

**MINUTES
REGULAR SESSION
ST. MARY'S COUNTY METROPOLITAN COMMISSION
DECEMBER 10, 2015**

The regular session of the meeting commenced at 3:02 p.m. In attendance were Commissioners Willing, Russell, Barthelme, Mummaugh, Pessagno and Thompson. MetCom staff in attendance included Bundy, Shick, Sullivan, Fehn, Meiser, Hallissy, Engleson, Smouse, and Comeau-Stanley. Several staff on hand for the length of service award presentation to Eddie Pickeral. Others present included Tim Murphy (*Murphy & Murphy, CPA*), David Fultz, Cam Ferguson, Ronald O'Malley, and Jason Babcock (*The Enterprise*).

Chairman Willing welcomed everyone and performed a review of the meeting agenda, noting Mr. Bush, scheduled to address the Board under Public Forum, is not able to attend today and has been rescheduled for the next meeting in January.

MOTION TO APPROVE AGENDA

Commissioner Russell moved to approve the Agenda, as presented. Commissioner Barthelme seconded the motion. Motion carried 5-0.

LENGTH OF SERVICE AWARD

Following a review of his service to the Metropolitan Commission by Mr. Bundy, Chairman Willing presented a 15-Year Length of Service Award to Eddie Pickeral, Senior VaCon Operator.

PUBLIC FORUM

Mr. Bundy provided a brief introduction, noting that a new rate structure was put in place in July and under this structure, customers who use more pay more and those who use less pay less. Furthermore, the rate study consultants indicated that approximately 65% of customers would pay less under the new rate structure. Mr. Bundy explained that the tiered usage was put into place to encourage water conservation and referenced the use of irrigation meters for those with sprinkler/irrigation systems, which would reduce sewer component of the water used for irrigation.

Ms. Cam Ferguson and Mr. Ronald O'Malley, both residents and members of the Pembroke Subdivision Homeowners Association, individually addressed the Board members to convey their displeasure and concerns regarding MetCom's rates.

Ms. Ferguson provided details of her household monthly water usage, acknowledging that it is high (*approximately 30,000 gallons during the summer months*), due to her irrigation system, weekly car washing, power washing her home, and typical household water consumption for her family. Ms. Ferguson indicated that her bills are very high under this new structure and noted that she believes that the installation of a separate meter will not result in any significant savings and recouping the installation costs would take quite some time. In closing, Ms. Ferguson suggested that the Board reconsider the rate structure.

Mr. O'Malley indicated that several residents at Pembroke Subdivision have advised him that they have seen quite an increase in their bills. Mr. O'Malley commented on the rate increases that have

occurred since 2008 and sought justification from the Board for the increases. Mr. O'Malley provided details of his monthly water usage for his family, which includes watering his lawn with a good soaking once a week using an irrigation system. Mr. O'Malley addressed the tiered rate structure and conservation efforts in place in Maryland and suggested the Board consider tweaking the tier structure so that the rates are not so excessive when more than 5,000 gallons per month are used by customers for household use and irrigation.

Chairman Willing advised that as we have only just entered the first year of the new billing structure, we do not have enough data to determine what modifications, if any, can be made to the tiered structure. However, the Board will be taking several items, as well as the information presented today into consideration for the upcoming year. Commissioner Pessagno asked that customers give the Board time to review the data and financial impacts of the new rates over the next several months, so that during the upcoming budget cycle, we can determine if any changes can be made. Commissioner Pessagno asked that both customers come back and present their arguments at upcoming advertised meetings and hearings, when we will all have more information.

Using the overhead monitors, a PowerPoint presentation was made by Mr. Bundy, representing the water consumption for seven (7) subdivisions in the County (*including Pembroke Subdivision*) that use a large amount of water and the flow data to the Wastewater Treatment Plant from those areas. Following his presentation, additional discussion ensued amongst the group on water conservation efforts, fire flow in new developments, and MDE permitted water withdrawal from each of MetCom's systems.

Mr. O'Malley inquired about the potential for MetCom to waive certain irrigation meter charges and Mr. Bundy advised that this is one of several items he plans to address with the Board members in the near future. Mr. O'Malley thanked the Board for the opportunity to speak today.

TAX SALE DEFERRAL APPLICATIONS

Ms. Meiser advised that only one of the three applicants, Mr. Steven Fultz, is present today. Mr. Fultz advised that he does not want to make an additional presentation and requested that the Board rest on the materials already submitted. Ms. Meiser advised that the Board could waive the requirement that the applicants be present and base their decisions on the materials already submitted for the other two applicants, which is what the Board did last year. Following a review of the application documents and a brief discussion between the Board members and Mr. Fultz, Commissioner Pessagno advised that he is in favor of the tax deferrals and noted that he does not want any home to go to tax sale for delinquency, unless approved by the Board. He indicated that he does not want that decision made by staff. Chairman Willing advised that the staff does not make the decision; it is Statutory under Section 113 and is not discretionary. Ms. Meiser detailed the process for Commissioner Pessagno and other Board members.

Regarding Tax Sale Deferral Request #1, Commissioner Russell moved that the Commission:

- (1) removed the subject account from the 2016 Tax Sale list;**
- (2) require that the customer resume payment of monthly MetCom charges beginning December 2015; and**

- (3) allocate the existing past due balance (through November 2015) equally, to the customer's monthly statements of charges over the next 24 months, without any additional late fees until January 2018.

Commissioner Thompson seconded the motion. Motion carried 5-0.

Regarding Tax Sale Deferral Request #2, Commissioner Russell moved that the Commission:

- (1) remove the subject account from the 2016 Tax Sale list; and
- (2) allow the currently existing past due charges to be deferred until the property is sold or until the death of the property owner, whichever occurs first.

Commissioner Thompson seconded the motion. Motion carried 5-0.

Regarding Tax Sale Deferral Request #3, Commissioner Russell moved that the Commission:

- (1) remove the subject account from the 2016 Tax Sale list;
- (2) require that the customer resume payment of monthly MetCom charges beginning December 2015; and
- (3) allocate the existing past due balance (through November 2015) equally, to the customer's monthly statements of charges over the next 6 months, without any late fees until July 2016.

Commissioner Barthelme seconded the motion. Motion carried 5-0.

APPROVAL OF CONSENT AGENDA

Board members queried Mr. Sullivan on varying aspects of the budget, scope of work, and bids associated with two of the procurement items presented and brief discussion ensued amongst the group.

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

APPROVAL OF MEETING MINUTES

Commissioner Mummaugh moved to approve the minutes of the November 19, 2015 meeting. Commissioner Barthelme seconded the motion. Motion carried 4-0-1. Commissioner Russell abstained, as he was not present at the November 19, 2015 meeting.

EXECUTIVE DIRECTOR'S REPORT

Mr. Bundy announced that he, as well as Chairman Willing and Ms. Meiser met with the Southern Maryland Delegation to address issues that arose out of Joint Meeting and the Southern Maryland Delegation meeting with CSMC regarding Legislative Amendments. Mr. Bundy noted that it was a

good meeting and an opportunity to clear up several items that seemed to cause confusion at the Joint Meeting.

Mr. Bundy addressed the County Times article, in which it was reported that County Commissioner Hewitt indicated that MetCom would soon be connecting those with failing septic systems in the St. Clements Shores area. Mr. Bundy advised that the article was not presented accurately, as the Maryland Department of the Environment has stated that until the study just authorized is complete, nothing can occur. MDE has also stated that before any consent agreement is put into place, a service area must be identified and connections to the system will be mandatory for those properties referenced in the consent agreement. Brief discussion ensued between the Board members and Mr. Bundy on MDE being receptive vocally to providing some relief on our discharge permit to aid these systems in failure. Mr. Bundy reiterated that the County has to define the service area before we can move on and gave a brief explanation of the data we have provided the consultant to move forward with the study, which will help us determine the discharge capacity.

Mr. Bundy advised that he reviewed the job description for the Assistant Director position and believes that if the Board wishes to move forward to advertise the position, we are ready. Following brief discussion amongst the group, **Commissioner Pessagno moved to commence with the search for an Assistant Director. Commissioner Mummaugh seconded the motion. Motion carried 5-0.**

CHIEF FINANCIAL OFFICER'S REPORT

A. FY 2015 Audited Annual Financial Statements

Ms. Shick introduced Tim Murphy of Murphy & Murphy CPA, Inc. to the Board. Mr. Murphy greeted the Board and staff and performed a review of MetCom's FY 2015 Financial Statements, ending June 30, 2015 and 2014, noting that the report represents an unmodified report, the highest level that you can receive through an audit. Mr. Murphy advised that all of the transactions were in accordance with government standards and compliance and no material deficiencies were found in the course of the audit. Mr. Murphy advised that the audit evaluated internal controls, which was done to safeguard the assets and make sure that there were no irregularities; noting that none were found. Mr. Murphy noted internal controls are very efficient and overall, fiscal policies are very conservative.

Mr. Murphy complimented Ms. Shick and her financial staff for the quality of their work and applauded the Commission for the September refinancing of some of MetCom's debt with TD Bank, as it reduced the rates and terms, as well as interest. Mr. Murphy reported that MetCom is in compliance with all of Governmental Accounting Standards (GASB) requirements.

Mr. Murphy performed a review of MetCom's financial highlights, assets, liabilities and net position, fund balances, statement of revenues, expenses and changes in net position, cash flow, debt administration, investments, OPEB, and GASB-68 compliance. Mr. Murphy fielded questions from Board members throughout the course of his presentation. In closing, Mr. Murphy advised that based upon all of the audit findings, he would give MetCom a grade of an "A" and noted that the Commissioners should be proud of the Accounting Department.

B. Draft FY 2017 Capital Improvement Budget

Mr. Bundy advised that in Mr. Elberti's absence, Ms. Hallissy, the Assistant Engineer, is sitting in on the first draft of the Capital Budget. Ms. Hallissy advised that the Capital Improvement Budget (CIB) has the same general format as last year, but more information has been provided for the Board. Ms. Hallissy performed a review of the additional information included and changes made to the summary sheets, noting that a line-by-line review of the projects will occur at the Budget Work Session, scheduled for next month.

Mr. Bundy noted that some of the changes made to the chart were as a result of the confusion regarding how our connection fees are calculated and what contributes to them, so the addition of two columns on the sheet allows everyone see what effect a project has on the Capital Contribution Charge. Commissioner Mummaugh inquired if an additional line could be added; depicting the number of EDUs gained with each project and was advised by staff that the EDU information is contained in the individual project budget sheets, which will be distributed at the Budget Work Session. Request made by Commissioner Thompson that a modification be made to the colors on lines one and three, as they are difficult for those who are colorblind to see.

CHIEF OF FACILITIES & OPERATIONS REPORT

A. Installation of Large Water Meters

Mr. Sullivan performed a review of the scope of work associated with the installation of two large water meters at the Indian Bridge Apartments and Queen Anne Park Apartments. Mr. Sullivan noted this work will be performed under the existing Mechanical Services Contract and we are currently awaiting delivery of these meters. Brief discussion ensued amongst the group on this capital project.

Commissioner Barthelme moved that the Commission approve the purchase order to install new water meters at Indian Bridge Apartments and Queen Anne Park Apartments to DSI, Inc. of Baltimore, Maryland, for the total price of \$12,835.35. Commissioner Russell seconded the motion. Motion carried 5-0.

APPROVAL OF EXECUTIVE SESSION MINUTES

Chairman Willing asked that Board members take a few minutes to review the minutes.

Commissioner Barthelme moved to approve the Executive Session minutes of November 19, 2015. Commissioner Pessagno seconded the motion. Motion carried 4-0-1. Commissioner Russell abstained, as he was not present at the November 19, 2015 meeting.

COMMISSION MEMBERS' TIME

Commissioner Pessagno requested a meeting with Mr. Bundy and a member of the engineering staff to discuss and better understand the matter of Dent's Store in Tall Timbers. He noted that it is one of the businesses said to be facing large charges to expand their operation, as identified by County Commissioner Hewitt at the Joint Meeting. Commissioner Pessagno indicated that the costs are

associated with the replacement of two pumps. Mr. Bundy advised he would get back in touch upon the return of the Chief Engineer to set up such a meeting with Commissioner Pessagno.

Commissioner Pessagno suggested the creation of a program to allow our customers to pay more than their bill and the funds above the bill would be placed into an account to pay bills for those who are unable to pay. Discussion ensued amongst the Board and staff on the suggestion and Mr. Bundy advised that research is needed by staff to determine if this type of program could be initiated and managed. Several Board members indicated their desire for staff to research this further.

Commissioner Mummaugh noted that the Outside Employment provision of the Employee Handbook indicates that staff can have outside employment outside of normal working hours, which he indicated is in conflict with discussions held at the last meeting. Commissioner Mummaugh suggested that because it is not clear, a definition be included in the handbook and further, he asked that the person contracted to generate this handbook provide information regarding that language. Additional discussion ensued amongst the group surrounding the staff's ability to take leave for outside employment during normal business hours.

ADJOURNMENT

There being no further business, **Commissioner Russell moved to adjourn the meeting at 4:46 p.m. Commissioner Thompson seconded the motion. Motion carried 5-0.**

Laura Comeau-Stanley, Corporate Secretary