

**SOMERSET COUNTY SANITARY COMMISSION
AGENDA – JANUARY 26, 2017
ROOM 111 - SOMERSET COUNTY OFFICE COMPLEX**

1:00

Discussion Items

1. Financial Report for the period ending 12/30/16 (unaudited).
2. LGIT Quarterly Loss Report for the Quarter Ending 12/31/16.
3. Advertisement Notice - Request for Qualifications for Engineering Services for the Fairmount WWTP Decommissioning and Sewer Transmission Project.

General Business

1. Approval of invoices.
2. Approval of Sanitary Commission regular meeting minutes dated 12/15/16 and regular and executive minutes dated 1/12/17.
3. Letter 1/11/17 from Tammy Truitt re: PIA request and request for approved minutes to be posted on the county website.
4. Old Business - Review request by Willie Pugh for a billing adjustment.
5. Old Business – Review of Mariners Road Water Association Project.
6. Email from Elaine Dietz – MDE re: SRF Financing for the Deal Island Road Water Main Loop and the Smith Island WWTP ENR Upgrade.

Appointments

1. Public Input.
2. 2:00 Public Hearing:
 - a. Proposed Debt Service Rates for the Westover Sewer Service Area – 2017 Calendar Year.
 - b. Amendment to the Rules and Regulations for District Water and Sewerage Service and to Establish Quarterly fees for Industrial and Commercial User Classifications effective February 1, 2017.
3. Closed Session to review pending legal matters and personnel.

Somerset County Sanitary Commission
Minutes of January 26, 2017

A regular meeting of the Somerset County Sanitary Commission was held on Thursday January 26, 2017 at 1:00 p.m. in Room 111 of the Somerset County Office Complex. Members present were Adam Riggan, Chairman, Charles T. Northam, Jr., Secretary-Treasurer, Ellen Bush, Vice-Chairman and Janet McIntyre, Member. Also in attendance were Anthony Stockus, Manager, Barbara Outten, Administrative Aide, Earl Ludy, Field Operations Superintendent, Josh Taylor, P.E., and Aaron Goller P.E., Davis, Bowen & Friedel, Inc., and Richard Crumbacker, Crisfield-Somerset County Times.

Mr. Riggan called the meeting to order at 1:00 p.m.

Discussion Items

The Financial Report for the 6 months ending 12/30/16 (unaudited) was presented. Mr. Stockus reviewed the report and stated we are at the midway point of the budget and the expenditures should reflect 50% of the amount budgeted and we are substantially lower than this in many categories. He continued revenues have exceeded expenses and we are on target to end the year within our budget for the fiscal year ending 6/30/17. Mr. Riggan asked if there are items in the report that need clarification and there were no comments.

The Quarterly Loss Report received from LGIT (Local Government Insurance Trust) for losses between 10/1/16 and 12/31/16 was reviewed by Mr. Stockus. He stated the report highlights two claims made by the Sanitary District during this period.

The advertisement notice for the Request for Qualifications for Engineering Services for the Fairmount WWTP Decommissioning and Sewer Transmission Project was reviewed by Mr. Stockus. He stated the State of Maryland will fund the project using Hurricane Sandy Funds and we are required to comply with their requirements. He stated the bids are due by 2/22/17 and will be opened at the Sanitary Commission meeting on 2/23/17.

General Business

Invoices were presented for approval and were unanimously approved for payment as follows:

Davis, Bowen & Friedel, Inc.

Invoice dated 1/17/17 for Funding Assistance with MDE/USDA – Mariners Road Water Project (aka Mariners Water Association Water Project) for the period 11/26/16 to 12/30/16 in the amount of \$150.00.

George, Miles & Buhr

Invoice dated 1/12/17 for FY 2017 Princess Anne WWTP EWIP Grant Improvements for the period 12/1/16 to 12/28/16 in the amount of \$3,507.56.

Invoice dated 1/17/17 for the Smith Island WWTP - Preliminary Design for the period 12/1/16 to 12/28/16 in the amount of \$18,647.70.

The minutes of the regular meeting dated 12/15/16 and regular and executive session minutes dated 1/12/17 were presented for approval.

Mr. Riggan read the following statement into the record:

At the public hearing on December 15th 2016, several serious charges were made against the Sanitary District, its commissioners and personnel. In light of the facts which show that these accusations are unfounded and potentially libelous it is imperative that the facts be entered into the record. The Sanitary District has successfully passed every audit that it has been subjected to with absolutely no evidence of wrong doing, or mismanagement.

The District is audited annually by an independent accounting firm and is also subjected to audits by the IRS, the Local Government Insurance Trust, the United States Department of Agriculture, the Chesapeake Employers' Insurance Company, the Maryland Department of Labor, Licensing, and Regulation, and the Division of Unemployment Insurance. In every case all audits have shown that the District is well within compliance with each and every agency. In addition, the books of the Sanitary District balance to the penny. It is important to understand that, in some cases concerns raised by auditors do not mean there is evidence of wrong doing but are presented as recommendations to be assessed by management, as compared to the cost associated with complying with them. The Sanitary Commission takes every concern seriously but strives to keep costs down while meeting all requirements imposed upon it. Although the minutes of the December 15, 2016 meeting do not reflect the hostility exhibited toward the commission and its employees, I believe it is time to move forward from here and this issue is now closed.

Ms. Landon was present at 1:13 p.m.

Ms. McIntyre asked who wrote the statement and Mr. Riggin stated he and Mr. Stockus prepared the statement. Ms. McIntyre stated she was supportive of Mr. Northam's request that if something was omitted from the minutes dated 12/15/16, it should be added. Mr. Riggin stated the tape of the meeting was reviewed and the commission believes the minutes are representative of what was said at the meeting. Mrs. McIntyre stated it seems like there is a "gap" and if there was something on the tape that should be in the minutes, she is not certain why it is not. She then asked about Mr. Riggin's and Mr. Stockus's collaboration on the statement read into the record and Mr. Stockus stated he had no further comment and would like to move on.

Mr. Riggin stated there were comments they choose not to put in the minutes such as accusations made and strong statements by members of the audience. Ms. McIntyre stated the comments were made during a public hearing and the public can give their opinion in this type of setting. Ms. McIntyre stated she would like it to be noted that transparency is important and if something is said during a public meeting, it should be in the minutes.

Ms. McIntyre stated one of the items for discussion on the agenda today is to consider posting the minutes on the County's website and is pleased to see this on the agenda. She continued the public has a right to speak up and encourages that. She stated it feels somewhat abrupt to make a statement and then move on. Mr. Riggin stated the suggestion to move on was because there would be nothing good to come out of arguing about it. He continued statements were made during the public hearing that could be taken as inflammatory but we want to move forward and stated you have to be careful when you make accusations in a public meeting. Ms. McIntyre continued the public has the right to say what they want to say and as a new member she thinks the members and paid employees need to have somewhat of a thick skin when it comes to this type of situation and stated she has worked with the public for a very long time and that's part of the deal. Mr. Riggin stated he agrees but feels there is a difference in having a thick skin and being called "a crook" and would like to move forward and stated there are a lot of pressing issues to be discussed.

A motion was made by Ms. Bush and seconded by Mr. Northam and it was unanimously carried to approve the regular session minutes dated 12/15/16 and the regular and executive session minutes dated 1/12/17 as written.

The letter dated 1/11/17 from Tammy Truitt was presented regarding the Public Information Act request for copies of the minutes dated 12/15/16 and for the approved minutes to be posted on the county website. On a motion by Ms. Bush and seconded by Mr. Northam it was unanimously carried to begin posting the Sanitary Commission meeting minutes on the Somerset County's website beginning with the minutes for today's meeting dated 1/26/17. Ms. Outten stated the minutes dated 12/15/16 were provided to Ms. Truitt.

Ms. Outten presented an update on the request by Willie Pugh for an adjustment to the annual sewer debt service billing for Account # 13008655 owned by Willie and Essie Pugh. She stated the issue is Mr. Pugh is being billed for debt service fees and does not wish to have service. The property is a vacant lot located on Wedda Scott Road in Westover. She continued Mr. Pugh indicated at the last meeting his sister, Essie Pugh also owns property across the street from the vacant lot and it is connected to the sewer system and is not being billed for quarterly sewer service or annual debt service fees. Ms. Outten stated a work order was issued to confirm this information and it came back that the property is not connected and there is no pump installed in the grinder

station. Ms. McIntyre asked if possibly Mr. Pugh did not understand what he was requesting and Ms. Outten stated that was possible and wanted to give him the opportunity to present his request to the commission. Ms. McIntyre asked if a written request for service was received and Ms. Outten stated the request may have been received by phone. She stated both parcels are classified as agricultural and by law we do not assess agricultural properties unless a request for service is received from the property owner. A map of the properties was also presented.

Mr. Stockus stated he has visited the properties and the property owned by Essie Pugh is the last house on the left before the dirt road at the end of Wedda Scott Road and the grinder station is installed on her property and there is no grinder station installed on Mr. Pugh's vacant lot. Ms. Outten stated it sounded like the properties and billing information was transposed on these two accounts based on this information. Mr. Stockus stated the grinder station could be shared but it is not recommended.

Ms. Bush commented she understood if the sewer service goes by your property you had to pay a ready-to-serve charge and Ms. Outten stated in Westover properties with service are assessed but vacant lots are handled differently. She stated when the sewer system was installed property owners with vacant lots were notified by certified mail informing them if they wished to have service installed they must contact our office, otherwise no service would be installed. Our records indicate a request for service was received for the account that Mr. Pugh owns jointly with Essie Pugh and Mr. Pugh stated at the last meeting that his sister requested service. Ms. McIntyre asked what would the fairest solution be and Ms. Outten stated it doesn't seem like Mr. Pugh wants the sewer service but at the same time he stated he may want to develop the property in the future. Ms. Outten suggested the matter be reviewed with Ms. Konyar. It was the consensus of the commission to table action until further review with the attorney.

Mr. Taylor and Mr. Goller were present to review the status of funding for the Mariners Road Water Project (also known as Mariners Water Association Water Project). Mr. Taylor stated Davis, Bowen & Friedel, Inc. has completed the Preliminary Engineering and Environmental Reports required by USDA for funding this project and are currently working on the final funding application to USDA. He stated Mr. Goller has been working with Ms. Outten on the project funding and then turned the floor over to Mr. Goller to provide the details.

Mr. Goller stated the Preliminary Engineering and Environmental Reports have not been submitted to USDA because he was waiting on USDA's approval for funding to pay for the reports. He stated for some reason the application sat for an extended period of time on their desk and did not get reviewed and he is now preparing to submit the final application to include the construction phase costs. He stated the issue is that neither USDA nor MDE will provide funding for the construction of the project unless the Sanitary District owns the water system and at this point the Sanitary District does not own the system. He stated DBF can submit the applications to USDA and MDE but unless the Sanitary District takes over the system, in all likelihood they will not provide funding for the project.

Mr. Goller stated the Mariners Water System is privately owned but is uncertain if it is owned by a non-profit agency. He stated the other stipulation for USDA/MDE funding is the system cannot be owned by a private entity. He stated this may be why the county's comprehensive plan shows this project as being outside of the priority funding area as well as not in an existing service area because it is not owned by a municipal entity.

Mr. Goller stated DBF needs to know how to proceed with the funding applications and whether the Sanitary District intends to take over ownership of the water system prior to applying for funding. He presented the completed MDE application for signature and stated it is ready to be mailed by the deadline of 1/31/17. Mr. Taylor also stated they know what happens when an application is submitted and it is not consistent with the water and sewer comprehensive plan as well as when an application is submitted for a project and the entity submitting the application is not the owner of the system being upgraded. He stated they don't want to put the Sanitary District in a bind by submitting the applications and want everyone to be on the same page for the long term plan to serve the Mariners Water Project.

Mr. Stockus asked the engineers to describe the options available to the users of the Mariners Water Project and Mr. Goller reviewed the options provided in the Preliminary Engineering Report dated June 2015 as follows:

1. Take no action.
2. Replace the mains to provide fire protection.
3. Replace the mains to provide pressure but no fire protection and no hydrants would be provided.

Mr. Stockus asked what the estimated cost per user would be for Option 2 and Mr. Goller stated the total estimated construction cost (per the Draft PER dated 2015) was \$1,006,720 and estimated the actual cost will be \$100,000 less. Mr. Goller stated the cost per EDU is approximately \$28,571 per lot based on 35 existing properties. He stated because the area is not under an MDE Compliance Order, MDE would not provide more than 50% grant. He stated the estimated annual cost is approximately \$700 per property. Mr. Taylor commented these figures do not include any grants that may be received.

Mr. Goller stated the cost of Option 3 without fire protection is in the range of \$750,000 to \$800,000. He stated it would reduce the estimated user costs by \$20 to \$30 per quarter. He stated these costs are for debt service only and are in addition to quarterly water charges. Ms. Outten stated the City of Crisfield bills monthly for water service and the cost is approximately \$35 per month.

Mr. Stockus asked what the engineer's recommendation is for the Mariners Water System. Mr. Goller stated there are three options:

- 1) The Sanitary District takes over the water system and applies for funding. He stated they have never recommended an entity do this and stated there is a similar situation in Manokin Village located in Princess Anne.
- 2) Take no action until the residents pay for upgrades. He stated this is the option they would normally recommend. He stated with this option the residents could vote for Crisfield to annex the area and do the upgrades or they could install private wells.

Mr. Goller read the vote taken at the January 2015 property owners' meeting as follows:

In favor of the Sanitary District upgrading the water line	27
In favor of the City of Crisfield annexation and upgrading the water line	0
In favor of Private Wells	1
Undecided	2
No response	4

Mr. Goller also reviewed the options provided by Ms. Outten at the property owners' meeting held in January 2015 as follows:

1. Annexation in the City of Crisfield; the City will upgrade the water line, and would be responsible for repairs and maintenance. The City will not charge town taxes as long as you own the property.
2. Petition/Request the Sanitary District to apply for funds to upgrade the water line. The first engineering study was completed in 2002 and would need to be updated to be eligible for funding.
3. Establish Homeowner's Association to upgrade the water line.
4. Installation of private wells. A proposal dated 1/21/15 from Somerset Well Drilling indicated the cost to be \$7,350.00 per property for a 4" x 160 ft. PVC well with screens, submersible pump and treatment.

Mr. Taylor stated based on his knowledge of the process the water mains are getting worse and Ms. Outten confirmed this. He stated the Sanitary District has been very active in trying to find the best solution to this situation and the question now is do they submit the applications and force the Sanitary District into finding a solution or is that not the best solution for the Sanitary District and either way the Sanitary District will be at the center of trying to find the best solution.

Mr. Stockus asked how do we end up not having another situation like Westover on our hands. Mr. Goller stated if there is a large amount of grant from MDE and USDA, it would lower the user fees. Mr. Riggan commented that there is no guarantee we would receive any grant funds. Mr. Goller stated the area is designated in the 2008

County's Master Plan as W-4 which means it is designated to be served with water service within 10 years. He continued by stating he has reviewed this with Planning & Zoning and they indicated the area was submitted for W-1 status but came back as ineligible.

Ms. Outten stated the letter from the Maryland Department of Planning (dated 11/19/15) stated the Mariners Water System is in the Priority Funding Area and noted if there are changes to the service area, an amendment would be needed and a copy was provided to Mr. Goller. Mr. Goller stated normally existing water systems are in the PFA but this area is listed as a "PFA comment area". He continued the only reason he can see USDA or MDE taking a different view of the area is because it is a private water system. Mr. Stockus commented this did not make sense because the PFA law says if it is served by an existing water line it is automatically in the PFA and is contradictory to what Mr. Goller is saying. Mr. Goller stated USDA and MDE also have stipulations that they cannot provide funding to certain entities, such as for-profit entities.

Mr. Stockus asked if an attorney provides the Mariners Water Association the information to obtain a nonprofit status, how does that affect the project funding and Mr. Goller stated they would be eligible to apply for funding at that time and an exemption to the PFA area can be requested.

Mr. Riggan summarized the information presented and stated if the application is submitted and we don't take over ownership of the system, we would not receive funding and Mr. Goller and Mr. Taylor confirmed this. Mr. Stockus stated we have invested a significant amount of time and money in this project and stated it is a worthy project.

A general discussion was held on the concerns with the Sanitary District taking over the maintenance of the Mariners Water System. Mr. Stockus stated if we took over the system now in its current state, between now and the time the system is upgraded, we would be responsible for maintenance and we don't have an agreement with any of the homeowners so we would have to bill them for the repairs. He stated we are required to recoup any costs we incur.

Mr. Riggan reviewed the background of the Mariners Water Association Water Project and Ms. Outten stated her father in law installed the water lines in the late 1950's and this is why it has fallen on her to be the spokesperson for the water line. She stated the existing line is a 2 inch galvanized pipe and just this past week they had another water leak caused by the weight of trucks used by Delmarva Power to do maintenance on the electric poles. She stated after the meeting was held with residents in January 2015, the Sanitary Commission was requested to take over the water line and at that time the commission stipulated the line must be upgraded before they would take over the line. She stated USDA was made aware of this and she was not aware of USDA's requirement that the Sanitary District must take over ownership of the lines in order to receive funding.

A discussion was held on the options to repair the line including hiring an outside contractor to perform the replacement of the water lines in 100 foot sections. Mr. Riggan stated we would be taking a risk in assuming ownership of the system in its present state and he would not feel comfortable with that. Mr. Taylor stated an agreement with the residents would be needed and doubted that could take place by 1/31/17, which is the deadline for submitting the funding application to MDE. Mr. Goller stated the applications can be submitted with the owner as the Mariners Water Association on the application and submitted in the Sanitary District's name. He stated this would provide a delay until the commission made a decision. Mr. Stockus stated we would need legal advice on this matter and stated if an attorney assisted with the nonprofit status to be eligible for funding then we could assist them at that point. He stated we have to work within the law.

It was the consensus of the commission to authorize the engineer to submit the funding applications to MDE to give time to delay the decision on whether or not to take over ownership of the Mariners Water system.

Ms. Outten asked if the users of the system had selected the City of Crisfield to take over the upgrades, would we still be facing the same problem. Mr. Goller stated he believes the city would take over the ownership and would perform the upgrades. He stated the City plans to loop the water line to Carvel Hall which would increase the cost and this was also their recommendation (Option 2) as it would provide fresh water that is not at a dead ended line.

Ms. McIntyre asked which option is the most cost effective for the homeowner. Ms. Outten stated it was the Sanitary District's option and Mr. Goller indicated the most cost effective option was to install private wells.

Ms. Outten stated she has talked to Denise MacLeish, Director and others at USDA many times about her concerns with the conditions of and funding for the water line and they were aware this was a private water line and did not indicate there would be a problem with the funding. Mr. Taylor stated Ms. MacLeish may have assumed the Sanitary District was going to take over the line.

Ms. McIntyre asked what do the residents want and Mr. Riggan stated the residents have requested the Sanitary District to take over the water line and we have officially begun the process up to submitting the application. He continued we know that we don't officially own the water system and it would "throw a wrench into the process" based on information provided today by DBF.

A general discussion was held on the estimated grant funds that may be provided. Mr. Taylor stated it is hard to determine and certain conditions would help to get a high ranking for grants. He continued the Mariners Water System doesn't meet code and is very similar to the Rhodes Point Water System which recently received a large amount of grant and is also a private water system. He stated that system received a higher ranking for grant funds because it did not meet disinfection requirements. Ms. Outten stated Ms. MacLeish indicated USDA could fund up to 75% of the project costs with federal grant funds and she also recommended that we apply to MDE to be eligible for up to 50% of the remaining costs for the project to be affordable to the residents. Mr. Goller stated if funded under MDE's Disadvantaged Community Program it could receive up to 50% in grants.

Mr. Riggan stated his worst fear is for the residents if we don't receive any grants and have to ask 35 residents to pay the total cost estimated at over 1 million dollars. Ms. Outten stated it may be best to have another community meeting in view of the facts presented today to review the other options. Mr. Taylor suggested user estimates be provided based on different funding scenarios assuming a grants of 50% and 75% of the project cost. Mr. Riggan agreed and Mr. Stockus stated all of the previous meetings have been held in Crisfield and suggested that may be best and suggested the commissioners and engineer also attend. Ms. McIntyre suggested the user costs be provided to the property owners in advance of the meeting.

Mr. Riggan asked how this action will effect the MDE application and Mr. Goller stated it will be submitted by the deadline of 1/31/17 and if a different option is selected, the funding can be cancelled or transferred to the City of Crisfield.

Ms. Outten stated she will contact the residents of the Mariners Water Association's water line to notify them another public meeting will be held at a date to be determined at City Hall in Crisfield to provide an update on the funding options.

Mr. Taylor stated another option would be to apply for funding with MDE's Disadvantaged Community Program to assist with the installation of private wells.

Starr Mister, Office Manager and Jennie Marshall, Assistant Office Manager/Front Foot Assessment Clerk were present at 1:51 p.m.

Heather Konyar, Attorney was present at 2:00.

Mr. Stockus reviewed the email from Elaine Dietz, Maryland Water Quality Financing Administration regarding the previous projects submitted that are eligible for funding by MDE and Ms. Dietz asked if the Sanitary District is still interested in MDE funding for these projects. A preliminary financial capacity analysis was performed based on the programmed loan funding for both projects as follows:

1. Deal Island Road Water Main Loop – Estimated loan \$156,250 @ Disadvantaged Community Interest Rate for 30 years.
Estimated Principal Forgiveness (grant) \$156,250.
Total Cost \$312,500.

Mr. Stockus stated there was a misunderstanding on the funding for this project and it was previously thought a 100% grant was offered by MDE. He stated the estimated cost to replace the Deal Island Road Water Main is approximately \$300,000 and the state is offering us \$156,250 in grant funds. Mr. Taylor stated it is a vital project that will provide redundancy for the water system in Princess Anne and the Sanitary District would be responsible for half of the project costs. He stated a decision is needed to proceed with the grant and loan offer by MDE. He stated a quick calculation based on 2,000 accounts in Princess Anne over a 30 year term would be an increase of approximately \$1.00 per account. Ms. Mister stated there are approximately 1,500 O & M accounts and Ms. Outten stated there are about 2,000 debt service accounts in Princess Anne. Mr. Taylor stated the proposed user costs will need to be presented to the public. Mr. Stockus stated this is one of the water mains servicing the west side of Princess Anne. Mr. Taylor stated this water main has been out of service for about 10 years and recommended it be replaced and stated it is a very important project. Mr. Stockus stated he has responded to Ms. Dietz that we are still interested in the funding offer from MDE. Mr. Goller stated a representative from MDE will be meeting with the Sanitary District personnel within the next month to inspect the project location.

Mr. Stockus stated the proposed user costs will be provided for review before action is taken to proceed with the project.

2. Smith Island WWTP ENR Upgrade – Estimated loan \$1,000,000 @ Disadvantaged Community Interest Rate for 30 years.

Estimated Principal Forgiveness (grant)	\$1,000,000
Total MDE-WQSRF Program	\$2,000,000

Ms. Dietz noted the preliminary analysis shows debt service coverage of 1.09 for Smith Island which is below MDE's 1.20 benchmark and commented a rate increase may be required and asked if there are plans for a rate increase and requested a copy of the current water and sewer rate schedule to be provided. Ms. Outten stated the debt has been paid off for the Smith Island Wastewater System that was installed in 1979 and we currently do not charge a debt service fee for Smith Island.

At 2:00 p.m. Rev. Charles Bagley and Mary Chilcoat were in attendance and requested to address the Board.

Mr. Bagley congratulated the board members on their appointments and stated he is looking forward to what will be said during the Public Rate Hearing before making any comments.

At 2:20 p.m. Ms. Marshall opened the Public Rate Hearing and read the proposed debt service rates for the Westover Sewer Service Area for the 2017 calendar year and Amendment #3 to the Rules and Regulations for District Water and Sewerage Service and to establish quarterly fees for Industrial and Commercial User Classifications to be effective February 1, 2017.

The debt service rates for the Westover Sewer Service Area for the 2017 calendar year were proposed as follows:

Westover Sewer - EDU

<u>Residential</u>	<u>Business</u>	<u>Sewer Mains</u>
\$564.48	\$677.38	\$476.73

The proposed rates were advertised in the January 9th edition of the County Times.

Public Input

Rev. Bagley – 30006 Fairmount Road. Rev. Bagley stated he talked to Senator Mathias concerning the Westover sewer rates and the Senator stated he would review the rates with Del. Otto to prevent the rates from being increased next year. Mr. Stockus stated one of the things suggested is to request more input from the community and he would like Rev. Bagley to serve as a liaison for the Sanitary Commission. He stated we want to proceed

with the EDU method of assessing debt service and all areas should have a voice in the process. He stated his intention is to put together a panel of representatives from the community.

Ms. Chilcoat – Fairmount Road. Ms. Chilcoat stated she is new to the area and asked about the county-wide EDU method of billing debt service and Mr. Stockus stated under the current front foot assessment method we are required by law to allocate the debt to the users in each service area and stated with the EDU method (Equivalent Dwelling Unit) the debt in all service areas will be in “one pot” and would be shared by all users. He stated the EDU method is more equitable than the front foot assessment method.

On a motion by Mr. Northam and seconded by Ms. Bush it was unanimously carried to approve the debt service rates for the 2017 calendar year for the Westover Sewer Service Area as proposed.

The Public Hearing to approve Amendment #3 to the Rules and Regulations for District Water and Sewerage Service (also known as the pretreatment ordinance) and to establish quarterly fees for Industrial and Commercial User Classifications effective February 1, 2017 was held at 2:34 p.m. There were no members of the public in attendance. The proposed rates were advertised in the January 9th edition of the County Times.

A motion was made by Ms. Landon and seconded by Ms. Bush and unanimously carried to approve Amendment # 3 to the Rules and Regulations for District Water and Sewerage Service. The motion also establishes quarterly fees for Industrial and Commercial User Classifications effective February 1, 2017 as follows:

Class 1: Significant Industrial User (SIU)

Wastewater flow > 25,000 g.p.d. annual average or, Wastewater Discharge that may have significant impact on the sanitary sewer or the Princess Anne WWTP or, is defined as a “Categorical” Industry by the U.S. EPA. Annual Fee will be based on the number of inspections and samples required to properly monitor the SIU. Frequency of inspections and sampling will be determined during application or after initial inspection.

Class 2: Large Food Handling Facility

Facility with > 30 seats or Facility with deep fat fryers and fried food on the menu.

Examples: Full Service Restaurant, Fast Food Restaurant, Convenience Store, Schools, Grocery Stores, Nursing Homes.

Annual Permit Fee will be - \$300.00 (to be billed quarterly). Two Inspections and one sample for BOD, TSS & FOG annually.

Class 3: Small Food Handling Facility

Facility with < 30 seats and no deep fat fryers and fried food on the menu.

Examples: Deli, Café, Coffee Shop

Annual Permit Fee will be - \$225.00 (to be billed quarterly). One Inspection and one sample for BOD, TSS & FOG annually.

Class 4: Auto Repair Facility or Medical Facility

Auto Repair Facility with floor drains or trenches.

Annual Permit Fee will be - \$200.00 (to be billed quarterly). One inspection and one sample for TSS & FOG annually.

Class 5: Miscellaneous Commercial Sites

Facilities without floor drains but have materials and/or waste that may be impacting if disposed of improperly. Example: Auto Repair Facility without floor drains, Print Shop, Medical or Dental Facility with X-Ray, Funeral Home.

Annual Permit Fee will be - \$100.00 (to be billed quarterly).
One inspection annually.

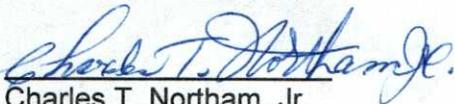
Mr. Stockus thanked Mr. Ludy for his work on preparing the revisions to the pretreatment ordinance.

At this time Mr. Stockus read the letter dated 1/16/17 to Kuzzens, Inc. into the record for property located at 30599 Cabbage Lane, Westover, MD (a/k/a the "Camp" Property). The letter states the full payment of \$207,609 is requested for benefit assessments for sewer service provided. If payment is not received or an agreement reached by 4/1/17, the District will discontinue sewer service on 4/1/17. To avoid adverse health consequences to the public, a copy of the letter will be sent to the Somerset County Health Department. It was noted payment of the outstanding assessments would prevent disconnection of sewer service and would also prevent the loss of the property due to pending foreclosure proceedings.

On a motion by Mr. Northam and seconded by Ms. Bush it was unanimously carried to authorize the Manager to send the letter dated 1/16/17 to Kuzzens, Inc. as read.

Mr. Taylor, Mr. Goller, Mr. Ludy and Ms. Marshall left the meeting at 2:39 p.m.

At 2:39 p.m. a motion was made by Mr. Northam and seconded by Ms. Landon to go into executive session to review pending legal matters and personnel.



Charles T. Northam, Jr.
Secretary-Treasurer
CTN/blo