

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held July 24, 2014.

PRESENT: Commissioners Hasselblad, Mainz, Tumpach, and Hoffmann

EXCUSED: Commissioner Blumreich

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, B. Hafs, N. Qualls, J. Maas, B. Vander Loop, M. Diaz, B. Angoli, L. Sarau, B. Brown, T. Garrison, M. Urbancic, B. Bartel, T. Brown, M. Erschnig, J. Van Sistine, J. Nicks–Legal Counsel; M. Walter–Brown County Port and Resource Recovery Department; C. Berndt–Village of Allouez; B. Hesprich–Fox River Fiber

Commission President Hasselblad called the meeting to order at 8:30 a.m. She stated agenda item #3 will be taken first before convening into closed session.

3) Household Hazardous Waste Program update.

J. Maas introduced Mark Walter, who is the Business Development Manager with the Brown County Port and Resource Recovery Department, which includes the Household Hazardous Waste Facility (HHWF). She stated NEW Water, the brand of the Green Bay Metropolitan Sewerage District, provides annual contributions to the HHWF to support the good work that it does. Each year the HHWF diverts large amounts of chemicals and other pollutants that could otherwise reach the wastewater treatment facility. In 2013, the HHWF disposed of 22 lbs. of mercury containing devices as part of NEW Water's mercury reduction initiatives and 418 lbs. of various special wastes that NEW Water generated at no cost. She stated the HHWF has been a valuable resource to NEW Water in environmental compliance.

M. Walter stated the Brown County Port and Solid Waste Department went through reorganization and changed its name and organizational structure to focus not only on garbage, but recovery of all resources from the waste streams, such as recycling, household hazardous waste, and landfill operations. He stated there are only three HHWFs in the state of Wisconsin that operate year round, and Brown County's HHWF has been in operation since 1996. The HHWF receives contributions from NEW Water, municipal governments in Brown County that are not part of NEW Water's service area, and the Oneida Tribe. The HHWF is trying to make itself expense revenue neutral as possible within its budget. The HHWF receives revenues from businesses, out of county collections, several programs, and grants received from the Department of Agriculture Trade and Consumer Protection. The Brown County Port and Solid Waste Department has 12 employees, and 5½ of those employees are dedicated to the HHWF. The HHWF uses the excess recycling revenues to subsidize the remaining expenses the HHWF generates in a given year. He reported up until 2012, the HHWF accepted latex paint at no cost to residents. The HHWF now charges \$1 per gallon of paint to offset the cost of disposing of the non-hazardous material. He stated the paint is sent to a company in Minnesota where it is recycled into new paint.

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M. Walter stated the HHWF administers the Brown County Household Sharps Program and assists with the Pharmaceutical Collection Program. He stated the HHWF has seen a decrease in the collection of electronics and paint. The HHWF is leading an initiative statewide for a latex paint recycling program called "Paint Care". He stated one of the major pieces of advertising is the Tri-County Guide. He stated a voluntary food waste collection program will begin in September and drop off sites will be located at the recycling facility on Broadway and the solid waste transportation on West Mason Street. He stated approximately 8,000 – 10,000 households are using the HHWF annually. He stated the HHWF is working with a marketing firm to better utilize media to get the information out there.

Commissioner Hasselblad stated this is a public service and the use of social media is important. M. Walter replied the HHWF has Twitter, Facebook, and Pinterest accounts through its web page at browncountyrecycle.org.

Commissioner Hasselblad asked what the revenue is from the entire waste stream. M. Walter replied the department is an enterprise fund, so it is self-supported. He stated the net earnings on the recycling side last year was about \$900,000. The Tri-County Facility in Appleton made about \$7,000,000 – \$9,000,000 last year on recyclables. He stated tipping fees from landfill operations are about twice that.

M. Walter stated that he appreciates the fact that NEW Water has been supporting the HHWF for almost two decades and would like to see that relationship continue. Commissioner Hasselblad stated the HHWF is doing a great job and service for the community.

Commissioner Mainz asked how much does NEW Water contributes to the HHWF. M. Walter replied \$93,660. T. Sigmund stated that money is given on behalf of NEW Water customers.

Commissioner Mainz asked how the HHWF has its expenses over budget. M. Walter replied this is one of the cost centers within the department. He stated there is a transfer of funds from the recycling account into the HHWF to support it. The programs are consistent and it does fit within both divisions. He stated a decision was made to continue to support the HHWF because it is too important of a program not to fund.

Commissioner Mainz asked if the HHWF budget is cost neutral at the end of the year. M. Walter replied yes. He stated as a department, it is usually revenue positive.

The Commission thanked Mr. Walter for his report.

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- 1) **Convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved:**
 - a) **Bayview Interceptor claims**

Motion #14-041

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved.

- 2) **Reconvene in open session.**

Motion #14-042

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to reconvene in open session.

- 4) **Approval of minutes of Commission meeting held June 25, 2014.**

Motion #14-043

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to approve the June 25, 2014 minutes as distributed.

Commissioner Hasselblad stated the meeting will proceed with agenda item 7a until all staff is present.

- 7) **Update of projects:**
 - a) **Resource Recovery and Electrical Energy (R2E2)**

B. Angoli reported there are some delays in the schedule due to the design reviews and the addition of the nutrient extraction. He stated the project was scheduled to go out for bids in December or January, and it may be delayed until February. The team is looking at ways to get the project back on schedule. The team is working through the 60% design review. He stated next Wednesday the team will go through the fluidized bed incinerator 60% review and walk through the 3-D model.

Commissioner Mainz asked who put the schedule together. B. Angoli replied the engineer.

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Commissioner Mainz asked why the engineer can't meet its own schedule. B. Angoli stated there was a two to three week delay due to the additional effort on reviewing the cost overrun on the digester, and the redesign of the digester gas system caused a delay in the 60% review of the digester system. He stated due to the cost increase, the team stopped working on the nutrient extraction system because it may have been eliminated. The team has reviewed the costs and is moving forward with the nutrient extraction system.

Commissioner Hasselblad asked if the delays are going to cause anything critical on the far end. B. Angoli replied it will cause a longer delay in meeting the new air standards requirements for the incinerator.

Commissioner Hasselblad stated the meeting will now follow the chronological order of the agenda.

5) **June financials.**

M. Diaz reported total operating revenues for the month of June were favorable to budget by \$401,000. She stated for the first half of 2014, total operating revenues were favorable to budget by \$2,000,000. Leading the favorable results were user fees, more precipitation received than budgeted, and other revenues from hauled waste. She reported total operating expenses for the month of June were favorable to budget by \$54,000. Total operating expenses for the first half of 2014 were favorable to budget by \$921,000 or 9%, due to less expenditures than budgeted from: contracted services and maintenance plant timing of billing compared to budget and projects not yet started, maintenance plant projects coming in under budget, and one unfilled position and several unfilled positions from prior months for salaries and benefits. She stated NEW Water received workers' compensation credits of \$15,000 for June and \$12,000 for July. Net income for the month of June was \$361,000.

Commissioner Hoffmann asked why the natural gas is over \$100,000. P. Wescott replied it was for fuel oil. He stated NEW Water is on an interruptible service for natural gas with two back up sources: low sulfur diesel and fuel oil. He stated the fuel oil was purchased years ago in very large quantity and put into inventory. It was used this past winter to offset NEW Water's natural gas cost. He stated the entire tank was used to eliminate having two backup sources of fuel.

6) **Approve Resolution Authorizing the Issuance and Sale of up to \$16,337,158 General Obligation Sewerage System Promissory Notes, Series 2014B and Providing for Other Details and Covenants with Respect Thereto.**

M. Diaz stated staff is requesting approval of the first of three Clean Water Fund Loan (CWFL) applications for the Resource Recovery and Electrical Energy (R2E2) Project. She stated this loan includes the R2E2 design, value engineering, and Contract 33 Primary Switchgear and Utility Relocation construction.

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M. Diaz stated the two subsequent CWFLs will include the R2E2 engineering services, cost, and construction. Contract 33 is scheduled to be completed on or before July 2015. The Commission has already approved the R2E2 design contract, value engineering study, and Contract 33 construction project. Staff is requesting approval to start the process of closing the first CWFL for the R2E2 Project in the amount of \$16,337,158. She stated this note will be issued at a subsidized interest rate of 2.625% within the 20-year limitation. The note closing is scheduled for August 13, 2014.

Motion #14-044

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to approve the Resolution Authorizing the Issuance and Sale of up to \$16,337,158 General Obligation Sewerage System Promissory Notes, Series 2014B and Providing for Other Details and Covenants with Respect Thereto. (Resolutions #14-006 is on file at the NEW Water offices)

7) Update of projects:

b) Pump Station Transformer Relocation and MCC-B7 Replacement

L. Sarau reported the work is almost completed on the Pump Station Transformer Relocation and MCC-B7 Replacement Project. The contractor is working on some items on the MCC and the building, and should be done within the next couple of days. She stated testing will be done and there are no outstanding issues.

Commissioner Mainz asked about the contractor. L. Sarau replied the contractor has been very responsive.

Commissioner Mainz asked if the project is within budget. L. Sarau replied yes.

c) Contract 33 Primary Switchgear and Utility Relocation

B. Brown reported Contract 33 construction is continuing primarily with the underground utilities and building foundation work. Rerouting of the De Pere pipelines has been completed and flow from De Pere has resumed through the new runs. He stated during the utility relocation and duct bank work numerous underground obstructions caused some redesign work. He stated work change directives have been issued.

Commissioner Mainz asked about documentation. T. Sigmund replied in the past the contractor kept a markup of a set of drawings and the contractor would note any changes into an official record drawing. B. Brown stated some surveying is done, but for the most part things are tied to landmarks.

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Commissioner Mainz asked if NEW Water has a policy. T. Sigmund stated going forward staff will look at getting this information on a GIS system.

Commissioner Mainz asked if there are current standards. N. Qualls replied all NEW Water contracts require the contractor to maintain red line documents. The contractor gives the documents to the engineer, who turns them into an AutoCAD set of asbuilt drawings. He stated maintaining a master set of GIS drawings of the plant infrastructure is not something that staff has done. Staff relies on paper and AutoCAD drawings from the contractor.

Commissioner Mainz asked about the lines NEW Water owns outside of its properties. N. Qualls replied those are in a GIS system.

B. Brown stated the biggest concern right now is the fire protection loop. He stated staff has made a request to the fire department to delay that work until Contract 34, which would resolve two or three of the conflict issues. He stated the foundation work is progressing well on the building and NEW Water received the first pay request yesterday.

d) Billing Methodology Project

B. Vander Loop reported a fourth customer stakeholders meeting was held yesterday. He stated the stakeholders group discussed scoring of the billing methodology alternatives and has narrowed it down to two alternatives. He stated Arcadis will take those two alternatives and do a cost analysis for the years 2011, 2012, and 2013, and will present the cost analysis to the stakeholders group at two meetings in August. The project is moving along within budget. Staff plans to give an update on the project at the September Commission meeting.

Commissioner Mainz asked if there has been good dialogue with NEW Water customers. B. Vander Loop replied yes. He stated the minutes and presentations are posted on NEW Water's website for all customers to see. N. Qualls stated staff has received a number of good comments on the stakeholders meetings. Staff has enhanced the knowledge of NEW Water customers on the whole process of measuring wastewater flow and characteristics, and what goes into generating a bill.

B. Vander Loop stated staff is working towards an equitable and stable billing process. He stated both alternatives are compatible to the rate methodology. Staff plans to request approval of the billing methodology alternative at the October meeting.

- 8) **Operation report:**
 - a) **Effluent quality for June**

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P. Wescott reported both facilities were in full compliance with effluent quality limits for June. He stated the De Pere Facility tied effluent discharge record lows in T-BOD, C-BOD, and TSS, which shows the plant is running at peak performance.

b) Air quality for June

P. Wescott stated that on June 5 there was a six minute bypass damper opening, which was a self-reporting event, related to a sensing line. Staff has bolstered incinerator maintenance and made modifications to piping. Staff is monitoring relays to pinpoint what the issue is.

9) Draft 2015 NEW Water budget review.

T. Sigmund highlighted the draft 2015 budget. He stated the proposed budget includes a 9 ½ – 10% increase in the combined municipal rate. He stated staff communicated to NEW Water customers about three years ago the estimated rate increases for the next several years. The 2015 proposed rate is \$2.90 per 1,000 gallons. He stated the total budgeted costs will increase from \$33,800,000 to \$36,000,000, which is O&M and capital. He stated some of the factors that influenced the budget are:

- 10% reduction in budgeted BOD loadings
- 4% reduction in budgeted TSS
- 1% decrease in budgeted O&M costs
- 17% increase in budgeted Debt Service and Annual Capital
- Increase in Salaries & Benefits
- Decrease in Power, Contracted Services, Maintenance & Repair, Natural Gas & Fuel Oil
- Two new Capital Projects requiring Debt Service

T. Sigmund stated the projected 2015 costs will be provided to municipal and industrial customers at a luncheon on August 15. He stated staff will continue to refine the budget. The first budget workshop will be held on August 17. He asked the Commission to define the level of detail it is looking for in the first budget workshop.

Commissioner Hasselblad asked the Commission to email Mr. Sigmund on budget recommendations.

10) Executive Director's report:

a) August Commission meeting

The August Commission meeting will be held on Wednesday, August 27, 2014, beginning at 8:30 a.m.

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b) NEW Water's 2013 Compensation and Benefits Statement

NEW Water provides to its employees a Compensation and Benefits Statement annually. A copy of an employee's statement was provided in the Commission packet for your reference.

c) Executive Director approved agreements

A list of agreements approved by the Executive Director was provided in the Commission packet. None of the agreements exceeded the Executive Director's authority level.

d) Credit card program update

NEW Water has utilized a credit card rebate program. From May 2013 to April 2014, NEW Water received a rebate of almost \$30,000.

e) Employee Recognition/Appreciation luncheon

The Employee Recognition/Appreciation luncheon will be held onsite on August 22 beginning at 11:30 a.m.

T. Sigmund gave an update on the NACWA Summer Conference. The title was *Effective Utility Leadership Today and Tomorrow*. The major focus was on the Utility of the Future. He stated all of the presentations are available on NACWA's website. He stated NACWA staff and some of the communities have been watching the White Papers being presented looking at the difference between nutrients and toxics in the permitting process. NEW Water received the Platinum award for 11 years of continuous 100% compliance at the Green Bay Facility and the Gold award for the second year of continuous 100% compliance at the De Pere Facility. He reported the NACWA Winter Conference will be held February 2 – 4, 2015 in Charleston, SC. The theme will be collaboration and partnerships.

T. Sigmund reported the Environmental Protection Agency (EPA) is developing virus criteria for treatment plant effluent, which is a big concern because treatment plants are designed for bacterial removal, not virus removal. EPA intends to implement the criteria in spring 2015, and EPA does not have a test methodology.

T. Sigmund reported that NEW Water applied for a grant from the Research Conservation Partnership Program administered through the Department of Agriculture.

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There being no further business to come before the Commission, the meeting adjourned at 10:24 a.m.

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Secretary