

**MINUTES
REGULAR SESSION
ST. MARY'S COUNTY METROPOLITAN COMMISSION
AUGUST 14, 2014**

The meeting commenced at 3:01 p.m. In attendance were Commissioners Willing, Gaskin, Mummaugh, Pessagno, Russell, and Oliver; MetCom staff Ichniowski, Meiser, Cullins, Shick, Elberti, Fehn, Reynolds, Potter, Edwards, and Comeau-Stanley. Others present were Lynne Putnam (Dewberry), Jason Babcock (The Enterprise), and Evelyn Taylor.

Chairman Willing performed a review of the meeting agenda.

MOTION TO APPROVE AGENDA

Commissioner Russell moved to accept the Agenda, as presented. Commissioner Mummaugh seconded the motion. Motion carried 4-0.

MOTION TO APPROVE CONSENT AGENDA

Staff fielded questions from Commissioners on the consent agenda items, specifically the new generator installation at the Wicomico Shores Station, the IBM I-5 server, and the fiber optic internet connection to the St. Clements Shores Plant, which Mr. Fehn advised should be corrected, as it is for the intranet, MetCom's private and internal system, not the internet.

Commissioner Russell moved to accept the Consent Agenda, as amended, and to hereby approve all matters contained upon the Consent Agenda. Commissioner Mummaugh seconded the motion. Motion carried 4-0.

APPROVAL OF MINUTES

Commissioner Gaskin moved to approve the minutes of the July 10, 2014 meeting. Commissioner Russell seconded the motion. Motion carried 4-0.

Chairman Willing announced the postponement of the approval of the July 24, 2014 meeting minutes until the next Commission meeting, as Commissioner Mummaugh indicated that he has not had a chance to review them.

CHIEF FINANCIAL OFFICER'S REPORT

A. Utility Rate Restructuring: Pros/Cons

As requested by the Board members following the Rate Study presentation at the last meeting, Ms. Shick performed a review of the pros and cons to the proposed rate restructuring, citing that the main advantage of the new rate restructuring is that our customers will only pay for the service they use. Ms. Shick cited various advantages to the tiered rate structure, including greater customer equity, encourages conservation, and greater customer control of use and billing. Ms. Shick noted that it is estimated that 60% of the residential customers will actually see lower monthly bills. Ms. Shick indicated that various disadvantages to the new rate restructuring include higher bills for customers that use higher volumes; commercial customers will pay more due to the larger meter size, and revenue volatility.

Discussion ensued on the tiered rate structure and Board members were interested to know what other Maryland counties, specifically Charles and Calvert, utilize a similar tiered rate structure. Additional discussion ensued amongst the group and the plans to notify customers through mailings and public meetings. Board members and staff also cited the importance of obtaining public input. Ms. Shick performed a review of the timeline of key actions associated with the eventual implementation of the new rates in July 2015, which will occur as part of the FY 2015 budget process.

Ms. Shick and Mr. Ichniowski suggested that the next step in the process include work sessions and queried the Board members on their meeting preference. Consensus amongst the Board members was to conduct the first work session one-half hour before the first Commission meeting in September.

B. Proposed Reserve Policy

Ms. Shick advised that MetCom's reserves have been managed on an informal basis through the budgeting process. However, a formal reserve policy will provide for and facilitate attainment of MetCom's financial goals. Ms. Shick performed a review of the draft reserve policy, which included reasons for holding reserves, objectives, purpose of unrestricted general fund reserves, target fund level, restricted reserve funds, description of funds, debt service funds, capital project funds, and other reserve funds. For the benefit of the Board members, Ms. Shick provided an explanation of restricted reserve funds, which are segregated and limited in use to specific and designated purposes.

Ms. Shick explained that the policy suggests that we maintain a balance in the general reserve funds for approximately six (6) months of budgeted operating expenditures and \$3.5 million dollars for capital liquidity, as recommended by Fitch Ratings and our Rate Study consultant. Ms. Shick performed a review of a spreadsheet depicting the effect on rates based on changes in operating reserve levels and achieved in various timelines. Discussion ensued amongst the group in the funding the reserves at a modest and long-term approach and staff recommended additional discussion on this at the upcoming work session.

Ms. Shick detailed the restricted and unrestricted reserves, as shown in Attachment B of the materials provided and then detailed Attachment A of the materials provided, which identify proposed target fund reserve levels. Ms. Shick noted that this is a draft reserve policy and asked that Board members reach out if they have any questions or suggestions and advised that she will bring this back next month for their approval. In closing, Mr. Ichniowski indicated that this would be an internal policy used to try to achieve our goals.

CHIEF ENGINEER'S REPORT

A. FDR Boulevard Water Main Extension, Phase 1B Design Services Contract Award

Mr. Elberti provided a review of the scope of work associated with this project, citing that it is for a 12" diameter water main extension under the future FDR Boulevard, using the services of Johnson, Mirmiran & Thompson (JMT), the same engineering company that St. Mary's County Department of Public Works and Transportation (DPW&T) is using for the FDR Boulevard roadway construction. Using the overhead monitors, Mr. Elberti identified the location of the site using aerial photographs and noted that this work connects and loops our system at the time that FDR Boulevard is being constructed, which will increase capacity and customer reliability.

Discussion ensued amongst the group on the need for and cost of this capital project, as well as the number of customers gained once the line is extended. Mr. Ichniowski advised that while the system works fine, the intent of this project is to provide redundancy within the system. Mr. Reynolds, Water Superintendent, commented on the importance of offering consistent service to the customers and noted that this gives us another option in the event of a water main break. The sources of water main breaks were briefly discussed and Mr. Reynolds indicated that breaks are difficult to predict. Additional discussion ensued amongst the Board members and staff on the ability to better identify problems within the system once the Asset Management program is up and running.

Commissioner Russell moved to accept and approve the proposal dated August 7, 2014, from Johnson, Mirmiran & Thompson (JMT) of Sparks, Maryland, in the amount of \$69,937.43, for professional design engineering services on Project #8151WM, under a Cooperative Contract with St. Mary's County Department of Public Works & Transportation, pursuant to Section V(D)(1) of the Procurement Policy, and as recommended by the Chief Engineer. Commissioner Mummaugh seconded the motion. Motion carried 4-0.

B. Marlay-Taylor ENR Upgrade: Soil Borings Follow-Up

As a follow up to the Commission meeting on July 24, 2014, Mr. Elberti provided additional information to the Board members regarding the location of the 18 soil borings and the approximate sludge storage building location, where the poor soils were found at Marlay-Taylor. Mr. Elberti introduced Ms. Lynne Putnam of Dewberry, who provided a review of the quantity of bid items and provided additional background information on the soil borings performed in 2010 and the findings of unsuitable materials. Mr. DuWayne Potter, Marlay-Taylor Wastewater Treatment Plant Superintendent, advised that the referenced site was where all of the stone was placed from the trickling filter when it was removed, prior to construction. Ms. Putnam provided an explanation of the organic matter found and the deliberate decision to make the removal of the approximate 6,000 yards of unsuitable material a contingent item. Further explanation of the decision provided by Ms. Putnam for the benefit of the Board members.

CHIEF OF FACILITIES AND OPERATIONS REPORT

A. Water Tower Painting Contract Award

In Mr. Sullivan's absence, Mr. Gary Reynolds provided a review the scope of work associated with this contract, citing that it includes the complete interior and exterior blasting, painting, and modifications to meet OSHA Regulations for the Laurel Ridge and Country Lakes Subdivisions water towers. Mr. Reynolds noted that Manolis Painting Company has painted numerous tanks and have done a great job. Discussion ensued on the funds budgeted for this year for water tank painting and maintenance and Mr. Reynolds advised the Board that we will do all that we can do with those funds.

Commissioner Gaskin moved that the Commission accept and conditionally award the Water Tank Painting Contract of the Laurel Ridge and Country Lakes Water Towers to Manolis Painting Company of Baltimore, Maryland, for a total cost of \$495,000.00, as submitted in their proposal dated August 5, 2014. Further Move that this award be contingent upon the closing of the Department of Housing and Community Development (DHCD) loan, currently schedule for August 25, 2014. Commissioner Russell seconded the motion. Motion carried 4-0.

GENERAL LEGAL COUNSEL

A. Code Revisions: Work Sessions

Ms. Meiser advised the Board members that the County has moved back the comprehensive Code revisions planned for the 2015 Legislative session to the 2016 Legislative session, giving us approximately a year to get the Code into the posture that we would like when we move forward with the 2016 session. Ms. Meiser noted that the process would be fairly involved, as we take it from the initial draft to the final presentation. Ms. Meiser solicited input from the Board on their desire to meet and make the best use of the time afforded to get the Code to where we would like it to be. After much discussion, Board members indicated their collective desire to keep the work sessions tied to a meeting date and agreed to conduct the first work session at 2:00 p.m., Thursday, August 28; one hour prior to the start of the regular Commission meeting.

CONTINUING BUSINESS

A. Assistant Director Position

Chairman Willing inquired as to who was going to speak to this matter and advised that he does not have anything prepared for today. Mr. Ichniowski advised that at the last meeting, Board members asked for a copy of the original position description from some time ago, as they wanted to review and consider making revisions. Chairman Willing sought input from Board members; hearing none, the item was tabled until a future meeting.

B. Meeting Date

Chairman Willing advised that there has been some informal discussion to change the meeting date, as one of our Commissioners is no longer able to attend our Thursday meetings. Chairman Willing advised that a modification to the meeting date would require a By-Laws change. Mr. Willing noted that prior to that action, input is needed from the Board members and staff to consider their schedules and determine if a change can be accomplished. Mr. Ichniowski advised that he polled key staff members and determined that a Monday meeting date would not work for most and while a Wednesday meeting date change works for some, there are some I.T. concerns that may prevent a meeting date change to Wednesday afternoon, unless we were to begin the meeting earlier in the day.

Additional discussion ensued amongst the group on the timing of a By-Laws change and the likelihood that if a change were to occur, a prudent implementation date would be January 2015. In light of Commissioner Mueller's absence today, Commissioner Russell recommended that we defer discussion on this matter until Chairman Willing has spoken to Commissioner Mueller to determine if he intends to continue service on the Board after his first term ends this December.

Chairman Willing called for a brief recess at 4:17 p.m. to facilitate the Board member's review of the Executive Session minutes.

Meeting reconvened at 4:31 p.m.

PUBLIC FORUM

Chairman Willing announced that Ms. Evelyn Taylor would be afforded an opportunity to address the Board, but noted that while the public is always welcome to attend our regular meetings and may request to be heard, the Metropolitan Commission has a formal request process that allows for advance notice to the Board and staff when members of the public wish to address the Board.

Ms. Taylor advised that she is here today regarding the recent turn-off of water at her residence for non-payment and indicated that she has had quite a bit of problems and due to stress and poor health, did not realize she had fallen behind on her MetCom bill. Ms. Taylor indicated that there are not any organizations that can help her because of her age and she is upset that her bill is the same as others who have more people living in their homes and using more water. Discussion ensued between Board members, Ms. Taylor and staff on her claims. Chairman Willing provided an explanation of the current residential customer rate structure and noted that the Board is currently considering a new rate structure for future implementation. Chairman Willing advised that this change would allow customers to be billed for what they use on a monthly basis, as reported through monthly meter readings, rather than the current allocation and billing for 6,000 gallons per month with a quarterly meter reading. Chairman Willing explained that until that change occurs, the current charges would remain in place. Mr. Willing advised that he would ask staff to recommend agencies or churches that may be able to assist her; however, the Board does not have the authority to waive or reduce her bill. Commissioner Pessagno inquired about the existence of a hardship policy. Ms. Meiser advised that while we do not have such a policy, if a property is on a course to go to tax sale, a request can be made for certain considerations by the Board to prevent the sale of your property. Ms. Shick also noted that we have a policy that allows for the deferral of system improvement charges, under certain income criteria. Commissioner Pessagno requested that staff meet with Ms. Taylor to see if she qualifies for assistance and have her service restored. Mr. Ichniowski advised that staff would be happy to meet with Ms. Taylor.

APPROVAL OF EXECUTIVE SESSION MINUTES

Commissioner Russell moved to approve the Executive Session Minutes of June 12, 2014. Commissioner Pessagno seconded the motion. Motion carried 4-0.

Commissioner Pessagno moved to approve the Executive Session Minutes of July 24, 2014. Commissioner Gaskin seconded the motion. Motion carried 3-0-1. Commissioner Russell abstained.

COMMISSION MEMBERS' TIME

Commissioner Mummaugh made mention of the comments made by Ms. Meiser at the Planning Commission meeting regarding the development on Sandy Bottom Road in Hollywood and inquired about the existence of a written policy regarding connection to developer run lines. Ms. Meiser noted that it is not a written policy and explained that there is no definition for service area in any code, policy or regulation, as it stands now. Ms. Meiser noted that will be another significant change included in the revisions to Section 113 to incorporate the recommendations of the Connection Policy Group and service area will finally be defined for the first time since 1957. Additional discussion

ensued on the planning commission meeting and the representations and assurances made by Ms. Meiser, based upon the current code.

Commissioner Mummaugh advised that he attended a Town of Leonardtown meeting last week and commented on their ENR Upgrade and the Maryland Department of the Environment (MDE) requirements for their design engineer to bid out the construction management of the upgrade and indicated that he is curious as to why we did not do the same for our upgrade. Commissioner Mummaugh stated that Dewberry did not give us a budget for the construction management and Mr. Ichniowski advised that Dewberry did provide an estimate; however, it was his decision to hold off until we got into construction. Commissioner Mummaugh indicated that they advised it would be \$750,000.00 more, but he never saw hours or what they were going to do for that. Mr. Ichniowski noted that he believes that was done and that he would go back and take a look.

Mr. Ichniowski advised that when our design contract proposal went through MDE consultant selection, it included planning, design, and inspection. Mr. Ichniowski stated that the Town of Leonardtown chose to do the design first and now, two years later, the construction. Mr. Ichniowski further stated that MDE seemed to indicate that it was not their requirement, but a choice made by the Town. Commissioner Mummaugh said he thought it was a good idea, as he thinks they got a better price.

Ms. Putnam asked to speak and began to indicate that she believes that with the original contract in 2009, at which time Commissioner Mummaugh interjected and said that was before the BioMag went in. He further advised that he wanted an updated budget; something that Dave (Mr. Elberti) could track before he got started, and he never got it, but the Town of Leonardtown got it and now they can track and see what they have spent on the project. He went on to say that he wanted to make that point.

ADJOURNMENT

There being no further business, **Commissioner Gaskin moved to adjourn the meeting at 4:52 p.m. Commissioner Mueller seconded the motion. Motion carried 4-0.**

Laura Comeau-Stanley, Corporate Secretary