

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held August 27, 2014.

PRESENT: Commissioners Hasselblad, Blumreich, Tumpach, and Hoffmann

EXCUSED: Commissioner Meinz

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, N. Qualls, T. Brown, B. Vander Loop, B. Angoli, B. Brown, J. Maas, J. Czynski, B. Bartel, T. Garrison, M. Urbancic, M. Erschnig, J. Smudde, J. Van Sistine, J. Nicks–Legal Counsel; C. Berndt–Village of Allouez; M. Heckenlaible–City of Green Bay; B. Hesprich–Fox River Fiber

Commission President Hasselblad called the meeting to order at 8:15 a.m.

1) 2015 Budget workshop.

T. Sigmund reviewed NEW Water opportunities, challenges, 2014 highlights, and 2015 priorities:

- NEW Water 2020 Vision
- Regional Leadership, Education, and Sustainability
- Clean Water Industry Opportunities and Challenges
- NEW Water Opportunities and Challenges
- 2014 Goals
- Employee Best Observations
- 2014 Budget Update (Through July)
- 2015 Priorities
- NEW Water 2015 Budget Drivers
- NEW WPDES Permit

Commissioner Hasselblad stated the Silver Creek Adaptive Management Pilot Project is a five-year project, so staff will have enough information in three years on whether or not to move ahead with the Adaptive Management Program. T. Sigmund replied yes.

T. Sigmund highlighted the proposed 2015 budget, as follows:

- Flows and Loads
- 2015 Proposed Expenses
- 2015 O&M Expenses
- 2015 O&M Expense Distribution
- 2015 Salaries and Benefits
- Contracted Services
- Proposed 2015 Major Capital Projects

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- 2015 Annual Capital
- Proposed Long-Term Capital Projects
- Capital Expenditures for 2016-2019
- 2015 Revenues
- Municipal Rate
- 2015 Revenue Sources
- 2015 Revenue Breakdown by Customer
- Estimated Reserve Status
- NEW Water Sewer Service Charge Comparison
- 2015 Budget Summary
- 2015 Budget Summary – O&M
- 2015 Budget Summary – Capital
- Next Steps

Commissioner Tumpach asked if NEW Water is at risk with the Cadillac Tax under the Affordable Care Act. T. Brown stated NEW Water, the brand of the Green Bay Metropolitan Sewerage District, could be at risk with the Cadillac Tax under the health reform law in 2018. T. Sigmund stated that staff will provide the Commission with a cost per employee and how NEW Water may be affected with the Cadillac Tax.

Commissioner Blumreich asked if staff has looked at the ICR Policy for any potential changes. T. Sigmund replied staff will review the policy for possible changes and review at a subsequent Commission workshop.

T. Sigmund asked the Commission to provide him with any questions or comments regarding the proposed 2015 budget.

Commissioner Blumreich asked if the employee health benefit share was factored into the proposed budget. T. Sigmund replied yes.

Commissioner Blumreich asked if the Payroll/Human Resources Specialist and Mechanic Apprentice positions were included in the proposed budget. T. Sigmund replied yes.

- 2) **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) **Duck Creek Golf Center**
 - b) **Fox River Fiber billing dispute**

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Motion #14-045

It was moved by Blumreich, 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.

3) Reconvene in open session.

Motion #14-046

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

4) Request Commission approval of settlement agreement on the Duck Creek Golf Center claim.

Motion #14-047

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to authorize the Executive Director to execute the settlement agreement on the Duck Creek Golf Center claim.

5) Request Commission approval to increase the contingency amount for the West Tower Drive Interceptor Relocation Project 10-621 and authorize transfer of funds from the Interceptor Cost Recovery Reserve.

N. Qualls stated in 2012 the Commission approved a contract to relocate a portion of the West Tower Drive/Bayview Interceptor to accommodate the Wisconsin Department of Transportation's (WDOT) upgrades to Highway 41. He stated in March 2013 the Commission approved a change order in the amount of \$1,000,000 due to numerous construction issues encountered under Highway 41 south of Velp Avenue. He stated condition problems have been encountered under Highway 41 north of Velp Avenue. He stated issues with structural interactions with supporting sections of a pipe that was open cut and rested on piles on the approaches to Highway 41. Staff directed the contractor to immediately mobilize bypass pumping and put piping in place in case the condition continued to fail and lose gravity service to that area. He stated the team began to investigate the cause of the failure. He stated the WDOT work continued, increasing the soil overburden on the pipe. Staff, contractor, and Black & Veatch looked at what could be done to preserve gravity service and minimize bypass pumping. He stated a draft work change directive to slip-line the existing 48-inch pipe with a 36-inch steel pipe and grout all the annular spaces to provide structural support is the best avenue to take. He stated this would be a two to three week project.

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Commissioner Blumreich asked about the timeline. N. Qualls replied NEW Water just received proposals for the design services for the long-term fix. He stated the project may be ready for bidding mid next year.

Commissioner Blumreich asked if the 36-inch pipe is purely temporary. N. Qualls replied yes. T. Sigmund stated once the new 48-inch pipe is in place, it is likely the 36-inch pipe will be filled with concrete or grout. N. Qualls stated a determination will be made at that time whether or not to keep the 36-inch pipe.

N. Qualls stated the work change directive is also capturing the bypass pumping and cost to date, and will allow demobilizing of these pumps during the winter months. He stated the original work was reimbursed by the WDOT at 90%, and it is unsure if the WDOT will reimburse NEW Water for the 36-inch pipe or the replacement of the 48-inch pipe. He stated there are seven change orders totaling \$1,500,000 for the previously approved contingency. He stated there is a pending change order \$113,000, so there is about \$80,000 remaining of the approved contingency. Staff is requesting to increase the contingency by \$1,000,000.

Commissioner Hoffmann asked if Robert E. Lee did the original design. N. Qualls replied yes. Commissioner Hoffmann asked if Robert E. Lee is doing the new design. N. Qualls replied no. He stated Black & Veatch is looking to determine the cause of the failure and has put together a basis of design report for this project. T. Sigmund stated Black & Veatch used an existing contract drawing done by Robert E. Lee.

Motion #14-048

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to increase the contingency amount for the West Tower Drive Interceptor Relocation Project 10-621 by \$1,000,000 for a total authorized project amount of \$9,346,023, to issue a work change directive for the slip-lining project and bypass pumping costs up to \$800,000, and authorize the transfer of funds from the Interceptor Cost Recovery Reserve. The total authorized contingency amount is \$2,667,820.50.

6) Request Commission approval of a part time Payroll/Human Resources Specialist position.

T. Brown stated the main drivers for the Payroll/Human Resources (HR) Specialist position are to have in-house expertise on payroll processing, the complexity of NEW Water's payroll system, federal and state laws and regulations, and allow the HR Manager to focus on other aspects as identified in the memo. The annual cost is estimated to be \$24,000 per year. She stated the Payroll/HR Specialist position would not qualify for any insurance benefits due to the limited hours. She requested Commission approval of part-time Payroll/HR Specialist position.

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Commissioner Hasselblad asked if staff will find a qualified pool of potential candidates. T. Brown replied finding an individual with the qualifications of an accounting background with payroll expertise should not be an issue.

Commissioner Hasselblad asked if it is the intent is to keep this position part-time. T. Brown replied yes.

Commissioner Hasselblad asked what is emerging in the HR landscape that requires more hands on. T. Brown replied the Pay for Performance (P4P) Program is one of her top priorities, which is in its infancy stages. She stated in 2015 the P4P is extending to the whole organization. She stated the complexity of budgeting has changed with the P4P compared to the previous step program, and administration of the P4P Program. She stated the complexity of the Affordable Care Act and the Cadillac Tax, and how it will affect NEW Water is another priority. She stated that she has done very little with internal training, and she is working with Northeast Wisconsin Technical College to develop a leadership academy with different levels, which will help with succession planning.

Commissioner Tumpach asked if staff has looked into outsourcing payroll. T. Brown replied staff looked into outsourcing payroll back in 2011, and the cost was in excess of \$50,000. She stated payroll processing could be outsourced, but staff would need to provide the information and the data entry would also remain in-house. Staff determined it would not be cost-effective.

Motion #14-049

It was moved by Hoffmann, seconded by Blumreich, and unanimously agreed to approve the addition of a part-time Payroll/Human Resources Specialist position and the associated revision to the organizational chart. (See Commission File #14-001)

Commissioner Hasselblad departed at 9:27 a.m.

7) Request Commission approval of a Mechanic Apprenticeship position.

P. Wescott requested a change to the organizational chart within the Maintenance Department to increase the head count from 22 to 23 by adding a Mechanic Apprenticeship position. He stated this is an approach that staff has used throughout the years. He stated the long-term intent is to maintain staffing at 22 employees and that this increase would not be permanent. He stated staff has looked at the current and projected workload and with the new fluidized bed incinerator coming on line and the future decommissioning of two multiple hearth incinerators and the work keeping those operational, should allow the head count to go back to 22. Staff would like to fill the position in the second quarter of 2015 and start the employee into the four-year program. He stated NEW Water is anticipating losing two of its seven mechanics as early as next year. He stated this is a small step in keeping that knowledge transfer going within the department.

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Motion #14-050

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the addition of a Mechanic Apprentice position and the associated revision to the organizational chart. (See Commission File #14-002)

8) Request Commission approval of the Salary Administration Policy.

T. Brown reported the Salary Administration Policy was last updated in 2005. She stated with the approval of the P4P pilot program in 2013, a lot of changes have been implemented. She stated a red-lined version shows that most of the changes are due to the P4P and how it will be administered. She requested Commission approval of the policy changes to the Salary Administration Policy.

Commissioner Blumreich questioned why the consultant's name is in the policy. T. Brown stated that she will remove the consultant's name from the policy.

Motion #14-051

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the revisions and updates to the Salary Administration Policy. (See Commission File #14-003)

9) Request Commission approval of a new financial institution.

P. Kaster stated this item may need to be tabled until the September Commission meeting.

Motion #14-052

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to table this item until the September Commission meeting.

10) Approval of minutes of Commission meeting held July 24, 2014.

Motion #14-053

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the July 24, 2014 minutes as distributed.

11) July financials.

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P. Kaster reported total operating revenues for the month of July were unfavorable to budget by (\$95,000). He reported total operating expenses for the month of July were favorable to budget by \$150,000. Net income for the month of July was \$284,000.

Commissioner Hoffmann asked why the revenues were down. P. Kaster replied the additional septage loads from the three cheese facilities has declined, and there were decreases in some of the parameters. T. Sigmund stated July was a dry month.

T. Sigmund stated earlier this year staff had a question regarding a sampler. He stated staff did some parallel sampling and hired Strand Associates to evaluate the sampler. Strand Associates determined it was higher loads and not a sampler error.

12) Sewer plan approval:

a) Village of Howard Project No. 12029; GBMSD Request 2014-12

B. Angoli reported the Village of Howard is requesting 800 ft. of 8-inch PVC sanitary sewer to serve a new subdivision located on Skyward Court, off of Brookfield Avenue. He requested Commission approval subject to favorable review by Brown County Planning and final approval by the Wisconsin Department of Natural Resources (WDNR).

Motion #14-054

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the Village of Howard Project No. 12029 sewer plan subject to favorable review by Brown County Planning and final approval by the WDNR.

13) Update of projects:

a) Resource Recovery and Electrical Energy (R2E2)

B. Angoli reported last month the team meet with the fluid bed manufacturer on the 60% drawings and walked through the 3D-model. Staff provided questions to the manufacturer and is reviewing the documents provided at the meeting. He included pictures of the very complex incineration system and equipment in the Commission packet. He stated the team met with the fluid bed manufacturer recently to define work responsibilities for construction and building for Contract 34 Digestion and Solids Facilities. He stated the team is going through the document defining contractor and manufacturer responsibilities, how it will be presented in the document, and how the work will be costed out. He stated there will be approximately 1200 plan sheets and specifications developed and provided to the contractor for the fluid bed incineration system. Other work discussed was the nutrient recovery system equipment procurement documents. He stated revised comments were provided to the manufacturer and comments are expected back within the next week on the nutrient recovery system.

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b) Primary Switchgear and Utility Relocation (R2E2 – Contract 33)

B. Brown reported the construction work on Contract 33 is progressing as planned. He stated most of the duct banks are nearly complete. The switchgear building foundation walls and suspended slab are complete, and most of the structure has been backfilled. He reported work has started on the storage building and the footings for that structure are complete. He stated the contractor encountered poor soils over a substantial portion of the footprint. The fill material had a lot of organic material in it, so there will be a substantial change order for the over excavation and backfill. He stated a previously outstanding issue has been resolved. He stated a small modification to the existing fire protection piping and a plan adjustment have allowed the contractor to avoid some duck bank conflicts and retain the existing fire loop, which will satisfy regulatory concerns in the short-term. He stated the redesign of the 12-inch fire line will be addressed in Contract 34.

Commissioner Blumreich asked if there is sufficient contingency to cover the soil condition. B. Brown replied yes.

c) Air Compliance Update

J. Maas gave an update on the stack testing. She stated NEW Water's Title V permit requires testing of each incinerator every two years for particulate matter, and Incinerator #1 was due for its two-year testing this summer. The Environmental Protection Agency has established new incinerator regulations for emissions limits. The compliance deadline for the new emissions limits is March 2016, and the new limits were included in the Commission memo. She stated since NEW Water would be testing Incinerator #1 for particulates, staff decided to do required stack testing now to demonstrate initial compliance with the new emissions limits. She stated stack testing was done on August 25 and 26, and a final day of testing was scheduled for September 4. She stated based on historical testing, staff expects emissions to be below the limits. NEW Water should receive the results within several weeks.

14) Operation report:

- a) Effluent quality for July**
- b) Air quality for July**

P. Wescott reported both facilities were in full compliance with effluent and air quality limits for July.

15) Executive Director's report:

- a) September Commission meeting**

The September Commission meeting will be held on Wednesday, September 24, 2014, beginning at 8:30 a.m. A second budget workshop will be held at the September meeting.

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b) Jack Day and Peer Excellence Awards

An employee appreciation luncheon was held last Friday, and two awards were given out: Scott Thompson, Operations Trainer, received the Jack Day Award and Jim Harper, Maintenance Mechanic, received the Peer Excellence Award. Both individuals were very deserving.

c) Staff promotions

Jeff Smudde, Treatment Leader, has been promoted to the Watershed Programs Manager and Jake Becken, Treatment Operator, has been promoted to Operations Trainer.

d) Customer luncheon update

Twelve customers and Commissioners Hasselblad and Mainz attended the customer luncheon. A customer communication survey feedback was included into the presentation on what customers would like communications on.

e) Algae In Our Water update

Algae In Our Water has been national news, especially for residents in Toledo, OH. Media has contacted NEW Water for more information on this topic, which shows good progress in NEW Water's communication efforts.

f) RCPP Grant and NRDA Grant update

g) Ducks Unlimited Grant

NEW Water applied for three grants, and received a \$100,000 grant from the Natural Resource Damage Assessment for the Silver Creek Pilot Project. Ducks Unlimited awarded \$140,000 to the Silver Creek Pilot Project for wetlands restoration and buffering. NEW Water was not successful in receiving a grant from the Regional Conservation Partnership Program. NEW Water staff is pursuing a grant from the U.S. Department of Agriculture, Natural Resources Conservation Service.

There being no further business to come before the Commission, the meeting adjourned at 9:50 a.m.

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Secretary