

**MINUTES
REGULAR SESSION
ST. MARY'S COUNTY METROPOLITAN COMMISSION
SEPTEMBER 11, 2014**

The meeting commenced at 3:01 p.m. In attendance were Commissioners Willing, Mummaugh, Pessagno, Russell, and Oliver; MetCom staff in attendance were Ichniowski, Meiser, Cullins, Shick, Elberti, Sullivan, Edwards, and Comeau-Stanley. Several MetCom staff present for the length of service award presentation to DuWayne Potter. Others present were Jason Babcock (The Enterprise), and Evelyn Taylor, who entered the meeting at 3:45 p.m.

Chairman Willing called for a moment of silence for those lost on this date 13-years ago and their families and loved ones and made brief mention that he hopes that the Commission Vice-Chairman's surgery went well today.

Chairman Willing performed a review of the meeting agenda and indicated that we do not have a requisite quorum to approve the minutes of the July 24, 2014 meeting.

MOTION TO APPROVE AGENDA

Commissioner Russell moved to approve the Agenda, as presented. Commissioner Mummaugh seconded the motion. Motion carried 3-0.

Chairman Willing announced that Mr. Ichniowski has decided to retire and has tendered his resignation, but has agreed to stay on until a replacement is hired to facilitate a smooth transition. Mr. Ichniowski suggested that the Board forego the advertising for the Assistant Director position until the new Director can be involved in the process. Mr. Ichniowski also suggested a meeting to include Chairman Willing, Ms. Cullins, and himself to discuss the next steps in the process and make a presentation to the Board at the next meeting.

LENGTH OF SERVICE AWARD

Following a review of his long-standing service and valued contributions to the Metropolitan Commission by Ms. Cullins, Chairman Willing presented DuWayne Potter, Superintendent of the Marlay-Taylor Water Reclamation Facility, with a 30-Year Length of Service Award.

APPROVAL OF MINUTES

Commissioner Mummaugh moved to approve the minutes of the August 14, 2014 meeting. Commissioner Pessagno seconded the motion. Motion carried 3-0.

CHIEF FINANCIAL OFFICER'S REPORT

A. Reserve Policy

Ms. Shick advised the Board that the reserves have been managed on an informal basis through the budgeting process; however, the proposed Reserve Policy will formalize the process and provide staff with guidance in preparing the budget recommendations and to help MetCom achieve its financial goals. Ms. Shick noted that the policy provides the reason for holding reserves, the objectives of the policy and the purpose of both restricted and unrestricted reserves. Ms. Shick detailed the targeted fund levels located in their binder materials, noting that unaudited financials reveal that there is

currently \$9.4 million dollars in unrestricted reserves and the consultant recommended amount is \$10 million dollars, which represents six-months of operating expenses plus 3.5 million dollars.

Discussion amongst the group ensued and clarification by Ms. Shick that this action is simply to formalize a written Reserve Policy, but not to raise rates today to reach the recommended reserve level. Ms. Shick noted that this matter would be discussed with the Board each spring as part of the Operating and Capital Improvement Budget process, to include consideration on the need for rate increases to reach the recommended reserve level.

Commissioner Russell moved that the Commission approve and adopt the Reserve Policy, as presented. Commissioner Mummaugh seconded the motion. Motion carried 3-0.

B. FY 2015 Operating Budget Amendment

Ms. Shick explained that the purpose of the Operating Budget Amendment is to increase the funding for a soft starter for the Pegg Road water station through the reduction of the van replacement budget line item. For the benefit of the Board members, Ms. Shick provided additional details on the function of the soft starter. She also advised that \$12,000.00 was originally budgeted for this unit; however, the actual cost is nearly \$14,000.00 due to the need for a larger cabinet, rewiring, and a bypass feature, which were not included in the original estimate.

Commissioner Russell moved to amend the FY 2015 Operating Budget to:

- (1) Reduce the “Van or SUV to replace VAN 559” budget line item by \$2,000; and**
- (2) Increase the “Soft Starter for Pegg Road Water Pumping Station” budget line item by \$2,000.**

This amendment results in no change in total capital equipment and expenditures as a result of this budget amendment. Commissioner Mummaugh seconded the motion. Motion carried 3-0.

C. 4th Quarter FY 2014 Draft Financial Statements

Ms. Shick performed a review of the 4th Quarter Financial Statements for FY 2014, representing April 1, 2014 through June 30, 2014. Ms. Shick summarized the operating income and expenses for the Sewer, Water and Engineering Divisions, as well as the General and Administrative Expenses, Other Income and Expenses, and the Debt Service Funds. Ms. Shick noted that these financial statements are unaudited, as the audit is still being completed. Discussion ensued amongst members of the Board, Ms. Shick and Mr. Ichniowski regarding the receipt of Capital Contribution Charges in June 2014, which have typically paid by developers at the end of the fiscal year to take advantage of current rates before the new rates go into effect. In closing, Ms. Shick indicated that overall, the funds look good this year.

CHIEF ENGINEER’S REPORT

A. Marlay-Taylor WRF ENR Upgrade: Estimated Engineering Construction Phase Services Fees

Mr. Elberti took a moment to clarify to Board members that a budgetary estimate from Dewberry was in fact received on October 10, 2013 for construction phase services prior to the project notice to proceed (NTP) on October 21, 2013. Commissioner Mummaugh noted that the original budget for construction management, according to the Capital Improvement Budget, was \$750,000.00 however,

the current amount spent is \$1,100,000.00, which Mr. Elberti confirmed. Discussion ensued between Commissioners Mummaugh, Pessagno, and Mr. Elberti surrounding additional correspondence received from Dewberry regarding the two start-ups for the project, as well as the not-to-exceed (NTE) budget for construction phase services, which is currently \$1,152,000.00. Mr. Elberti referred the Board members to the project cost tracking spreadsheet and provided an explanation of the remaining project contingencies.

Additional discussion ensued following question from Commissioner Mummaugh regarding the use of contingencies from this project for the sewer line repairs at McKay's Beach/Valley Lee/Piney Point. Mr. Ichniowski answered no and explained that a budget amendment process would be required to address the costs associated with that work, which may be funded using the capital budget reserves. Mr. Ichniowski provided a brief update regarding the plans to further investigate the source of the problem, as well as estimated cost of and options for repairs.

B. Marlay-Taylor WRF ENR Upgrade: Construction Change Order No. 4

Mr. Elberti presented Construction Change Order No. 4 for the Marlay-Taylor Water Reclamation Facility (WRF) Enhanced Nitrogen Removal (ENR) project to the Board, citing that it modifies the excavation below subgrade from 1,200 cubic yards (CY) to 4,202 CY under Bid item #26. Mr. Elberti performed a review of the unit cost and effects of this change order on the contract price. Mr. Elberti advised that the work is being closely monitored by our inspectors and included in the price is the removal and hauling of unsuitable soils, as well as the placement of #57 stone, as recommended by the on-site geotechnical engineer.

In conjunction with the data presented in the meeting binders, Mr. Elberti provided details to the Board members regarding the original project budget, overages and change orders to date, remaining contingencies, project completion status, and value engineering. Brief discussion ensued amongst the group on these items and mention of the items bid as alternatives that potentially could be eliminated from the project.

Commissioner Russell moved to accept and approve Construction Change Order No. 4, dated September 9, 2014, from MEB General Contractors of Chesapeake, Virginia, in the amount of \$210,140.00 to increase the cubic yards for Excavation Below Subgrade (Bid Item #26) from 1,200 CY to 4,202 CY, at the as bid unit price of \$70/CY, for the Marlay-Taylor WRF ENR Upgrade Project #8-38-S, as recommended by the Chief Engineer. Commissioner Mummaugh seconded the motion. Motion carried 3-0.

CHIEF OF FACILITIES AND OPERATIONS REPORT

A. Fastenal Vending Solutions Contract Clarification

Mr. Sullivan provided an update and clarification on the Fastenal Vending Solutions presentation made on July 24, 2014, noting that representatives assured staff that we would be exempt from the \$480.00 annual fee due to our governmental agency affiliation, noting that their profit was simply through the sale of the products. Mr. Sullivan indicated that the same assertion was relayed, in good faith, to the Board. However, when staff prepared to finalize the agreement with Fastenal they would not remove their annual fee clause, stating that so long as we met the expected spending amount each year, the annual fee would not apply. Mr. Sullivan announced that Fastenal agreed to a termination

clause, which allows MetCom to terminate the agreement at any time. Mr. Sullivan noted that while this change did not sit well with staff, it appears that it is still a good deal and will result in significant timesavings for staff and we are willing to try this technology. Brief discussion ensued amongst Board members and Mr. Sullivan regarding the current inventory process used and the benefits of this new technology in time, labor and expenses.

GENERAL LEGAL COUNSEL

A. Procurement Policy Amendments

Ms. Meiser advised that in June 2013, the Board adopted a new comprehensive Procurement Policy, which was a complete overhaul of our previously existing procurement policies, which were not compiled into one stand-alone policy. Ms. Meiser noted that the policy has been in existence for a year with staff applying the policy and there were noticed areas where a change or addition is required to improve the policy. Ms. Meiser indicated that staff has been compiling requested modifications over the past operational year and the draft presented today represents all of their recommendations.

Ms. Meiser further indicated that other policies were adopted following the adoption of the Procurement Policy and the amendments presented today incorporate those policies, while removing provisions that referenced the former methods. Ms. Meiser noted another area of change within the policy is the addition of the Assistant Director in the approval process. Following Ms. Meiser's presentation, Mr. Willing noted one small typographic error he discovered on page 14 in Paragraph B, where the word "from" is misspelled. Ms. Meiser clarified that all changes and items for the Board members review appear as redlined changes throughout the document.

Questions posed by Commissioner Pessagno regarding the absence of request for information (RFI) and request for clarification (RFC) language, as well as Surety Bond language in the policy. Ms. Meiser noted that this policy is only to address procurement and the RFI/FRC provisions are a precursor to the procurement process, as part of the standard specifications when projects are bid. Ms. Meiser indicated that references to Surety Bonds are written into the bid documents and not in the Procurement Policy.

Commissioner Russell moved that the Commission approve and adopt the revised Procurement Policy, as presented, which shall become effective immediately. Commissioner Mummaugh seconded the motion. Motion carried 3-0.

In closing, Ms. Meiser made brief mention of the recently discovered typographic error on our electronic letterhead, which appeared on the draft meeting agenda earlier this week and indicated that we provide "portable" water instead of "potable" water.

CONTINUING BUSINESS

A. AMR Water Meter Project

Chairman Willing addressed the email he sent to the Board members following the last meeting, when the vote to approve the design of Phase 2 of the AMR Water Meter Project did not carry. Chairman Willing noted a few necessary corrections regarding Phase 1 and Phase 2 of the project, which represents 10,000 customers and 2,000 customers respectively. Chairman Willing advised that he

mistakenly thought there was a Phase 3 of the effort that represents the last 5,000 customers. Mr. Ichniowski took a moment to clarify that Phase 2 covers the last of the metered customers. He also noted that there are some customers who cannot be metered at this time; explaining that due to the small diameter of the pipes, installation of a meter would restrict the flow of water into the home. Until line replacement occurs in those subdivisions under future Capital Improvement Budget (CIB) projects, metering of those customers will not occur, but will be done in the future as part of the project work, but not under this AMR Water Meter Project.

Discussion occurred between Board members and staff on Phase 2 of the project, specifically regarding the prior CIB approval, Board of County Commissioner approval, as well as the setting of customer rates based on the loan monies borrowed, which include this project. Discussion ensued on grant funding through the Maryland Department of the Environment (MDE) for Phase 2, which staff submitted under the Intended Use Plan, but was denied by MDE. Mr. Ichniowski provided additional details of the loan funds recently issued by the Department of Housing and Community Development (DHCD) for this project.

Mr. Ichniowski suggested that the Board consider if they wish to use the already borrowed DHCD funding to complete the project or do they wish to use Water Quality loan from MDE as a change order to the existing contract. Mr. Ichniowski advised that although we do not yet know if we can do that, however we have posed the question to MDE and are awaiting their reply. A copy of the correspondence sent to MDE was distributed to all Board members for their review.

Mr. Elberti indicated his desire to clarify for the Board that the completion of the surveys by MetCom in lieu of the engineer performing the work, would be performed by our contractor, just as it was done for Phase 1.

Chairman Willing indicated his desire that staff bring this back for the Board's consideration, as he is concerned that we have 80-90% of the project complete, by not finishing the project, the cost benefit may not be there. Additional discussion ensued amongst the Board and staff regarding the scope of work performed by the contractor, as well as the bid documents associated with project.

Following discussion, Mr. Ichniowski suggested that staff bring this matter back for review and consideration by the Board at the next meeting and include all funding scenarios to complete the project. Mr. Ichniowski noted that this may be a two or three step process if a decision is made to pursue a change order to the existing contract funded by MDE. Brief discussion ensued on the potential for rebidding the contract to seek to obtain a lower price.

In closing, Mr. Ichniowski stated that despite only a handful of complaints or items the Project Manager was not able to resolve to the customer's satisfaction, the project has gone very well and Mr. Roys and Mr. Elberti deserve credit for that. Chairman Willing mentioned that his personal experience with the execution of the installation was good.

COMMISSION MEMBERS' TIME

A. Assistant Director Position

Chairman Willing announced that in light of Mr. Ichniowski's impending retirement, we are going to stop in our tracks on this effort and begin a search for a Director, noting that this will also allow the

new Director to be involved in the selection of the Assistant Director. Ms. Cullins requested that a formal motion be made stating same, so that she can inform everyone that we are not going forward at this time.

Commissioner Russell moved to put the Assistant Director position advertisement and selection process on hold, pending selection of a replacement Director for Mr. Ichniowski. Commissioner Mummaugh seconded the motion. Discussion initiated by Commissioner Mummaugh on moving ahead with this right away. Mr. Ichniowski suggested that a meeting be held between him, Chairman Willing, and Ms. Cullins to put a package together for Board's consideration at the next meeting, which would identify a schedule and advertisement for the Director's position. There being no further discussion, vote taken and motion carried 3-0.

ADJOURNMENT

There being no further business, **Commissioner Russell moved to adjourn the meeting at 4:31 p.m. Commissioner Mummaugh seconded the motion. Motion carried 3-0.**

Laura Comeau-Stanley, Corporate Secretary