

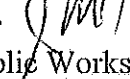



Internal Memorandum

Subject: Testimony and Fiscal Impact Statement
Council Resolution No. 170 -2015 authorizing the sale of certain Utilities Infrastructure to the American Water Operations and Maintenance, Inc., a contractor for the Defense Logistics Agency –Energy, and as part of the Fort Meade Reclaimed Water Project .
Capital Project W- 8323

Date: October 26, 2015

To: Lonnie R. Robbins
Chief Administrative Officer

Through: Jim Irvin, Director 
Department of Public Works

From: Jeffrey K. Welty, Deputy Chief 
Bureau of Utilities

In 2011 the Department of Public Works began the design and construction of a Reclaimed Water System (RWS) for supplying treated effluent from the County's Little Patuxent Water Reclamation Plant (LPWRP) to the National Security Agency (NSA) for use as cooling water in the operation of its new East Campus facility. The project represented a business opportunity for the County to market its highly treated effluent and help offset future rate increases from Baltimore City and the Washington Suburban Sanitary Commission. The project consisted of constructing a diversion structure on the existing LPWRP effluent line to supply water for a new pumping station within Fort George Meade. In addition, a Transmission and Distribution System (TDS), consisting of approximately 8000 linear feet of 20 inch diameter pipe, an elevated water storage tank, and various controls/appurtenances was also constructed, as part of the project, across a portion of Fort Meade and into the secure area of the National Security Agency (NSA).

The County entered into a contract with the NSA for the design and construction of the RWS, and in May of 2015 the facilities were fully operational and placed in service for operation. The County was subsequently paid in full by the NSA for the cost of the project.

Upon completion of the project, the County intended to transfer ownership, including operation and maintenance responsibilities, of the TDS to American Water Operations and Maintenance, Inc. (AWO&M), under long-term contract with the Defense Logistics Agency –Energy (DLA-E) who currently provides operation and maintenance services for all other water/sewer utilities within the NSA. The decision for the transfer was based on the level of security clearances

necessary for any County staff that would be required to enter into the NSA secure area. This was deemed to be an expensive undertaking for the County Government, and would be a much better fit for the AWO&M. The County will still retain ownership, and all operation and maintenance responsibilities, for the diversion structure, influent line, and pumping station; none of which require any security clearances to access.

The transfer mechanism to AWO&M from the County is by a Bill of Sale which has not yet been finalized. Since the County has been reimbursed in full for the project, there should be no reimbursement cost associated with the transfer.

If you have any questions or require further information, please do not hesitate to contact me at your convenience. Thank you for your consideration.