MINUTES
REGULAR SESSION
ST. MARY’S COUNTY METROPOLITAN COMMISSION
APRIL 24, 2014

The meeting commenced at 3:03 p.m. In attendance were Commissioners Willing, DeMauro, Gaskin, and Mueller; MetCom staff Ichniowski, Cullins, Shick, Elberti, Sullivan, Fehn, Meiser, Roys, 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 DeMauro moved to approve the Agenda, as presented. Commissioner Mueller seconded the motion. Motion carried 4-0.

MOTION TO APPROVE CONSENT AGENDA

Chairman Willing inquired about the Inflow and Infiltration (I&I) problems at the Charlotte Hall Treatment Facility. Mr. Sullivan advised that due to a rapid increase in flows to the treatment facility, which MetCom operates for another entity, staff investigated the source of I&I and found that the primary source was a leaky backflow prevention value in one of the businesses, which was bypassing in a soda fountain and dumping water into the facility.

Commissioner Mueller moved to accept the Consent Agenda as presented, and to hereby approve all matters contained upon the consent agenda. Commissioner Gaskin seconded the motion. Motion carried 4-0.

DIRECTOR’S REPORT

A. BOCC Joint Meeting Agenda Items

Mr. Ichniowski performed a brief review of the agenda items for the Joint Meeting between the Board of County Commissioners (BOCC) and the MetCom Board, advising that the meeting will be held on Tuesday, May 6 from 8:30 a.m. until 10:00 a.m. in the Main Terminal of the St. Mary’s County Regional Airport. Mr. Ichniowski indicated that a copy of the agenda is included in the meeting binders for review, as well as a copy of the Water/Sewer Connection Policy Group Recommendation, which was received yesterday. Brief discussion ensued between Mr. Ichniowski, Ms. Meiser and Commissioner Mueller regarding the Policy Group’s report and the anticipated process moving forward. Mr. Ichniowski advised the Board members that they could contact him if they have any questions prior to the meeting.

CHIEF FINANCIAL OFFICER’S REPORT

A. FY 2015 Operating Budget and Capital Improvement Budget

Ms. Shick advised that one additional public comment was received since the pre-Commission mailing was sent to the Board members, bringing the approximate total number of comments to twenty (20), which represents 1/10 of 1% of MetCom’s customer base. Ms. Shick noted that most comments include a request that we not increase rates.
Ms. Shick performed a review of the MetCom/WSSC (Washington Suburban Sanitary Commission) Rate Comparison data and noted that the analysis was performed following the public hearing, when questions were raised regarding their rates, in comparison to MetCom’s. For the benefit of the Board, Ms. Shick and Mr. Ichniowski provided an explanation of WSSC’s fee structure, to include the front foot benefit charge assessment, house connection rates, and water and sewer service charges.

FY 2015 Capital Improvement Budget

Ms. Shick performed a review of the proposed FY 2015 Capital Improvement Budget and Plan, as it was presented to the Board on March 27 and on April 8 to the County Commissioners. Ms. Shick presented four (4) additional options for the Board’s consideration, which included (1) Applying remaining water supply and storage fees in FY15; (2) applying remaining water supply and storage fees in FY15 and deferral of the FDR Blvd. Water Main, Phase 1B Project to FY16; (3) applying all remaining water supply and storage fees in FY15 and deferral of the Piney Point Water System project to FY16; and (4) applying all remaining water supply and storage fees in FY15 and deferral of both the FDR Blvd. Water Main, Phase 1B project and the Piney Point Water System project to FY16. Ms. Shick detailed the effects on the System Improvement and Capital Contribution charges in FY 2015 for each scenario. At the request of Chairman Willing, water supply and storage fees were described by Ms. Shick as latency funds of approximately $120,000.00, which can only be used for new construction or applied toward the Capital Contribution Charge.

Discussion ensued amongst the Board members and staff on the costs associated with the deferral of the FDR Blvd. Water Main, Phase 1B project, as well as the understanding that the County is moving forward with the FDR Blvd. project. MetCom’s project work is scheduled to be performed in conjunction with the County’s; delays in MetCom’s project would create more work and result in increased projects costs of approximately $700,000.00 if done independently and not with the County. Staff further explained that deferral of the Piney Point Water System, originally planned for FY16 but moved forward to FY15 to balance out the rates, would cost approximately $25,000.00, as the engineering design is nearly complete and shelving the design may result in additional expenses. Additional discussion ensued amongst the group on the consequences of delaying the Piney Point Water System, as well as the scope of work and services associated with the project.

Mr. Ichniowski advised that staff recommends applying the remaining water supply and storage fees and not defer the projects. Discussion ensued amongst Board members with Commissioner DeMauro indicating that he prefers to defer the Piney Point Water System and apply the water supply and storage fees and Chairman Willing noting his preference for the applying the water supply and storage fees and his inclination to defer the Piney Point project.

Commissioner DeMauro moved that the Commission adopt the FY 2015 Capital Improvement Budget and FY 2015-2020 Capital Improvement Plan. Further, move that the Commission adopt the following debt service rates, which are equal to or less than the rates presented at a duly advertised public hearing on April 8, 2014:

System Improvement Charges paid by all customers with an allocation on the water system:

- **Residential Water Assessment:** $8.81/EDU/month
- **Commercial Water Assessment:** $10.57/EDU/month
System Improvement Charges paid by all customers with an allocation on the sewer system:

- Residential Sewer Assessment: $14.46/EDU/month
- Commercial Sewer Assessment: $17.35/EDU/month

Capital Contribution Charge due at time of connection to the public water system:

- Residential Water: $6,540.59/EDU
- Commercial Water: $7,848.71/EDU

Capital Contribution Charge due at time of connection to the public sewer system:

- Residential Sewer: $4,951.14/EDU
- Commercial Sewer: $5,941.37/EDU

All Commissioners took a moment to review the printed copy of the motion. Commissioner Mueller seconded the motion. Motion carried 4-0.

**FY 2015 Operating Budget**

Ms. Shick performed a brief review of the water and sewer service rate comparison data, which considers the proposed FY 2015 Operating Budget, originally presented to the Board on March 27 and three (3) options for the Board’s consideration: (1) Remove Contingencies; (2) Eliminate Dental Insurance Subsidy; and (3) Remove Contingencies and Eliminate Dental Insurance Subsidy. Ms. Shick recommends eliminating contingencies and noted that we have sufficient revenue projections to cover eliminating contingencies.

Discussion ensued amongst the Board and staff on the various options presented. Chairman Willing cited his appreciation of fellow Commissioners for trying to reduce the rates as much as possible for ratepayers, but noted his opposition of the elimination of existing staff benefits. Lengthy discussion ensued amongst the Board members and staff regarding MetCom’s medical and dental benefits and comparison of those benefit subsidies versus the County’s. Discussion turned to the potential to modify the policy for future employees and the need for evaluation of other budgetary items that could be removed or modified to reduce future rate increases. Also noted by members of the Board was a desire to address the public perception of what MetCom is doing to share in the pain of increased costs; even if the elimination of benefits results in a nominal reduction of rates. Staff provided a clarification of the impact on rates with the elimination of employee dental benefit subsidies, which results in a .32-cent monthly reduction or $3.60 annual reduction for water and sewer customers combined. Board members and staff continued discussion on customer comments made at the public hearing regarding rate increases and complaints received by individual Board members regarding same, as well as a desire by those Board members to reduce future rates through the elimination of certain benefits as a show of good will to customers. Further suggestion made that consideration be given to not providing OPEB benefits to future employees, which all agreed would first require analysis by staff. At the conclusion of discussion, the Board requested that Ms. Meiser prepare an additional and separate motion for consideration, which would eliminate a dental benefit subsidy for any new employees.
Commissioner Mueller moved that the Commission approve the FY 2015 Operating Budget, as recommended by the Chief Financial Officer. Further, move that the following rates, which are equal to or less than those presented at a duly advertised public hearing on April 8, 2014, be hereby adopted to implement the FY 2015 Operating Budget:

Service Charges:

<table>
<thead>
<tr>
<th>Service</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Non-metered per EDU</td>
<td>$35.83/month</td>
</tr>
<tr>
<td>Sewer Metered (which includes 16,200 gallons/quarter)</td>
<td>$30.56/month</td>
</tr>
<tr>
<td>Sewer Usage Rate Over 16,200 gallons/quarter</td>
<td>$5.66/K gallons</td>
</tr>
<tr>
<td>Water Non-metered per EDU</td>
<td>$23.03/month</td>
</tr>
<tr>
<td>Water Metered (which includes 18,000 gallons/quarter)</td>
<td>$18.42/month</td>
</tr>
<tr>
<td>Usage Rate Over 18,000/quarter</td>
<td>$3.07/K gallons</td>
</tr>
<tr>
<td>Small Fire Hydrant Meter</td>
<td>$1,520.00/9 yrs</td>
</tr>
<tr>
<td>(Proposed Rate includes a $1,000 refundable deposit)</td>
<td></td>
</tr>
<tr>
<td>Large Fire Hydrant Meter</td>
<td>$2,520.00/9 yrs</td>
</tr>
<tr>
<td>(Proposed Rate includes a $1,000 refundable deposit)</td>
<td></td>
</tr>
<tr>
<td>Short-Term Meter Rental</td>
<td>$1,250.00</td>
</tr>
<tr>
<td>(Proposed Rate includes a $1,000 refundable deposit)</td>
<td></td>
</tr>
<tr>
<td>Monthly Maintenance Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Failure to Report Monthly Meter Read</td>
<td>$20.00/month</td>
</tr>
<tr>
<td>Failure to Attend Annual Meter Inspection</td>
<td>$100.00/year</td>
</tr>
<tr>
<td>Hydrant Meter Rate per 1,000</td>
<td>$6.14/K gallons</td>
</tr>
</tbody>
</table>

Commissioner DeMauro seconded the motion. Motion carried 4-0.

Commissioner DeMauro moved that for all persons hired on July 1, 2014, and thereafter, MetCom shall make no monetary contribution towards the employee’s dental insurance premium. Commissioner Mueller seconded the motion. Discussion ensued and Chairman Willing indicated his desire to discuss this matter more and table the subject, pending more information as to how it may affect future hires and affect MetCom in the market; noting that this is a knee-jerk reaction that he is not comfortable with. Commissioner Gaskin noted that she too is not comfortable with this action. Discussion concluded and Chairman Willing called for the vote. Motion fails by a 2-2 vote with Commissioners Gaskin and Willing opposing the motion.

Chairman Willing noted that he welcomes more discussion on that at the next meeting or in the future to allow staff time to prepare and provide input to the Board. Mr. Ichniowski noted that staff will make the Budget presentation to the BOCC on May 27, 2014.
CHIEF ENGINEER’S REPORT

A. AMR Water Meter Project: Change Order No. 6

Mr. Elberti performed a review of the description of changes associated with Change Order No. 6 for the AMR Water Meter Project, citing that it includes three quantity changes and an increase of ninety-seven (97) days to the contract duration. Mr. Elberti advised that the three quantity changes result in a net contract decrease in the amount of $56,254.00 and an increase in time, which results in a contract completion date of November 15, 2014. Mr. Elberti provided a detailed explanation of each item reflected in the Change Order and performed an overview of previous Change Orders to date for this project and noted that all documentation is contained in the meeting binders for their review. Mr. Elberti fielded minor questions from the Board members on prior change orders.

Commissioner Mueller moved to approve change Order No. 6, dated April 21, 2014, to Contract #WO11112, (Radio Read Water Meter Project, Phase 1 – AMR Implementation), with National Metering Services, Inc., of Kearney, New Jersey, to:

(1) Change the quantity Bid Item #4 (increase by 67 at $198.00 each) increasing the contract costs by $13,266.00;

(2) Change the quantity Bid Item #9 (increase by 10 at $76.00 each) increasing the contract costs by $760.00;

(3) Change the quantity Contingency Bid Item #C-5 (decrease by 1,757 at $40.00 each) decreasing the contract costs by $70,280.00; and

(4) Increase the completion date by 97 calendar days due to weather related delays.

The approval of Change Order No. 6 is recommended by the Chief Engineer and will result in a contract cost reduction of $56,254.00. Commissioner Gaskin seconded the motion. Motion carried 4-0.

GENERAL LEGAL COUNSEL’S REPORT

A. Property Acquisition: Piney Point Pump Station

Ms. Meiser advised the Board that MetCom’s Piney Point Pump Station is currently accessed through an existing old subdivision and because of the narrow streets and cars parked along those streets, ingress and egress for our trucks and equipment is problematic. Ms. Meiser noted that a proper turning radius does not exist for the larger trucks and so we found alternative access, which would provide a much more direct and effective ingress and egress to the facility for our field staff. An appraisal was obtained for that property so that we could purchase that property in fee simple from the property owner. Ms. Meiser further indicated that preliminary discussions with the property owner have occurred and we have indicated our interest and advised them that an appraisal would be completed.

Ms. Meiser performed a review of the appraisal report and identified that the property has been appraised at value of $23,600.00 and staff is requesting that the Board authorize to move forward with making an offer to the property owner for the appraised value.
Following brief discussion with Ms. Meiser, Commissioner Mueller recused himself from discussion on this matter, as Hooper is his realtor. Ms. Meiser fielded questions from the Board on the appraisal and clarified that the land we are seeking is for 0.307 acres of land in fee simple, and not an easement interest. Using the overhead monitors, Mr. Elberti identified the current access location and the proposed access location with the acquisition of this property.

Ms. Meiser, Mr. Ichniowski, and Mr. Elberti collectively fielded questions posed by Commissioner DeMauro regarding other fees and associated costs, noting that the costs for permitting and construction of the access road are included in the project costs and not the property acquisition costs, which is a separate line item in the overall budget, just approved in the FY 2015 Capital Improvement Budget. Ms. Meiser clarified that the funding allocated specifically for the property acquisition is intended to encompass all of the costs relating to acquiring the land for this alternative access, settlement costs, and subdivision costs, not construction of the road.

Following additional discussion amongst the Board and staff, Commissioner DeMauro requested that this agenda item be deferred until the next meeting to allow staff to provide an estimate of the costs associated with permitting, subdivision and construction of the road to the Board prior to a vote on the proposed property acquisition. Chairman Willing indicated that he would also like to know what additional costs there might be if we were to ask to have an appraisal for an easement.

COMMISSION MEMBERS’ TIME

Commissioner Gaskin advised that she has been approached by a couple of the supervisors at the 911 Headquarters, who have asked when we are going to grant them permission to place their equipment on our facility. Chairman Willing advised that we have granted them permission and the necessary paperwork has been executed and submitted to the County. Mr. Ichniowski noted that he has received a letter from Mr. Kelly thanking us for getting that approved.

Commissioner DeMauro made a quick mention of the redlined item on the Change Order presented by Mr. Elberti today and asked that in the future, we could advise the Board of any changes or discrepancies in advance of the meeting if possible.

Chairman Willing noted that he would like to send well wishes to Commissioner Russell and Mr. Oliver’s wife.

ADJOURNMENT

There being no further business, Commissioner DeMauro moved to adjourn at 4:33 p.m. Commissioner Mueller seconded the motion. Motion carried 4-0.

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Laura Comeau-Stanley, Corporate Secretary