The meeting commenced at 2:59 p.m. In attendance were Commissioners St. Clair, Lancaster, Hanson, DeMauro, and Willing; MetCom staff Meiser, Ichniowski, Shick, Sullivan, Elberti, Edwards, and Comeau-Stanley. Others present included James Kettler, Managing Member of Stallman, LLC and various MetCom personnel for the presentation of service awards to Bill Colver and Pat Hanners.

**MOTION TO APPROVE AGENDA**

Commissioner Hanson moved to approve the Agenda as presented by staff. Commissioner Lancaster seconded the motion and approval was unanimous.

**LENGTH OF SERVICE AWARDS**

Commissioner St. Clair announced the presentation of Length of Service Awards to two employees. Bill Colver was identified first as a recipient for his twenty-five (25) years of service to the Commission. Mr. Colver started in the water division twenty-five years ago and transferred to the position of underground utility locator. Commissioner St. Clair indicated that MetCom receives over 10,000 requests per year to locate utilities, which Mr. Colver responds to in all weather conditions as he protects our systems.

Commissioner St. Clair identified Pat Hanners next as a recipient for his ten (10) years of service to the Commission, citing that Mr. Hanners has been an asset to our organization through his quality control work and lab testing procedures. Commissioner St. Clair noted his ability to troubleshoot equipment and announced his recent promotion to Lab Technician II.

Commissioner St. Clair called upon each recipient to come forward as he thanked them for their hard work and dedication to the Commission and citizens of St. Mary’s County as he presented each one with a citation and pin.

**PUBLIC FORUM**

Mr. James Kettler, managing member of Stallman, LLC of 811 Russell Avenue, Suite 300, Gaithersburg, Maryland 20879, made a presentation regarding the Stallman Subdivision. Mr. Kettler referenced two letters written to the Commission dated January, 2012 and August, 2010. Mr. Kettler noted that these letters detail the basis of his request before the Commission, specifically the service fees and penalties charged against the project and appearing as a lien against the property, which was sold at the County’s tax sale last spring.

Mr. Kettler provided the Board members with a summary and timeline of the project’s plan review by County agencies and MetCom, citing that the project gained preliminary plan approval.
from Land Use and Growth Management (LUGM) in October, 2004, which technically expires after a period of two years. Mr. Kettler further explained that everyone said that as long work continues on a project, everything is okay and your plans will not expire. However, in 2008 the real estate and development market hit bottom and in the spring of 2009 as he tried to get the plans moving again, he was told by LUGM that the plans had formally expired in 2006 and a resubmission to all agencies would have to occur. Mr. Kettler explained that from 2009 to 2010 he and his bank have been trying to figure out what to do with the property.

Mr. Kettler stated that he and his bank were unaware that real estate taxes were owed for the property or that fees were assessed by MetCom for the allocation of EDU’s (Equivalent Dwelling Units). Furthermore, if they had known, they would have requested that the fees be removed on the basis that EDUs not be set aside, as there was technically not an approved preliminary plan. Mr. Kettler explained that after the County’s Tax Sale, the bank attempted to regain the property by paying the taxes and was told that a lien existing representing the outstanding MetCom fees. Mr. Kettler requested that if fees cannot be removed by MetCom, that the Board consider an abatement of the penalties.

Ms. Meiser addressed the Board and provided further details on the project and matters related to LUGM and the issuance and eventual allocation of EDUs. Ms. Meiser also provided additional details regarding the slowing of construction and development as a result of the downturn in the economy. Ms. Meiser noted that given the great number of projects affected by this, LUGM allowed developers an opportunity to continue working beyond their preliminary plan expiration, provided that work was moving forward on those projects, which was in fact the case with the Stallman project.

Ms. Meiser provided a timeline on the in-house review of plans for this development as well as details surrounding bills sent to the developer for MetCom charges. Ms. Meiser provided the Board with specific details of the County’s tax sale process as well as MetCom’s policy for placing of liens against properties of those accounts in significant arrears. Ms. Meiser explained that those accounts are then reported to the County to be included in the tax sale.

Extensive discussion ensued amongst Commissioners, Staff and Mr. Kettler. Commissioner St. Clair advised Mr. Kettler that Board and Staff would like the opportunity to review this matter further in Executive Session and thanked Mr. Kettler for his time and presentation today. Ms. Meiser clarified that the reason for this discussion to be conducted in executive session is the potential that this could result in litigation.

**APPROVAL OF MINUTES**

Commissioner St. Clair asked that the name of Commissioner DeMauro be specified on page 4, paragraph 4, in sentence 3. Commission Willing noted a misspelling on page on page 2.

**Commissioner DeMauro moved to approve Minutes of the Regular Session Meeting, with the recommended change, dated January 26, 2012. Commissioner Willing seconded the motion and approval was unanimous.**
DIRECTOR’S REPORT

Commissioner Willing asked Ms. Meiser if there was any resolution to the approval of the December 8, 2011 meeting minutes, which we were unable to approve at our last Commission meeting. Ms. Meiser indicated that the minutes will be documented minutes that never gain formal approval, as there is no way to regain a quorum of the Board members who could have approved them. Therefore, they will simply remain as draft minutes of record.

A. FY 2013 – 2018 Capital Improvement Budget – Joint Presentation

For the benefit of our new Board members, Ms. Meiser explained that MetCom has two budgets. The first is the Operating Budget, which addresses all of the day to day operational costs. The second is the Capital Improvement Budget (CIB), which covers all of MetCom’s capital projects, such as line improvements, extensions, system expansions, system upgrades and replacements. Ms. Meiser further explained that the CIB reflects a 5-year projection. Therefore, the Capital Improvement Plan will reflect the current year and then five additional years.

Ms. Meiser advised that in past years, the Capital Improvement Budget has been presented to and reviewed by the Board of County Commissioners (BOCC), although not for formal approval. However, as a result of recent legislative changes which became effective October 1, 2011, this will be the first year that we will be seeking BOCC approval of the CIB.

Ms. Meiser noted that all of the Capital Improvement Budget projects and the cost incurred to construct those projects are paid out of pocket, but the vast majority of them are financed. Ms. Meiser further explained that we repay the debt on the money borrowed to construct the Capital Improvement Projects through the collection of two different types of fees; System Improvement Charges and Capital Contribution Charges. Ms. Meiser provided an explanation of each charge to the Board, stating that Capital Contribution Charges are a one-time up front fee that a property pays when it first becomes a MetCom customer, whether it is a new property just built upon to be served by water or sewer, or an existing house served by individual well or septic who now connects to MetCom public water or sewer. Ms. Meiser noted that there are separate rates for residential water and commercial water, as well as residential sewer and commercial sewer. Ms. Meiser advised that the System Improvement Charges, which are paid by every single EDU that has been allocated capacity on a MetCom system from the time that the EDU is allocated and paid in perpetuity, every month, forever. Ms. Meiser noted that there are four possible rates; residential water, commercial water, residential sewer, and commercial sewer.

Ms. Meiser provided an explanation of how a project is placed on the 5-Year Capital Improvement Plan and how a project moves up in priority each year until it is in the current year that it will be constructed. Ms. Meiser noted that this is driven, in large part, by the Facilities Plan that was completed in 2009 for projects to be completed in the Lexington Park, California, and St. George areas. Ms. Meiser noted that the Facilities Plan assigns three layers of priorities for all projects to be completed in those areas mentioned in 10-year increments over the span of 30-years.
Other projects make their way onto the plan based upon the recommendations of operations and maintenance staff as a result of reoccurring repairs they are making in specific areas.

In summary, Ms. Meiser explained that much of how we determine what projects are going to be completed and when is driven by the Facilities Plan coupled with the County’s Comprehensive Development Plans. Another significant consideration is what impact the CIB will have on the System Improvement Charges and the Capital Contribution Charges.

Ms. Meiser noted that we are getting to a point in this organization and in the County where we are growing, which brings about the need for enhanced public facilities. Additionally, the vast majority of our infrastructure is concentrated in the Lexington Park area and is because of its age, MetCom is taking a fairly aggressive approach to Capital Projects to rehabilitate those lines which are all reaching the end of their useful life. Ms. Meiser added that most of that infrastructure was built as part of the opening of Patuxent River Naval Air Station back in the 1940s.

At the request of Commissioner Hanson, members took a brief recess at 3:57 pm.

Board members reconvened the meeting at 4:03 pm.

Mr. Elberti performed a detailed review of the project work to be performed and the associated expenses of the Capital Improvement Budget and Plan for Fiscal Year 2013. This presentation began with Water Division, specifically the Water Line projects, which included Greenview Knolls Connector, Patuxent Park Water Main Replacement, Phase 3, and Town Creek Water System. Mr. Elberti identified the Well projects, which included Hickory Hills Well, Hollywood Well at Broad Creek, and Charlotte Hall Well. Water Storage Tanks planned included Hollywood/Broad Creek, Charlotte Hall, Hickory Hills, Bay Ridge, and Water Storage Tank Inspection and Painting. Mr. Elberti announced the miscellaneous projects planned to include the Oversize Meter Project - Phase 1, Petty Building Exterior Upgrades, Asset Management Upgrade, Standby Generator for Water Pump Station, Rolling Acres Water Pump Station Upgrade, and Right-of-Way Clearing.

Mr. Elberti then reviewed the Sewer Division project work to be performed in Fiscal Year 2013. Projects identified by Mr. Elberti under Replacements included St. George’s Park Sewer System Improvements and Sheehan Pump Station, Patuxent Park Sewer, Phase 4, MD Route 235 at Wildwood InterceptorExpansion, Bay Interceptor Relining, Manhole Rehabilitation, I & I Sewer Replacement and Upgrade (10 yr.). Pump Stations projects included Great Mills Wastewater Pump Station (WWPS) Upgrade, Lynn Drive WWPS, Piney Point Landing WWPS, St. Mary’s Square WWPS, Forest Run WWPS, and Wildwood #1 WWPS. Mr. Elberti concluded his presentation with the announcement of the System Upgrades and Expansions planned for FY 2013, which included Asset Management Software Upgrade, Petty Building Exterior Upgrades, Right-of-Way Clearing, Replacement Grinder Pumps, and New Macerators for five (5) pumping stations.
Mr. Elberti, Mr. Sullivan and Ms. Meiser fielded a variety of questions by Board members on the FY 2013 projects as well as those planned through FY 2018. General discussion ensued amongst the Board and staff throughout the course of the presentation.

Ms. Shick provided the Board with an explanation of the how the rates per EDU are established, specifically the System Improvement Charges and Capital Contribution Charges. Ms. Shick further explained that the System Improvement Charges are designed to cover debt service for loans for the upgrade and replacement of existing systems and direct pay of smaller projects, while the Capital Contribution Charges are designed to cover the debt services for loans to build new water supply and sewer collection systems and to expand capacity to provide service to new customers.

Ms. Shick highlighted some of larger, more costly key projects ongoing and how they affect our rates. Ms. Shick also noted that prior to 2007 MetCom did not have a mechanism in place to pay for maintenance of our system. Ms. Shick and Ms. Meiser explained that our debt is cumulative, and until some of the debt starts dropping off, our rates will continue to go up. However, much of our debt is fairly new, which is resulting in higher rates.

Ms. Meiser provided the Board members with a general timeline of the review and eventual approval of the CIB by the BOCC in April and our Board in May. Ms. Meiser also pointed out that a presentation of the Capital Improvement Plan will be made to the Planning Commission for the purpose of planning; however they do not have approval authority. Ms. Meiser noted that this will be the dominating subject matter over the next few months; however the presentation today was intended to help familiarize the new members with the budget process.

ASSISTANT DIRECTOR’S REPORT

A. Administrative Office Building Change Order

Mr. Ichniowski provided Board members with an explanation of the proposed storefront door to be placed in the vestibule and reception area just outside of the billing office. Mr. Ichniowski advised that when the northwest wind blows, it blows right through that area and causes a strong wind to enter the billing office and toss papers and other items off of the counters and desks. Mr. Ichniowski advised that CMI General Contractors, Inc. has provided us with a proposal to install a storefront door that would match the one currently in front of the Engineering office. Mr. Ichniowski provided a sketch of the work for Board members review. Ms. Meiser noted that this was competitively procured and the current contract is still open, which is why the work is being done as a change order to the contract.

**Commissioner Hanson moved to approve the proposal from CMI General Contractors, Inc. dated February 6, 2012, in the amount of $6,345.00, to provide all labor, materials, equipment and supervision to install new storefront doors in the Administrative Offices of MetCom. This Change Order will not exceed the Project budget. Motion seconded by Commissioner Lancaster and approval was unanimous.**
CHIEF FINANCIAL OFFICER’S REPORT

A. FY 2012 Operating Budget Amendment

Ms. Shick provided a detailed review and explanation of the proposed FY 2012 Operating Budget Amendment, as outlined in the reports presented to the Board Members in their meeting binders. Ms. Shick summarized the associated increases in the Sewer Division. Following that portion of the report, Commissioner DeMauro requested additional details relating to Co-Gen issues mentioned. Mr. Elberti detailed the problems related to the drain lines and the issues that exist, which are currently being addressed by our contractor and their sub-contractors. Further discussion ensued amongst the Board and staff on the generation of power savings once the problems are resolved. Ms. Shick indicated that we anticipate a savings of $100,000.00 in power costs. Ms. Meiser noted that although Co-Gen is not operating optimally, we are already recognizing a savings in power costs. Additional discussion ensued on the stimulus grant funding received for this Green effort.

Ms. Shick further detailed the increases to the Water Divisions as well as the increases and reductions to the Engineering Division and General and Administrative Expense. Ms. Shick noted that the Budget Amendment increases Net Income from Service Charges by $27,632.00.

Commission Lancaster moved to amend the FY 2012 Operating Budget, as recommended by the Commission’s Chief Financial Officer, to adjust both revenue and expenditure line items to provide necessary funding for certain expenditure line items, which amendment will result in an increase in Net Income from Service Charges of $27,632.00. Motion seconded by Commissioner Willing and approval was unanimous.

CHIEF ENGINEER’S REPORT

A. Water Meter Project Update

Mr. Elberti provided a status update on the Automated Meter Reading (AMR) project and highlighted the draft press release for the project, citing that we are currently in the planning and design phase of this project and once complete, nearly every MetCom customer will be served by a radio-read water meter with drive-by meter technology, which will allow for meters to be read and invoiced monthly. Mr. Elberti noted that this will allow our customers to better see what their water consumption is and will help to conserve water. Additionally, a significant benefit is the instant message conveyance to our operating staff if the unit malfunctions. Mr. Elberti cited that this project is regarded as an environmentally green initiative, and as such, qualifies for a grant and a low-interest loan from the Maryland Department of the Environment. Brief discussion ensued amongst Board and staff on the estimated amount of the grant, which Ms. Meiser believes to be approximately 1/3 of the project costs.

Extensive discussion ensued amongst Board members and staff regarding available reporting data for other areas that have moved from non-metered service to metered service and the effects on the rates. Additional discussion surrounded available reporting data on problems resulting
from meter installation, to include complaints and documented law-suits. Commissioner DeMauro requested that we research same. Ms. Meiser indicated that staff would present their findings for Board’s review once we have that data.

Mr. Elberti performed a review of the tentative project schedule, noting that design will be complete in March 2012. Mr. Elberti reiterated the anticipated $860,000.00 savings based on combining Phase 1 and 2 for this project and noted the construction should be complete in January 2014. Mr. Elberti advised that we are putting a tremendous amount of effort into keeping the public informed on this project and we will be conducting public informational meetings throughout the County as we move forward.

EXECUTIVE SESSION

Commissioner Lancaster moved to adjourn into Executive Session at 5:29 p.m. to discuss Contract Negotiations and Potential Litigation. Commissioner Hanson seconded the motion and approval was unanimous.

The meeting re-adjourned into Regular Session at 6:26 p.m.

APPROVAL OF EXECUTIVE SESSION MINUTES

Commissioner DeMauro moved to approve the Minutes of Executive Session, dated January 26, 2012. Commissioner Willing seconded the motion and approval was unanimous.

COMMISSION MEMBERS TIME

Mr. Ichniowski indicated that staff has identified three dates to allow for our new Commissioner’s to tours the Marlay-Taylor Plant. Those dates are March 7, 9, and 12. Mr. Ichniowski advised the Board that he is also working with a schedule request from a group of 7th graders from Father Andrew White who would also like to tour the facility.

Commissioner St. Clair wished everyone a very Happy Valentine’s Day in advance from the Board and presented staff and Board members with a box of candy and a dozen silk roses.

ADJOURNMENT

There being no further business, Commissioner DeMauro moved to adjourn at 6:30 p.m. Commissioner Lancaster seconded the motion and approval was unanimous.

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Laura Comeau-Stanley, Corporate Secretary