

COMMISSIONERS

Fausto R. Bayonet, Chair
Regina Y. Speed-Bost, Vice Chair
Keith E. Bell
Howard A. Denis
T. Eloise Foster

GENERAL MANAGER

Carla A. Reid



August 3, 2022

By electronic and regular mail

The Hon. Angela D. Alsobrooks
County Executive for Prince George's County
Wayne K. Curry Administration Building, Suite 4000
1301 McCormick Drive
Largo, MD 20774

The Hon. Marc B. Elrich
County Executive for Montgomery County
Executive Office Building, 2nd floor
101 Monroe Street
Rockville, MD 20850

The Hon. Calvin S. Hawkins II, Chair
Prince George's County Council
County Administration Building, 2nd Floor
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

The Hon. Gabriel I. Albornoz, President
Montgomery County Council
Stella B. Werner County Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

RE: Governance Crisis at WSSC Water

Dear Ms. Alsobrooks, Mr. Elrich, Mr. Hawkins, and Mr. Albornoz:

I am taking the extraordinary step of writing to you and the other public officials in the Sanitary District concerning the state of WSSC Water governance. As General Manager/Chief Executive Officer, I believe it is my obligation to do so given recent developments.

On Wednesday, July 20, 2022, the five sitting WSSC Water Commissioners met and voted 3-1-1 in public session to strip me, the General Manager/Chief Executive Officer, of

responsibility for numerous personnel decisions in this agency, reserving those decisions for themselves, including day-to-day personnel actions impacting my direct reports.

Such an action is unprecedented in the 104-year history of the Commission. There is no major water or sewer utility in the country in which the Board, and not the General Manager/Chief Executive Officer, makes day-to-day personnel decisions. This is especially true for an agency with more than 1,700 employees.

The three Commissioners voting for this action characterized it as a “normal” part of transition given that my contract expires on December 31, 2022. But there is nothing “normal” about this decision and it has never occurred in the many General Manager transitions that have taken place. Moreover, at no time prior to removing my authority on personnel matters, did any Commissioner have the courtesy to communicate with me regarding a transition or to put me on notice that there would be a change to my delegated authority. Prior to the changed Delegation of Authority (DOA) in July, the authority to hire and fire the General Manager’s direct reports and department heads had always rested with the General Manager/Chief Executive Officer.

Additionally, the proposed changes to my DOA were never posted on the Commission’s agenda website before the meeting so that the public, WSSC Water employees, and stakeholders would have adequate notice of the proposed actions. It has been two weeks since the Commission vote, and we have still not been provided with a copy of the resolution they approved at the July meeting.

In fact, my office specifically asked the Commission Office in June if there were any changes to my delegated authority. We were told no. My only reason for seeking clarification of my authority at the time was because a WUSA 9 news reporter contacted our communications office on June 15, 2022, during a closed session of the Commission meeting, and again on June 17, 2022, stating he had credible sources and documentation that my authority had been limited. It is important to point out that this reporter initially made the inquiry while Commissioners were in closed session without management present - meaning one or more Commissioners leaked my sensitive personnel information to the media. This was clearly done to embarrass me. Based on this and other events, I have no confidence that current Commissioners can keep sensitive personnel information confidential.

BACKGROUND

The WSSC Water board of Commissioners is a part-time governing body that meets once a month. The current board is composed of individuals with no subject matter expertise in managing a water utility, let alone one the size and complexity of WSSC Water. By design, the board is not structured to manage day-to-day operations or be involved in personnel decisions, beyond its three direct reports (e.g., Inspector General, Corporate Secretary, and General Manager/Chief Executive Officer). The Commission must act as a body, not as individual Commissioners. That means Commissioners must vote to effectuate action and make formal decisions. It is impractical and highly problematic to expect the General Manager/Chief Executive Officer to present certain personnel decisions to a part-time board that meets once a month and has no understanding or familiarity with WSSC Water’s personnel policies or procedures for a vote of approval.

The Commission's actions create serious risks for the utility and the general public from a continuity of operations standpoint. There were many irregular events which preceded this action, and as the appointing authorities for the board of Commissioners, you need to be aware of them so you can take corrective action.

As the largest water utility in this region, and one of the largest in the country, we serve a critical function, and I am extremely concerned about the risks associated with the Commissioners recent actions and the negative impact on staff and our ability to fulfill our mission. There are few things in life more important than water. And as such, it is imperative that the governance structure and the individuals appointed to governance positions at the water utility have the integrity and skills to govern and lead appropriately and effectively.

For the reasons described below, and others, Commissioners Keith Bell and Eloise Foster should be asked to resign or alternatively, immediately removed from their current position of governance of this utility. Their conduct has created serious ethical and governance issues for the Commission. I also recommend that the governance structure be studied to ensure that WSSC Water is operating under the most effective model. The events over the past year make it clear that there needs to be some internal controls to ensure integrity in the WSSC Water governance system.

1. Examples of Commissioner Interference in Personnel Matters That Do Not Involve Their Direct Reports

A. Attempting to reinstate a former department head

In May/June 2022, a Deputy General Manager and I met with one of my department heads on at least two occasions regarding a personnel matter impacting that department head. Following the meetings, and the department head's subsequent departure from WSSC Water, I received a request from the Commission Office to meet with three Commissioners regarding the personnel matter. I declined to meet with the three Commissioners because discussing the personnel matter would have been inappropriate. The former department head did not report to the Commission or any of the Commission Office's direct reports. The person worked three levels below the Commission Office. Nevertheless, the Commissioners were attempting to get me to reverse a personnel decision that was within my authority. What is of greater concern, is that in June, Commissioner Eloise Foster requested access to the former department head's personnel file in preparation to reinstate this individual. That was the same month the Commissioners voted not to renew my contract without any advance conversation with me. For Commissioners to insert themselves in personnel activity at that level is an abuse of power and an attempt to wield undue influence over personnel activities.

I have now learned that the former department head illegally recorded one or more meetings with me and the Deputy General Manager. The former department head then arranged to have this recording sent to one or more public officials in Prince George's County. The Deputy General Manager and I were unaware that the person was recording the meeting and did not consent to it, nor have we consented to the distribution of the recording. Maryland law makes it a felony to record the conversation of another without their consent.

When I learned of this illegal conduct on Commission property, I reported it to the Prince George's County State's Attorney and to the WSSC Water Inspector General and advised the

Commissioners. *The day after I made the report, three of the Commissioners voted to strip me of personnel authority.*

This same former department head is admittedly close to Montgomery County Commissioner Eloise Foster and Prince George's County Commissioner Keith Bell. Those relationships are driving the Commissioners' interest on personnel actions, and it is one of the reasons I believe Commissioners have limited my delegated authority.

B. Forcing me to extend a contract to a current employee

A manager in the WSSC Water Information Technology Department is a close personal friend of the former department head mentioned previously. The manager is also close to Commissioners Keith Bell and Eloise Foster. The employee reports to the WSSC Water Chief Information Officer and is employed four levels below the Commission Office.

In July 2020, issues about this manager's ethical conduct came to my attention, and I forwarded the information to the WSSC Board of Ethics for further review because I felt the alleged conduct jeopardized our integrity and reputation.

On June 14, 2022, the [WSSC Board of Ethics issued a public opinion and order \(http://ow.ly/u93y50KaZXI\)](http://ow.ly/u93y50KaZXI) determining that the manager had engaged in serious violations of the WSSC Code of Ethics. These violations included using their position within the agency to obtain jobs with WSSC Water contractors for friends and associates. The Board of Ethics found that the manager's conduct at a minimum jeopardized the reputation of the agency. The day after the Board of Ethics issued its decision, the Commissioners voted to not renew my employment contract.

As an Information Technology employee, this manager works under an employment contract. The manager's contract was scheduled to expire earlier this year. However, in December 2021, Commissioners Keith Bell and Eloise Foster directed me to renew the manager's employment contract, notwithstanding serious ethical lapses and the pending case before the Board of Ethics. In addition, the directive was given without the knowledge or consent of the other Commissioners, a clear violation of bylaws. No Commissioner or group of Commissioners may act in the name of the Commission outside of meetings, unless previously authorized by official Commission action. This manager remains employed at WSSC Water today in a position where the person continues to have supervisory authority over numerous contracts.

C. Requesting employment contracts for General Manager's direct reports and department heads

Earlier this year Commissioner Keith Bell bypassed me to request copies of the employment contracts of several of my direct reports and department heads. A few months later, the names of these individuals appeared in an anonymous email falsely accusing them of procurement improprieties. For a sitting Commissioner to reach into the organization to request the contracts of individuals who do not report to the Commission Office is inappropriate and an abuse of power. And for the names of those individuals to later show up in an anonymous email accusing the General Manager and those executives of misconduct leads me to believe that Commissioner Keith Bell is involved in spreading false and damaging information about me and

my senior staff. As an aside, Commissioner Keith Bell routinely bypasses me to obtain information from various offices throughout the organization despite numerous requests to coordinate with me/my office.

2. Former Commissioner Christopher Lawson Accused Fellow Commissioners of Using Anonymous Emails to Fuel Efforts to Terminate WSSC Water General Manager/Chief Executive Officer

On June 7, 2022, former Commissioner Christopher Lawson resigned from the Commission after another member of the Commission filed an ethics complaint against him. The complaint involved a conflict-of-interest involving Mr. Lawson's work for a client who was a WSSC Water contractor. In his resignation letter Mr. Lawson stated "... the recent email ...disguised as a non-WSSC Employee or Commissioner, 'Concerned Ratepayer' was disappointing...." He went on to say, "... the convenience of this foolishness helps to fuel the effort to terminate the WSSC CEO's contract...." His resignation letter indicated that fellow Commissioners wanted him out of a leadership position on the board so that they could terminate my contract.

Mr. Lawson's resignation came on the heels of a series of public Commission meetings where Commissioner Keith Bell led a self-described "spearfishing" attack on WSSC Water staff and made unsubstantiated allegations about a billing system that Commissioners unanimously approved in 2017 and staff implemented in 2019. In response to Commissioner Bell's allegations, my staff and I prepared a detailed memo addressing all the concerns. Instead of providing a meaningful response to my memo, which I provided to both counties, Commissioner Keith Bell declared an impasse, refused to meet with me and county officials despite repeated attempts, and rejected the request to turn the matter over to the WSSC Water Inspector General, instead hiring two external firms to investigate the project at significant costs to our ratepayers.

Despite my formal written request to have WSSC Water's Office of the Inspector General oversee this investigation, Commissioners are managing the scope of this investigation. In a June 27, 2022 letter to WSSC Water Chairman Fausto Bayonet, the counties two Chief Administrative Officers (CAOs) have raised serious concerns about Commissioners oversight of this investigation.

3. Governance Crisis Impacting Staff

These are just a few of the more egregious governance issues that WSSC Water has been confronted with over the last year. There are many more, which involve contract issues, personnel decisions, inappropriate communications with staff, and leaks of confidential information. In my 30+ years as a public servant, I have unfortunately witnessed dysfunctional governance behavior before, but never of this magnitude.

Throughout, I have kept senior staff within both County Executives' offices advised of the issues and have attempted to manage them within the agency. As mentioned above, the two county CAOs sent a letter to Chairman Bayonet. They described WSSC Water as an "organization in crisis." Their description is accurate. WSSC Water is an organization in crisis because of the abhorrent conduct of certain Commissioners and their misuse of power.

I had hoped the CAOs' letter would help alleviate the governance crisis, but it has not. Certain Commissioners have been openly dismissive of the county governments. The conduct of these commissioners has created a cancer in the organization. Their behavior is well-known throughout WSSC Water and has created serious morale issues within our professional staff, many of whom have served our ratepayers for decades. We are now experiencing recruitment difficulties because their conduct and leaked information to media /anonymous emails to staff has generated negative news stories and become well-known throughout the water sector.

Their behavior is also posing a risk to the integrity of the WSSC Water staff. Our employees are well aware that at least two Commissioners have been actively collaborating with employees who have serious ethical issues. This is contrary to the sound management structure of any institution and has caused serious damage to the professional culture of WSSC Water.

These issues are particularly important in choosing my successor. WSSC Water plays a vital role in protecting public and environmental health, driving economic development and creating jobs. Given their behavior, how can anyone trust this board with conducting a national search to find a new General Manager/Chief Executive Officer capable of leading one of the nation's largest water and wastewater utilities? No leader in the water industry with integrity and competence will be willing to work under these governance conditions. Through their actions, the Commissioners have seriously damaged the reputation of the agency in the industry and have made recruitment of a qualified successor very challenging.

REQUEST FOR ACTION

I will be departing WSSC Water at the end of December, but I care deeply about this agency, its employees, and our mission of serving our customers. After many months of managing this crisis quietly, I must now speak out, at whatever the cost. Our employees and customers deserve an honest and transparent examination of this governance crisis.

Unfortunately, this is not the first time WSSC Water has experienced a governance crisis. Nearly 20 years ago, in an eerily similar display of board dysfunction and misuse of power, the three Montgomery County commissioners were asked to step down. Discussions then focused on overhauling our current governance structure. There were many news articles covering the board's dysfunction. Here are two Washington Post articles covering this issue: 1. <http://ow.ly/Gjrb50K9Q0q> 2. <http://ow.ly/gTTZ50K9Q8N>.

This governance crisis must be fixed now. As outgoing General Manager/Chief Executive Officer, WSSC Water ratepayer, county resident, and constituent, I implore the leadership of both counties to act. In the short term, the counties need to immediately appoint new Commissioners who can act with integrity, professionalism, and a real understanding of the proper role of Commissioners in the WSSC Water governance structure to replace Commissioners Keith Bell and Eloise Foster.

In the long term, a major examination of the WSSC Water governance system is needed to avoid a recurrence of these issues in the future. While WSSC Water is a strong organization, staffed with highly competent professionals, this agency is at risk from the conduct of Commissioners who do not respect ethical and governance boundaries. This must be repaired now.

I am available to appear before any legislative or government body to discuss this, either now or after my WSSC Water service.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carla Reid', with a stylized flourish at the end.

Carla A. Reid
General Manager/Chief Executive Officer

cc: Members of the Prince George's and Montgomery County Councils
WSSC Water Commissioners