

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held September 30, 2015.

PRESENT: Commissioners Hasselblad, Blumreich, Hoffmann, Tumpach, and Meinz (via telephone)

ALSO PRESENT: T. Sigmund, P. Wescott, P. Kaster, B. Hafs, T. Brown, B. Angoli, J. Van Sistine, L. Vickman, T. Garrison, S. Stainton, M. Diaz, E. Wilcox, L. Sarau, P. Mentink, M. Urbancic, B. Vander Loop, B. Bartel, J. Czynski, J. Nicks–Legal Counsel; K. Heimerman–Schenck SC; B. Balke–Village of Bellevue; C. Berndt–Village of Allouez

Commission President Hasselblad called the meeting to order at 8:30 a.m.

1) Safety moment.

T. Sigmund stated hand tools look pretty innocuous, but can cause up to 8% of workplace compensable injuries.

2) Introduce new employees:

a) Lana Vickman, Support Services Assistant

J. Van Sistine introduced Lana Vickman, the new Support Services Assistant. Ms. Vickman will be filling in at the reception desk.

L. Vickman stated that she is happy to be here and everyone has been very friendly. She previously worked at Humana, Inc. for 28 years. She has two children and her husband is an Electrical & Instrumentation Technician at NEW Water, the brand of the Green Bay Metropolitan Sewerage District.

b) Stefanie Stainton, Communication and Education Specialist

T. Garrison introduced Stefanie Stainton, the new Communication and Education Specialist. She stated there were a lot of applicants for this position, and she has known Ms. Stainton for awhile.

S. Stainton stated that she was a science teacher at Pulaski High School for eight years and recently worked at GPS Education Partners as an alternative education teacher. She has done various projects related to local water quality and has taken several tours at NEW Water. She is excited to be here and to be giving tours.

The Commission welcomed them.

3) 2016 Budget workshop.

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T. Sigmund gave an update on the proposed 2016 budget, as follows:

- Protecting Our Most Valuable Resource: Water
- 2016 Priorities
- 2016 Proposed Expenses
- 2016 O&M Expenses
- 2016 O&M Expense Distribution
- R2E2 Capital Cost
- 2016 R2E2 Capital Cost
- Estimated Reserve Status
- 2016 Revenues
- 2016 Municipal Rate
- NEW Water Sewer Service Charge Comparison
- 2016 Budget Summary
- Next Steps

Commissioner Mainz asked if NEW Water has talked to its customers about rate stabilization. T. Sigmund replied not specifically to this year. NEW Water has talked to its customers in the past about building up the rate to avoid a major rate increase in any one year. He stated \$5,500,000 is the largest amount NEW Water would collect in one year for rate stabilization. He stated there should be no additional rate increases in 2017 and 2018 for the R2E2 Project.

Commissioner Hasselblad asked if there were any assumptions used in this budget on the revenue and expense side that could cause it to teeter either way. T. Sigmund replied the biggest unknown is with the significant industrial dischargers. NEW Water has been in contact with the significant industrial dischargers and they have indicated no changes for 2016. He stated there is at least one entity that is considering its own pretreatment.

- 4) **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) **Claims related to West Tower Drive Interceptor failure**

Motion #15-054

It was moved by Tumpach, seconded by Hoffmann, 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.

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5) **Reconvene in open session.**

Motion #15-055

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

6) **Approval of minutes of Commission meetings held August 18, 26, and September 11, 2015.**

Motion #15-056

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to approve the August 18, 26, and September 11, 2015 minutes as distributed.

11) **Adopt Resolution Authorizing Representatives to File Applications for Financial Assistance from State of Wisconsin Environmental Improvement Fund.**

T. Sigmund reported NEW Water has three positions authorized to file the financial assistance applications for the Clean Water Fund Program. Since the Engineering Services Manager position is vacant, staff is requesting to authorize the Director of Technical Services position to be added as an authorized representative.

Motion #15-057

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to adopt Resolution Authorizing Representatives to File Applications for Financial Assistance from State of Wisconsin Environmental Improvement Fund. (Resolution #15-007 is on file at the NEW Water offices)

7) **August financials.**

K. Heimerman reported total operating revenues for the month of August were favorable to budget by 13%. She stated year to date total operating revenues were favorable to budget by 6%. She reported total operating expenses for the month of August were unfavorable to budget by 1%. Year to date total operating expenses were favorable to budget by 6% due to one vacant position and less expenditures than budgeted from salaries and benefits, chemicals, natural gas and fuel oil, and maintenance interceptor. She stated net income for the month of August was \$374,000 from operating income (operating revenues less operating expenses).

Commissioner Blumreich asked about office related expenses. M. Diaz replied it is timing of invoices for software and office supplies.

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8) Request Commission approval of abatement of taxes for 2016.

M. Diaz stated under Chapter 67 Municipal Borrowing and Municipal Bonds §67.11, municipalities that issue debt obligations must establish and maintain a debt service fund payment for the obligations. She stated under the same chapter, municipalities are permitted to abate the taxation by having sufficient funds in its reserves or designated debt service for those obligations for the following year, which would be 2016. NEW Water will have sufficient funds on hand to support all debt service requirements for years 2015 and 2016 as of October 1, 2015. She stated NEW Water has \$27,586,367 in debt service reserves and the required funds for 2016 are \$9,626,310. Staff recommends to abate the tax levy for the cities, villages, and towns having territory in NEW Water for 2016.

Motion #14-058

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to abate the tax levy for 2016.

9) Request Commission approval of the 2016 health insurance plan and premium sharing.

T. Brown reported for 2016 Dean – Prevea 360 is the lowest cost plan under the Wisconsin Public Employers (WPE) Group Health Insurance program. She stated since 94% of NEW Water employees currently participate in the Anthem Blue Northeast plan and the monthly premium is less than \$1.00 per month from the lowest cost plan, all cost comparisons and premium sharing calculations are based off of the Anthem Blue Northeast plan. For 2016, Anthem Blue has a 2.8% premium increase.

T. Brown stated new for 2016 WPE has separated the dental plan from the health insurance plan and is offering a stand-alone dental benefit through Delta Dental of Wisconsin. Staff has compared NEW Water's dental benefits to Delta Dental, and has determined the WPE plan is not sufficient enough to provide the level of coverage that a typical employer sponsored dental plan would offer. NEW Water has a two-year rate guarantee with Lincoln Financial through 2016.

T. Brown stated NEW Water's current HMO plan has a \$500/\$1,000 deductible and the plan design remains the same for 2016. NEW Water's prescription drug program will have increased co-payments and maximum out-of-pocket costs. She stated the 2016 High Deductible Health Plan (HDHP) remains the same as 2015. The total cost savings from transitioning to a HDHP for 2016 would be \$171,336. She stated the premium cost savings to transition to a HDHP would include a health savings contribution from the employer, which would reduce the cost savings to \$8,336. She stated changing to a HDHP would result in greater at-risk out of pocket costs to employees. She stated due to increased deductibles, increase out of pocket limits, net of any premium savings, the employees would still take on an additional risk of \$855 on a single plan and \$1,624 on a family plan.

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T. Brown stated that staff does not recommend the HDHP for 2016. She stated if the trend continues with the HDHP, staff recommends that an educational program be developed for 2016 to prepare employees for the transition to a HDHP in 2017. The state does not allow NEW Water to offer a dual choice. Staff is recommending an 86/14 health insurance premium cost share for 2016, which would be a \$31,000 savings to NEW Water over last year and a budget reduction of \$19,000. Staff recommends the retention of the \$500/\$1,000 deductible HMO plan for 2016 with an 86/14 cost share, and NEW Water's monthly premium sharing of \$574 for a single plan and \$1,424 for a family plan.

T. Brown reviewed the opt-out incentive program. Staff recommends the implementation of the opt-out program and requests approval of offering incentive payments of \$1,000 for opting out of a single plan, \$1,500 for changing from a family to a single plan, and \$2,500 for opting out of a family plan.

Commissioner Mainz asked if staff has any data on percentage payments from NEW Water customers. T. Brown replied from a phone survey conducted with four NEW Water customers, the employer is paying 100%, 97%, 87.5%, and 85% of the premiums for a HDHP.

Commissioner Mainz asked what the state of Wisconsin is paying for its employees. T. Sigmund replied an Act 10 requirement is that an employer can pay no more than 88% of the cost of health insurance. T. Brown added Madison and Milwaukee Metropolitan Sewerage Districts have an 88/12 cost share with their employees. The Carlson Dettmann survey results indicated a 90/10 cost share.

Commissioner Tumpach stated several years ago NEW Water was at 6% and moving at a 3% yearly increase. He asked why the deviation from the plan. T. Sigmund replied there are no significant increases in the health insurance premium totals, but there is significant cost increases to employees on prescription drugs. One of the levels is going up to 20% with a maximum of \$200 per prescription, and today employees pay no more than \$35.

Commissioner Tumpach asked how much time does staff need to create educational materials for a HDHP. T. Brown replied open enrollment for health insurance begins October 4, 2015, which does not allow enough time to provide the needed education to employees. She stated the intent is to support the HDHP next year under the assumption the trend continues. It is expected that education would begin mid-year 2016. Commissioner Tumpach asked to have discussion on health insurance before September of next year.

Commissioner Mainz asked staff to look into for next year if there are groups in the state of Wisconsin that would be interested in approaching the state to offer multiple plans, and if it is feasible to require spouses that are offered a health insurance plan through their employer to take it instead of NEW Water's health plan.

Commissioner Tumpach stated there may be a tax issue in 2018, so NEW Water needs to implement a HSA plan.

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Commissioner Hasselblad stated that staff needs to prepare an education model. T. Sigmund replied staff will commit to getting this done.

Commissioner Blumreich stated contributions to a HSA are pre-taxed and do not expire at the end of each year, and employees can contribute to a HSA. Employer contributions to a HSA should be paid up front the first year.

Motion #15-059

It was moved by Mainz, seconded by Blumreich, with Tumpach voting nay, and agreed to continue with the \$500/\$1,000 deductible HMO program option and to set the NEW Water health insurance premium sharing in 2016 for full-time employees at \$574 per month for single plan coverage and \$1,424 per month for family plan coverage.

Motion #15-060

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to develop and implement an opt-out program that provides incentive payments of \$1,000, \$1,500, and \$2,500 for employees opting out of the single plan, opting from the family to single plan, and opting out of the family plan, respectively.

10) Request Commission approval of the 2016 salary market adjustment.

T. Brown reported Carlson Dettmann Consulting LLC conducted a comprehensive compensation study in 2015. The last comprehensive study was done in 2011. She stated the purpose of the study was to measure the market competitiveness of compensation paid to NEW Water employees, to align the control point for each salary range to market levels, and maintain NEW Water's pay philosophy of being market-based while remaining internally equitable. NEW Water, Madison Metropolitan Sewerage District, and Racine Wastewater Utility shared in the cost of this study. She stated 15 of 20 comparable wastewater utilities participated in the survey. In addition four area municipalities were also included. She stated 46 NEW Water benchmark positions were included in the study. She reviewed the regression of base 50th market on job evaluation.

Commissioner Hasselblad asked if the Towers Watson private sector data was included in the survey. T. Sigmund replied staff will confirm that information with Scott Dettmann Consulting.

T. Brown reviewed the comparison of current control points and market line of best fit, and proposed 2016 pay structure. She stated based on the study's findings and NEW Water's intent to have pay range control points aligned with the 50 percentile of the market, current salary ranges for pay grades 5 – 9 should be held in 2016, which would result in no market adjustment for individuals in these positions. Pay grades 10 – 17 should be adjusted upward to align with current market conditions.

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T. Brown reported previous market survey outcomes have been across the board market adjustments for all pay grades, and this varying rate of change is unprecedented at NEW Water. Due to the sensitivity, an employee briefing was held last week to inform employees of the outcome of this study.

Commissioner Tumpach asked if management received any feedback from staff. P. Wescott replied yes. Staff has concerns with lack of understanding, the approach, and questions why the market adjustments were held steady over the last few years and are now skewed.

Commissioner Tumpach asked excluding retirements, what has been the turnover in positions 10 – 17. T. Brown replied that she believes no one has left due to wages in the last few years. She stated there have been some challenges in hiring new employees at the control point.

Commissioner Hasselblad stated that she would have preferred to have someone from Carlson Dettmann Consulting present at this meeting to answer questions. T. Brown replied Carlson Dettmann Consulting had a conflict and was not able to be here. T. Sigmund stated that it was his decision not to have Carlson Dettmann Consulting at this meeting.

The Commission questioned the results of the survey. T. Sigmund replied the market has shifted. He stated the survey results were possibly impacted by recession, valuation of higher level management and skilled positions, and impact of Act 10 on collective bargaining.

Commissioner Blumreich asked if staff considered lump sum adjustments to allow the market to catch up. T. Brown replied it was considered.

Commissioner Hoffmann asked what percentage of staff is in pay grade 9 and below. T. Sigmund replied about 50%.

T. Brown stated based on the results of the survey data, staff recommends acceptance of the consultant's recommendation for the 2016 pay structure to hold the 2015 ranges for pay grades 5 – 9 and to adjust ranges for pay grades 10 – 17 from .1% to 4.5%.

Commissioner Mainz asked if there are other consultants in Wisconsin or the Midwest that could conduct a salary survey. T. Sigmund replied yes.

T. Sigmund proposed to invite Carlson Dettmann Consulting to the October meeting to answer Commissioners' questions.

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Motion #15-061

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to table this item until the next meeting.

- 12) **Approve Resolution Authorizing the Issuance and Sale of up to \$138,880,269 General Obligation Sewerage System Promissory Notes, Series 2015A and Providing for Other Details and Covenants with Respect Thereto.**

M. Diaz stated this is the second Clean Water Fund loan application for the R2E2 Project. The first loan was closed in August 2014 in the amount \$16,337,158. She requested Commission approval of the General Obligation Note in the amount of \$138,880,269. The note would be issued at a subsidized interest rate of 2.06% within the 20-year limitations. She stated the state of Wisconsin has scheduled the closing date of October 14, 2015.

Commissioner Blumreich asked if the 2.06% is the blended rate. T. Sigmund replied yes.

Commissioner Tumpach asked when NEW Water was doing the cost analysis on the R2E2 alternatives, what was the anticipated interest rate. T. Sigmund replied 4 – 5%.

Motion #15-062

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to approve the Resolution Authorizing the Issuance and Sale of up to \$138,880,269 General Obligation Sewerage System Promissory Notes, Series 2015A and Providing for Other Details and Covenants with Respect Thereto. (Resolution #15-008 is on file at the NEW Water offices)

- 13) **Request Commission approval for the addition of the Asset Reliability Coordinator position to the Maintenance Department and the associated revision to the organizational chart.**

P. Wescott recommended the addition of one position to the organizational chart for the Maintenance Department. The new position, Asset Reliability Coordinator, would increase the headcount in Maintenance from 23 to 24. He stated this position is aligned with NEW Water's Strategic Planning objectives, and is a position of need. This position would focus on equipment and system reliability, asset management, and physical asset strategic planning.

Commissioner Mainz asked if there is a job description available and if this position would be filled internally or externally. P. Wescott replied there is a position description available, and NEW Water has qualified staff. T. Sigmund stated for management positions and higher, external candidates are also considered.

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Commissioner Blumreich stated this position could determine what condition NEW Water's assets are in. He asked if this position is contingent upon approval of the 2016 budget. T. Sigmund replied yes.

Motion #15-063

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to approve the addition of the Asset Reliability Coordinator position to the Maintenance Department and the associated revision to the organizational chart pending approval of the 2016 Budget. (See Commission File #15-001)

14) Request Commission approval to close out the MCC-B1/B1A Replacement Contract 14-033-CO and issue final payment of \$21,431.25 to Van Ert Electric Co., Inc.

L. Sarau stated Van Ert Electric Co., Inc. has completed the work for the MCC-B1/B1A in accordance with the contract documents, and the project is ready for close out and final payment. Van Ert Electric was a very responsive, responsible contractor during the duration of the project. She stated the total contract amount did not exceed the dollar value approved for the project. Staff recommends Commission approval to close out the project and issue final payment of \$21,431.25 to Van Ert Electric.

Motion #15-064

It was moved by Hoffmann, seconded by Meinz, and unanimously agreed to close out the MCC-B1/B1A Replacement Contract 14-033-CO and issue final payment of \$21,431.25 to Van Ert Electric Co., Inc.

15) Request Commission approval of Contract 34 Digestion and Solids Facility – Change Order No. 1.

B. Angoli stated the deduction on Change Order No. 1 for the R2E2 Project was identified by staff, engineer, and contractor to reduce the overall cost of the project. The majority of the cost reduction was spare parts due to doubling up of items in the specific specification sections and instrumentation and control spare parts section. Two equipment items were also reduced to pre-bid numbers by the manufacturers after review of bid.

Commissioner Hasselblad asked who made the decision to substitute the stainless steel spec and grade to a higher grade. B. Angoli replied it was the manufacturer vendor's representative.

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Motion #15-065

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to approve Contract 34 Digestion and Solids Facility – Change Order No. 1 for a net credit of (\$627,556) to the contract.

16) Sewer plan approval:

a) Town of Lawrence #L0017-950424; GBMSD Request 2015-09

B. Angoli requested Commission approval of the Town of Lawrence sewer plan. He stated the proposed sewer would serve lands located within NEW Water.

Motion #15-066

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to approve the Town of Lawrence #L0017-950424 sewer plan subject to favorable review by Brown County Planning and final approval by the Wisconsin Department of Natural Resources.

17) 2015 Whole Effluent Toxicity testing process and results.

E. Wilcox reported the Whole Effluent Toxicity (WET) testing is required each year per NEW Water's WPDES Permit. She stated this year the Green Bay Facility (GBF) effluent was sampled July 26 – 31, and the De Pere Facility (DPF) August 2 – 7. She reviewed the acute and chronic toxicity testing process and results. She reported that both facilities passed and showed good water quality. She stated the tests will be done next year during the months of April – June 2016.

18) Update of projects:

a) Resource Recovery and Electrical Energy (R2E2)

B. Angoli reported excavation work for the new solids facility and detention pond is currently underway. He stated the clay excavated from the solids facility will be used for the bed liner in the detention pond. Work on the storm water detention pond is to be completed by November 16, 2015.

b) Green Bay Facility Pump Station Secondary Feeder Replacement Project

P. Mentink reported about three weeks ago NEW Water contracted with Northern Electric to repair one of the failed cables to the pump station. He stated due to some favorable delivery of materials and the contractor's effort, the project was completed within one week. Operation is back to normal and the rental agreement on the generator has been terminated.

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19) Operation report:

a) Effluent quality for August

P. Wescott reported both facilities were in full compliance with all effluent limits for the month of August. The DPF tied performance records for Ammonia for average daily concentration and average pounds discharged per day. He stated the GBF set new performance records for C-BOD and Ammonia for average daily concentration, average pounds discharged per day, and for total monthly pounds discharged.

b) Air quality for August

P. Wescott reported the GBF was in compliance with all air quality limits for the month of August and did not have any events that would have resulted in a "Deviation Notification" submittal to the WDNR.

20) Executive Director's report:

a) October Commission meeting

The October Commission meeting will be held on Wednesday, October 28, 2015, beginning at 8:30 a.m. Two Commissioners indicated that they will not be available on October 28. Staff will work with the Commission to determine a new date for the October meeting.

T. Sigmund will email the Commission on a recent rain event, which caused a lot of water to come through this facility. The GBF was close to capacity. He stated the Operations and Maintenance staff did an excellent job.

There being no further business to come before the Commission, the meeting adjourned at 10:50 a.m.

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Secretary