

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held October 22, 2014.

PRESENT: Commissioners Blumreich, Mainz, Tumpach, and Hoffmann

EXCUSED: Commissioner Hasselblad

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, B. Hafs, N. Qualls, T. Brown, B. Vander Loop, M. Diaz, B. Angoli, B. Brown, L. Sarau, B. Bartel, J. Czepinski, T. Garrison, M. Urbancic, M. Erschnig, J. Van Sistine, J. Nicks–Legal Counsel; E. Van Schyndle–Ostara, LLC; C. Berndt–Village of Allouez; D. Martin–Village of Ashwaubenon; D. Daul–Nicolet National Bank

Commission Secretary Blumreich called the meeting to order at 8:30 a.m.

1) **2015 Budget workshop.**

T. Sigmund reviewed the changes to the 2015 draft budget since the September 24 meeting, as follows:

- Inclusion of the 1.6% market adjustment and appropriate revisions of salaries and benefits.
- A new annual capital project to replace the medium voltage electrical cable and underground duct bank to the Influent Pump Station at the Green Bay Facility (GBF) at a cost of \$300,000.
- Reduction of proposed collection of funds for future rate stabilization of the Resource Recovery and Electrical Energy (R2E2) Project cost by \$300,000.
- Budget decrease of \$20,000 in natural gas purchases for 2015.
- Operation and maintenance budget is down 2½% compared to the 2014 budget.

Commissioner Mainz stated that he presumes staff working with NEW Water, the brand of the Green Bay Metropolitan Sewerage District, customers has been productive. T. Sigmund replied yes, it has been very valuable. NEW Water and its customers are getting closer to an agreement and are working on some understanding issues. He stated correspondence received from NEW Water customers on the proposed budget was shared with the Commission.

C. Berndt, Director of Public Works from the Village of Allouez, stated a group of Public Works Directors (PWDs) met about three weeks ago to discuss NEW Water's 2015 draft budget. The letter submitted on the proposed budget was a compendium of comments by the Villages of Allouez and Ashwaubenon and the City of Green Bay. He stated comments over the last three years have been on the rate stabilization fund and annualizing the yearly capital budget to level those costs. The PWDs appreciate the opportunity to be involved in NEW Water's projects because they bring expertise to the table in project evaluation, gain a better understanding on project details, and it generates buy-in.

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The PWDs would like to have meetings with NEW Water staff to review the proposed budget in detail in August or September each year.

D. Martin, Director of Public Works from the Village of Ashwaubenon, thanked the Commission for allowing him speak on the proposed budget. He stated the informational meetings NEW Water held with its customers on the rate methodology, R2E2 Project, and billing methodology has provided good communication to its customers. He stated over the past five years the increase in the size and magnitude of the projects and the associated rate increases have affected the bills the communities send out to their customers. He stated the bills have gone from the majority of the charges related to the communities' operations to NEW Water's costs. He stated the communities are the first line of defense in receiving calls from customers. The communities want to provide the most accurate detail to their customers, and future budget meetings would provide additional detail and give the communities a better understanding as the projects move forward with the associated rate increases.

C. Berndt stated one of the items the group feels is most important is the funds that have been budgeted for the R2E2 Project to be used as the borrowing for the project proceeds and the intent of that effort in increased rates. He stated there is concern that the 2012, 2013, and 2014 funds that were budgeted for the R2E2 Project haven't been realized. He stated this is significant because the amount of money accumulated over three to four years could in essence be one payment on the overall debt. He stated NEW Water is not at a point that it has accumulated the funds that were intended in 2012 and 2013. He understands things have taken place and there was some guess work with the De Pere depreciation unknown, but it has resulted in not allocating \$1,700,000 to the project. The PWDs would like to reach a level of understanding on why some of these things have happened. He stated the question remains how long are they looking at rate increases and how much will they be.

D. Martin stated the PWDs need a knowledge base so they can pass that information on to the communities.

C. Berndt encouraged NEW Water to be as cost efficient as it can and to share the deliberations that staff undertakes with the PWDs so they have a better understanding.

Commissioner Mainz stated the dialogue between NEW Water and its customers have come a long way and he appreciates it. Good dialogue between NEW Water and its 18 customers makes your job and staff's job that much better and provides valuable input. Thank you for your comments.

T. Sigmund stated that staff will provide some information to the Commission in advance of the budget hearing and adoption in November.

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- 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) Fox River Fiber billing dispute
- b) Potential Nutrient Recovery Equipment Pre-Selection Protest

Motion #14-066

It was moved by Mainz, 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 #14-067

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

- 4) Approval of minutes of Commission meeting held September 24, 2014.

Motion #14-068

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

- 16) Executive Director's report:

- a) November Commission meeting

The November Commission meeting will be held Wednesday, November 26, 2014, beginning at 8:30 a.m.

The Commission asked that the November meeting be rescheduled to the beginning of December. Staff will reschedule the November meeting.

- b) United States Coast Guard lease agreement

NEW Water received compensation for the lease agreement with the United States Coast Guard.

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c) R2E2 Project open house

The R2E2 Project open house was held on Monday, October 20, at 9 a.m. at NEW Water and at 5:00 p.m. at the Ashwaubenon Village Hall. The open houses were not well attended, but there was good discussion for those present.

d) Wisconsin Wastewater Operators' Association Conference.

The Wisconsin Wastewater Operators' Association Conference was held in Green Bay this year. There were over 800 attendees and NEW Water staff was well represented. Approximately 70 participants toured NEW Water's GBF.

e) 2015 Budget discussions with customers

NEW Water staff continues to have budget discussions with its customers. The conversations have been very productive and all parties have come to a strong understanding. It has been the best year NEW Water has had working with its customers, and staff appreciates their involvement.

5) September financials.

M. Diaz reported total operating revenues for the month of September were favorable to budget by \$352,000 or 15%. She stated year to date total operating revenues were favorable to budget by \$2,200,000 or 9%, due to more precipitation received than budgeted and other revenues from septage. She reported total operating expenses for the month of September were favorable to budget by \$14,000. Year to date operating expenses were favorable to budget by \$1,100,000. Leading the favorable results were due to less expenditures than budgeted from: salaries and benefits – one unfilled position as of September and several unfilled positions for prior months; contracted services – timing of invoices to budget and projects not yet started from Environmental, Engineering, and Operations Departments; maintenance plant – timing of invoices versus budget, projects not yet started, and some projects under cost; and power – budget projections were higher than actual unit costs. Net income for the month of September was \$368,000.

Commissioner Blumreich asked about the purchase of chemicals. M. Diaz replied polymer is purchased on an as needed basis and is not an inventory item.

6) Request Commission approval to contract with Lincoln Financial for the 2015 dental insurance carrier and premium sharing.

T. Brown reported there was a 17% increase in the 2015 renewal premium for MetLife, NEW Water's current dental plan carrier. She reported a recent survey trended dental premiums to increase by 6%.

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T. Brown stated Lincoln Financial submitted a dental insurance quote of a 1% increase over the MetLife 2014 rate and provided a two-year rate guarantee. In July NEW Water switched its long-term disability carrier to Lincoln Financial. NEW Water plans to offer a voluntary vision program to its employees in 2015 through Lincoln Financial. She requested Commission approval to enter into a two-year agreement with Lincoln Financial to provide dental insurance coverage and maintain an 80/20 premium cost share setting NEW Water's premium share at \$25.12 for a single plan and \$78.95 for a family plan. She stated the overall budget for dental from 2014 to 2015 remains the same.

Commissioner Tumpach asked about the dental plan through the health insurance carrier. T. Brown replied Anthem Blue offers basic dental coverage, but has no major coverage.

Motion #14-069

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to contract with Lincoln Financial for NEW Water's dental insurance carrier for a two-year period and set the NEW Water dental insurance premium sharing in 2015 for eligible employees at \$25.12 per month for single plan coverage and \$78.95 per month for family plan coverage.

7) Approve Resolution designating public depositories and authorizing withdrawal of Green Bay Metropolitan Sewerage District moneys.

P. Kaster stated that last month the Commission approved the transfer and change of NEW Water's daily banking transactions and long-term investments to a new financial institution. He stated as part of the transfer process, Nicolet National Bank requires the Commission to approve and sign a Resolution designating public depositories and authorizing withdrawal of Green Bay Metropolitan Sewerage District moneys. He stated Doug Daul from Nicolet National Bank is here to answer any questions.

Motion #14-070

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to approve Resolution designating public depositories and authorizing withdrawal of Green Bay Metropolitan Sewerage District moneys. (Resolution #14-009 is on file at the NEW Water offices)

8) Request Commission approval to adopt the Mass Loading Billing Methodology.

B. Vander Loop stated that last month staff provided an update on the Billing Methodology Project. He stated that he has received feedback from some customers that are in favor of the mass loading alternative. He stated going through this process has given customers a better understanding of NEW Water's billing method. He requested Commission approval of the Mass Loading Billing Methodology.

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B. Vander Loop stated the Mass Loading Billing Methodology would eliminate seasonal wastewater flows from influencing parameter loadings during non-sampling periods, stabilize monthly loads, produce invoice parameter loadings that are unique to the customer's service area, and was favored by the majority of the Stakeholder Advisory Group (SAG). The Mass Loading Billing Methodology would be implemented with the 2016 budget.

Commissioner Mainz asked if the majority of customers were in favor of the mass loading alternative. B. Vander Loop replied seven customers were members of SAG and six were in favor of the mass loading alternative. He stated the one member from an unmetered unsampled area would have benefitted more from the Identified Industrial User Methodology. NEW Water did not receive any negative feedback on the mass loading alternative.

Commissioner Mainz commended staff for the good work on this project.

Motion #14-071

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to adopt the Mass Loading Billing Methodology to be implemented with the 2016 budget.

9) Request Commission approval to award the MCC-B1/B1A Replacement Contract No. 14-033-CO to Van Ert Electric Co., Inc.

L. Sarau stated this contract would replace the MCC-B1/B1A motor control center (MCC) located within the West Mechanical Building. She stated the MCC equipment is over 35 years old and replacement is recommended. She reported three bids were received on October 6. The bid form contained two alternatives for the use of different manufacturers for the panelboards and MCC and an allowance for the purchase of an actuator for the stop gates at the exit of the chlorine contact chamber. Staff and the designer reviewed the bids and recommend award to Van Ert Electric Company, Inc., who was the lowest responsive, responsible bidder. Staff also recommends acceptance of the deduction for the alternate manufacturer for the panelboards, but not for the MCC unless an alternate MCC manufacturer can present significant cost savings.

Commissioner Mainz asked if the contractor buys the equipment. L. Sarau replied yes, the contractor buys the equipment from a vendor and incorporates it into the project.

Motion #14-072

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to award the MCC-B1/B1A Replacement Contract 14-033-CO to Van Ert Electric Company, Inc. in the amount of \$408,320 and a 10% contingency of \$40,832 under the authority of the Executive Director for a total amount of \$449,152.

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10) Request Commission approval to enter into an agreement with Strand Associates, Inc. for design of the Green Bay Facility Disinfection System Upgrades Project.

L. Sarau reported a Facility Plan was completed in August 2002. The De Pere Facility (DPF) disinfection system was upgraded during the winter of 2013/2014, prior to the 2014 disinfection season. The GBF disinfection system upgrade consists of an in-kind replacement of the existing chlorination and dechlorination storage, transfer and feed equipment. She stated the GBF system upgrade is critical in meeting WPDES permit requirements. Requests for proposals were sent to seven consulting firms, and five proposals were received. A selection team reviewed the proposals and narrowed it down to two. The team then used a qualification based selection tool to rank the top two firms based on project team, firm qualifications, project approach, schedule, and cost. She requested Commission approval to award the design of the GBF Disinfection System Upgrades Project to Strand Associations, Inc. because of its project approach and providing the best schedule for the non-disinfection season. Staff requested a 15% contingency due to some design unknowns. She stated the project would include a code review and tank inspection.

Commissioner Blumreich asked why staff did not screen the other three consulting firms. L. Sarau replied staff reviewed all proposals, but narrowed it down to two. She stated Strand Associates has a strong project team that would work with the Department of Natural Resources (DNR) to get variance issues resolved.

Commissioner Mainz asked if the disinfection system would be the same as at the DPF. L. Sarau replied no, the DPF has a UV disinfection system and the GBF has a chlorine disinfection system.

Motion #14-073

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to enter into an agreement with Strand Associates, Inc. for design of the GBF Disinfection System Upgrades Project in the amount of \$165,044 and a 15% contingency of \$24,756 to be administered under the authority of the Executive Director for a total authorized amount of \$189,800.

11) Request Commission approval to close out the De Pere Facility UV Disinfection System Expansion Project 11-050-CO and issue final payment of \$10,000 to Miron Construction Company, Inc.

B. Brown requested Commission approval to close out the De Pere Facility UV Disinfection System Expansion Project 11-050-CO and issue final payment of \$10,000 to Miron Construction Company, Inc. He stated contract amendments totaled \$30,630, which was 1% of the original contract amount.

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Motion #14-074

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to close out the De Pere Facility UV Disinfection System Expansion Project 11-050-CO and issue final payment of \$10,000 to Miron Construction Company, Inc.

12) Request Commission approval to execute the Davis-Bacon Wage Rate Compliance Certification for the De Pere Facility UV Disinfection System Expansion Project 4198-48.

B. Brown stated a requirement of the Clean Water Fund Program Financial Assistance Agreement is certification that NEW Water has met all the requirements of the Davis-Bacon Act for the DPF UV Disinfection System Expansion Project. He stated Robert E. Lee and Associates maintained binders of Davis-Bacon compliance documents related to the project, and staff has reviewed the information and believes it to be complete and accurate.

Motion #14-075

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to execute the Davis-Bacon Wage Rate Compliance Certification for the DPF UV Disinfection System Expansion Project 4198-48.

13) Request Commission approval of the West Tower Drive Relocation Project Change Order No. 8.

B. Angoli stated interceptor work on the West Tower Drive Relocation Project was completed in 2013, and the remaining work was completed in spring/summer of 2014 once the ground settled over the winter before the final road paving. He stated due to the bad soils and contaminated soils encountered along the interceptor route, additional work was required and included: replacement of driveway aprons, curbs, gutters, and sidewalks; additional resurfacing road areas; and additional trench backfill. He requested Commission approval of Change Order No. 8 in the amount of \$113,737.38.

Motion #14-076

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve the West Tower Drive Relocation Project Change Order No. 8 in the amount of \$113,737.38.

14) Update of projects:
a) Resource Recovery and Electrical Energy (R2E2)

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B. Angoli reported NEW Water has submitted responses to DNR's comments on the Construction Air Permit. He stated the DNR will review NEW Water's responses, issue a draft permit, and hold a 30-day comment period. He stated if no major comments are received, the DNR is expected to issue the final Construction Air Permit in January 2015.

Commissioner Mainz asked what Leadership in Energy and Environmental Design (LEED) staff is looking at. B. Angoli replied certification as LEED Silver, but it may be LEED Gold. Commissioner Mainz asked what the difference in cost is. B. Angoli replied between silver and gold approximately \$15,000 - \$25,000.

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

B. Brown reported work is progressing on schedule. He stated the switchgear equipment was delivered, remaining roof planks were grouted in, and steel roof trusses were installed. He stated the cable work and the Switchgear Building are moving along as planned.

c) West Tower Drive Interceptor Relocation – Bayview Interceptor Slip-lining

N. Qualls stated that in August the Commission approved to increase the contingency amount on the West Tower Drive Interceptor Relocation Project to slip-line the failing Bayview Interceptor under Highway 41. He reported the slip-lining work has been completed and the bypass pumping has been demobilized. He stated the contractor's time and material costs will be reviewed and a change order will be issued.

Commissioner Blumreich asked if the costs associated to the failing interceptor will be reimbursed by the Wisconsin Department of Transportation (WDOT) at 90%. J. Nicks replied it is unknown at this time.

J. Nicks commended staff on the excellent work done on the potentially adverse situation.

15) Operation report:

a) Effluent quality for September

P. Wescott reported both facilities were in full compliance with effluent limits for September. Last month he reported on an environmental release that occurred at the DPF on September 12. He stated a close out memo was sent to the DNR on September 25 addressing corrective action taken.

J. Smudde stated that staff has not heard back from the DNR and considers the issue closed.

b) Air quality for September

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P. Wescott reported the bypass damper opened at the GBF on September 5 for one minute, resulting in a deviation notification to the DNR. He stated a positive internal furnace pressure occurred during the shutdown of the incinerator causing the bypass damper to open. He stated there was no mechanical malfunction. Corrective action taken was the incinerator center shaft was stopped, the induced draft fan speed was increased, oxygen within the incinerator increased, and the emergency bypass damper closed.

There being no further business to come before the Commission, the meeting adjourned at 10:33 a.m.

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Secretary