Consent Order total nitrogen violation at the Marlay-Taylor Water Reclamation Facility.

**Commissioner Russell moved to amend the FY 2016 Operating Budget, as recommended by the Commission's Chief Financial Officer, as specifically itemized on Schedule A, incorporated herein, which amendment will result in no change in Net Income from Service Charges.**

**Further move to amend the Capital Equipment and Expenditures in the FY 2016 Operating Budget as specifically itemized on Schedule B, incorporated herein, which amendment will result in no net change to Capital Equipment and Expenditures. Commissioner Barthelme seconded the motion. Motion carried 6-0.**

### C. FY 2017 Operating Budget

Ms. Shick initiated her presentation of the third draft of the FY 2017 Operating Budget, advising that Burton and Associates provided a general overview of the rate structure at the last meeting and in light of some customer concerns, alternatives were proposed. Ms. Shick noted that after discussion with the Board, the draft presented today incorporates Option B, which increases water by 1.75% and sewer by 3.75%, and caps residential sewer usage charges at 10,000 gallons per month. Ms. Shick indicated that the 10,000 recommended cap is factored upon the industry range between 6,000 – 15,000 gallons per month (*based on EPA indoor water usage of 65 - 70 gallons per day (gpd) / person for 5 people*). Discussion ensued amongst the group on the number of single family customers who use 10,000 per month or less, determined to be between 87% and 92%, and the impact of the cap on the customer bills.

Brief discussion ensued on the continued increase in postage costs and plans to encourage on-line bill payments and promote electronic statements to reduce printing and mailing costs.

Ms. Shick performed a review of the current employee positions and proposed new positions,

which include four salaried and one contractual position. Ms. Shick noted that health insurance costs are increasing 18% and Ms. Cullins advised that we are looking at other plan options.

Chairman Willing called for a brief recess at 5:00 p.m.

Meeting reconvened at 5:06 p.m.

Ms. Shick advised that the public hearing is scheduled for April 7, 2016 at 6:00 p.m. and in order to advertise by mid-March, the Board would need to be prepared to finalize the Operating Budget at the next meeting. Ms. Shick and Mr. Bundy indicated that any requested changes should be presented, so they could be incorporated by the next meeting. Commissioner Mummaugh requested that Mr. Elberti provide him with an updated copy of the labor rates for Dewberry, as he intends to use it as a point of comparison when looking at MetCom staff pay rates.

Ms. Shick requested that consideration be given to conducting the public hearing here at MetCom, vice offsite. Board members were in collective agreement to hold the hearing here. Ms. Shick solicited input to the Operating Budget and discussion ensued on the position requests, including the complexity of the Grants Administrator position. Mr. Bundy advised that the next two years would be a transitional time for MetCom, in light of the number of staff members who are eligible and contemplating retirement. Mr. Bundy expressed the need to ensure that we hire and groom staff to fill those vacancies.

#### D. FY 2017-2022 Capital Improvement Budget

Mr. Elberti joined Ms. Shick for the presentation of the FY 2017-2022 Capital Improvement Budget presentation, noting that in response to the requests made at the Budget Workshop, the revised and final draft reflects the removal of the FDR Boulevard Water Main Phase 3 project for FY18 & FY19 and adds the Piney Point WWPS Upgrade to FY17. Ms. Shick announced that with the Board's approval, staff is prepared to submit the budget to the Planning Commission. Discussion ensued on the submittal of spreadsheet documents to be submitted to the Planning Commission versus those that would be submitted later to the County Commissioners, as the function of the Planning Commission review does not include a review of funds allocated for projects.

**Commissioner Russell moved to direct staff to submit the proposed FY 2017 Capital Improvement Budget and the FY 2018-2022 Capital Improvement Plan, as modified and titled Revised Final Draft for MetCom Board Approval, dated 2/25/2016, to the Planning Commission for its review and approval. Commissioner Gaskin seconded the motion. Motion carried 6-0.**

#### **CHIEF ENGINEER'S REPORT**

##### A. Radio Read Water Meters Purchase

Mr. Elberti performed a review of the scope of purchase associated with the Radio Read Water

Meters, which includes 2,830 Neptune radio read water meters and 100 antennas, to be installed by National Metering. Mr. Elberti explained that this would replace the meters where a previously installed meter interface is not interfacing with the unit, as discussed at the last meeting.

**Commissioner Barthelme moved that the Commission approve the purchase of approximately 2,830 Neptune Radio Read Water meters and 100 six (6) foot Antenna, for the Radio Read Water Meters Project Phases 1 & 2 (Project #WO1112), from HD Supply Waterworks of Martinsburg, West Virginia, pursuant to Contract No. 10-04-F, which was awarded by this Commission on June 24, 2010, for a total estimated cost for the current acquisition of \$467,242.60, as recommended by the Chief Engineer. Commissioner Thompson seconded the motion. Motion carried 6-0.**

#### B. Grinder Pump Package Units

Mr. Elberti performed a review of the scope of purchase associated with the Grinder Pump Package Units, which includes procurement of 50 complete grinder pump simplex units to be installed in areas where grinder pump vaults have deteriorated, all as part of the on-going Grinder Pump Capital Improvement Project. Mr. Elberti noted that in an effort to replace the oldest grinder pumps in the system over the past three years, 177-grinder pump units have been replaced to date, primarily in St. Georges Island and Piney Point. Mr. Elberti detailed the nature of the issues and failures related to the older grinder pumps. Brief mention by Mr. Elberti that the work is anticipated to begin between April and June of 2016.

**Commissioner Russell moved that the Commission approve the procurement of fifty (50) Simplex Package Grinder Pump Units from Crane Pumps and Systems, Inc. of Piqua, Ohio, for the total price of \$109,950.00, as submitted in their quote dated February 10, 2016.**

### GENERAL LEGAL COUNSEL'S REPORT

#### A. Piney Point Property Update

Mr. Bundy suggested that this matter be discussed in closed session, as it involves a real estate transaction.

### EXECUTIVE SESSION

**Commissioner Russell moved to go into Executive Session at 5:35 to discuss the Acquisition of Real Property. Commissioner Gaskin seconded the motion. Motion carried 6-0.**

The meeting reconvened into regular session at 5:50 p.m.

**Commissioner Russell moved to authorize Legal Counsel to negotiate with the properties that would give us access to our facility in Piney Point and limit the purchase to the**

**appraised value of the property. Commissioner Barthelme seconded the motion. Motion carried 6-0.**


### **COMMISSION MEMBERS' TIME**

Commissioner Thompson inquired about the rates and advised that he would be interested to see a model that would show the flat rate, opposed to the tiered rate. Ms. Shick advised that the cost would be \$2.24/1,000 gallons of water vice the tiered rate. Mr. Thompson further indicated that he would prefer to see a price on a cost basis and noted that using a 10,000-gallon limit for the sewer, may be setting a rate for the customers that we are unable to change and recommend we start at a higher limit and reduce it, if possible. Mr. Bundy explained the logic for the selection of the 10,000-gallon limit, advising that we are trying to have the least impact on the most significant number of customers.

Mr. Bundy further explained that the Board and staff made it clear to our customers that there would be some adjustments following the implementation of the new rate structure, as we attempt to make things more equitable for the greatest number of our customers. Additional discussion ensued amongst the group on the need to evaluate revenues, based on the new rate structure, to determine if additional adjustments are necessary. In closing, Mr. Bundy reminded the Board members that a primary reason for the rate structure change was due to the large percentage of our customers who were subsidizing a very small number. Now, the benefit is given to the majority of our customers who are the lowest users.

### **ADJOURNMENT**

There being no further business, **Commissioner Russell moved to adjourn the meeting at 5:58 p.m. Commissioner Gaskin seconded the motion. Motion carried 6-0.**

  
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Laura Comeau-Stanley, Corporate Secretary