

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held May 25, 2017.

PRESENT: Commissioners Hasselblad, Blumreich, Mainz, Tumpach, and Hoffmann

ALSO PRESENT: T. Sigmund, P. Wescott, N. Qualls, B. Hafs, M. Diaz, B. Angoli, L. Sarau, P. Mentink, E. Houghton, J. Smudde, J. Czynski, B. Vander Loop, P. Smits, T. Brown, J. Van Sistine; J. Nicks–Legal Counsel; T. Karman and D. Maccoux–Schenck SC

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

1) Safety Moment.

T. Sigmund reported on safety cans for gasoline.

2) 2016 audit.

M. Diaz introduced Tom Karman and David Maccoux from Schenck SC.

T. Karman from Schenck presented the December 31, 2016 financial statements, as follows:

- Independent Auditors' Report
- Management's Discussion & Analysis
- Statement of Net Position
- Statement of Revenues, Expenses, Changes in Net Position
- Statement of Cash Flows
- Financial Statement Footnote Disclosures
- Single Audit
- Management Communications

Commissioner Hasselblad asked what the best rate of return the auditors have seen for municipalities. T. Karman replied based on the market conditions, maybe 2% on 6 – 7 year securities.

T. Karman stated the audit process went very well, and NEW Water, the brand of the Green Bay Metropolitan Sewerage District, personnel were well prepared.

Commissioner Hasselblad asked if the auditors were aware of financial ratios in this industry that would help assess the financial strength or weakness of this entity. T. Karman replied if NEW Water compares its operation to other operations in the state of Wisconsin, a lot of those ratios will fluctuate based upon where NEW Water's projects are. NEW Water has a significant amount of capital assets; however, since NEW Water's projects are new and being constructed, it also has a significant amount of debt.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17

Cont'd

PROCEEDINGS OF THE COMMISSION

T. Karman stated that it is important for NEW Water to look at how its operation is going, what its operational requirements are, project out what its debt payment is going to be, and to make sure its rate structure stays adequate. The potential rate structure NEW Water has may not be appropriate somewhere else. He stated others rely on a tax levy to help support their operation.

Commissioner Hasselblad asked that in the future if the auditors see a couple of ratios that make sense for NEW Water, to bring it to the Commission.

Commissioner Hasselblad asked what the most significant risks to the financial reporting at this company are. T. Karman replied the most significant, which relates to the appropriate reporting of the plant, is developing appropriate asset lives for depreciation.

Commissioner Blumreich stated an issue in the past several years has been reconciliation of the subsidiary ledger of this extraordinary capital expenditure, how it relates to the general ledger and what NEW Water is reporting out. He asked if the auditors are satisfied with what they have seen as it relates to NEW Water's reconciling of those two sections. T. Karman replied yes, those records are up-to-date and there are some subsidiary records that agree with what is reported in the general ledger. The discrepancies that existed in the past are no longer there, and there were no issues with those items in this audit.

Commissioner Mainz asked about the misstatements noted in the Management Communications document provided by Schenck. T. Karman replied this is standard language. He believes those adjustments related to the Wisconsin Retirement System information. He stated that information is not typically recorded on a regular basis in the financial statements.

- 3) **Convene in closed session under State Statute 19.85 (1) (c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, and 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) **Consultation with auditors regarding employee evaluation**
 - b) **Litigation involving industrial and interplant forcemains**

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17
Cont'd

PROCEEDINGS OF THE COMMISSION

Motion #17-022

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to convene in closed session under State Statute 19.85 (1) (c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, and 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.

4) Reconvene in open session.

Motion #17-023

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

Following closed session, agenda items were taken out of sequence based on staff's presence for reporting.

5) Approval of minutes of Commission meeting held April 26, 2017.

Motion #17-024

It was moved by Blumreich, seconded by Mainz, and unanimously agreed to approve the April 26, 2017 minutes as distributed.

8) Request Commission approval to enter into an agreement with Short Elliot Hendrickson Inc. for design of the Industrial Forcemain Repair Project in the amount of \$62,737.

L. Sarau stated the purpose of the Industrial Forcemain Repair Project is to replace the hardware at the fittings along the industrial forcemain. She stated that some of the drivers for the project include the leak that was discovered in 2015 and the investigation that was conducted in 2016 indicating that over 70% of the fittings had at least one bolt/nut pair with significant corrosion. At the February Commission meeting staff made a recommendation to continue forward with the project to replace all the fittings along the industrial forcemain. NEW Water sent out a combined request for proposal (RFP) for the design and bidding services of the industrial and interplant forcemain to Short Elliot Hendrickson (SEH), Donohue & Associates, and Strand Associates. NEW Water received one proposal. An internal review team reviewed the proposal to see how comfortable staff was with the project team, firm qualifications, scope of work, and schedule.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17
Cont'd

PROCEEDINGS OF THE COMMISSION

L. Sarau stated based on the experience of the project team, who is the current engineer for the Ashland Avenue project, a proven project approach and fair price based on review of the level of effort that was provided, she requested Commission approval to enter into an agreement with SEH for the design of the Industrial Forcemain in the amount of \$57,034 and a 10% contingency to be administered under the authority of the Executive Director for a total amount of \$62,737.

Commission Hoffmann asked why the other two firms did not submit a bid. L. Sarau replied Donohue indicated that one of its major players proposed to be on its team was involved in the original construction of the industrial forcemain, and considered it to be a conflict of interest. Strand was concerned with the risk and schedule of the project.

Commissioner Hasselblad asked what the risk was that Strand was concerned about. L. Sarau replied the litigation involved with the project.

Motion #17-025

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to enter into an agreement with SEH for design of the Industrial Forcemain Repair Project in the amount of \$57,034 and a 10% contingency of \$5,703 to be administered under the authority of the Executive Director for a total authorized amount of \$62,737.

9) Request Commission approval to enter into an agreement with Short Elliot Hendrickson Inc. for design of the Interplant Forcemain Repair Project in the amount of \$77,359.

L. Sarau stated the purpose and drivers for this project are the same as the Industrial Forcemain Repair Project. The RFP was combined for both projects for economies. She stated there will be two separate agreements to track expenses separately between the two projects. She requested Commission approval to enter into an agreement with SEH for the design of the Interplant Forcemain Repair Project in the amount of \$70,326 and a 10% contingency to be administered under the authority of the Executive Director for a total authorized amount of \$77,359.

Motion #17-026

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to enter into an agreement with SEH for design of the Interplant Forcemain Repair Project in the amount of \$70,326 and a 10% contingency of \$7,033 to be administered under the authority of the Executive Director for a total authorized amount of \$77,359.

6) April financials.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17

Cont'd

PROCEEDINGS OF THE COMMISSION

M. Diaz reported total operating revenues for the month of April were favorable to budget by 7%. Year to date total operating revenues were favorable to budget by \$984,000 due to other revenues from septage from the three cheese facilities and more precipitation received. She stated total operating expenses for the month of April were favorable to budget by 14%, which is less expenses than budgeted. Year to date total operating expenses were favorable to budget by 10%. Leading the favorable results, which is less expenditure than budgeted, were contracted services, salaries & benefits, maintenance – plant, and natural gas & fuel oil. Net income for the month of April was \$2,400,000.

On behalf of the Commission, Commissioner Hasselblad thanked Maridey Diaz for her work on the audit. M. Diaz replied it was a group effort.

- 7) **Request Commission approval to enter into an agreement with CH2M HILL Engineers, Inc. to provide engineering assistance for preparing and submitting the Preliminary Compliance Alternatives Plan in the amount of \$153,575.**

P. Mentink reported NEW Water is required to look at options for meeting effluent permit levels for phosphorus and suspended solids as part of its discharge permit. A RFP was sent out to five consultants: CH2M HILL Engineers, Inc., Donohue & Associates, Strand Associates, CDM Smith, and SEH. A team reviewed the five proposals, and unanimously selected CH2M. He stated CH2M has completed similar projects with other similar sized facilities, has a great project team, and is well aware of the regulatory requirements. Although CH2M did not provide the lowest bid, the team selected CH2M based on the strength of its other criteria. He requested Commission approval to enter into an agreement with CH2M to provide engineering assistance in the amount of \$139,614 and a contingency of \$13,961 for a total authorized amount of \$153,575.

J. Nicks from Godfrey & Kahn stated NEW Water's current permit requires a preliminary compliance evaluation and report to be completed and submitted to the Wisconsin Department of Natural Resources (WDNR) by March 2018. A final report on how NEW Water is going to comply with the new permit limits on its discharge that go into effect in 2019 is due to the WDNR by the end of 2018.

Commissioner Mainz asked if all consultants received the same criteria. T. Sigmund replied contractors are given detailed construction drawings and specifications so they can submit their cost to do the work; whereas, consultants propose on projects applying their interpretation of the scope of work, which is not well defined and is not a hard dollar proposal. Due to the consultants' interpretation of the project, the cost components can have a higher rating or a larger spread between bids. He stated NEW Water looks mostly at the approach and the consultants' capabilities to deliver the project.

Commissioner Mainz questioned staff's recommendation. N. Qualls stated without a doubt the best team and qualifications for this project is CH2M.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17

Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Mainz asked why a RFP was sent out on this project. T. Sigmund replied other consultants were qualified to do this type of work. On this particular project, CH2M was clearly better. N. Qualls added CH2M's accountability, appropriate costs, and level of effort were appropriate. NEW Water staff do their best to make an objective decision.

B. Hafs stated that he reviewed all five proposals and felt CH2M provided the best proposal, and CH2M is the only consultant with experience in Adaptive Management.

Motion #17-027

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to enter into an agreement with CH2M HILL Engineers, Inc. to provide engineering assistance for preparing and submitting the Preliminary Compliance Alternatives Plan in the amount of \$139,614 and a 10% contingency of \$13,961 under the authority of the Executive Director for a total authorized amount of \$153,575.

- 10) **Request Commission approval for the Executive Director to execute a time-and-materials work change directive for the hauling of excess excavated material to the abandoned sludge lagoon site as part of the Resource Recovery and Electrical Energy Project Contract 34 at a cost not to exceed \$160,000.**

B. Angoli stated the mound of dirt located on NEW Water property by the contractor's access road along Quincy Street is excess soil from the R2E2 Project. He stated in 2015 NEW Water planned to move the soil to its abandoned sludge lagoons located across Quincy Street, but the City of Green Bay raised concerns about the site being a wetland. The WDNR reviewed the property's history and original use and concurred that continued filling of the site was acceptable and consistent with the original sludge lagoon site closure plan, and approved NEW Water's storm water runoff permit. He stated the estimated cost for this work is \$160,000.

Commissioner Mainz asked why this project wasn't bid. B. Angoli replied Andrews Excavating has done a good job, and staff elected to keep it all under one contract. T. Sigmund added the work would be done under the existing Clean Water Fund loan.

Motion #17-028

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to authorize the Executive Director to execute a time-and-materials work change directive for the hauling of excess excavated material to the abandoned sludge lagoon site as part of the R2E2 Project Contract 34 at a cost not to exceed \$160,000.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17

Cont'd

PROCEEDINGS OF THE COMMISSION

11) Whole Effluent Toxicity testing results and summary.

E. Houghton stated the Whole Effluent Toxicity (WET) testing was conducted in February. The Green Bay Facility passed its WET testing; however, there was a failure issue at the De Pere Facility. There have been two successful retests at the De Pere Facility and the results posted good values. She stated the summary and final report were submitted to the WDNR along with the original report. The WDNR has accepted NEW Water's final report. She talked to Carrie Fleming at the WDNR about the recent regulation changes in regards to WET testing. The new regulation states if a facility is unable to pinpoint the exact reason for the failure and show that it is able to fix the issue, in the next permit term a WET limit will be applied. NEW Water has yet to find a distinct reason for the failure. One of the reasons most facilities see a failure is due to an issue with an industry. She stated staff is going to reinvestigate an industry slug load that caused NEW Water substantial issues two weeks prior to the test. She is confident NEW Water can find a link with the WET failure and the release from that industry and show how NEW Water recovered with treatment alterations.

Commissioner Hasselblad asked if NEW Water knows the origin of the slug loading. E. Houghton replied yes, it was from Expera. NEW Water and Expera will work together to make sure this situation does not happen again.

12) Update of projects:

a) Contract 34 Digestion and Solids Facility

B. Angoli reported work has begun on shotcreting and wire placement on the digester walls. Each digester will have approximately 83 miles of wire wrapped around it. He stated periodically a group goes through the plant to view placement of new equipment and how the system will be maintained and operated safely. To date the contractor's safety record has been very good. There has only been one incident with a cut hand that required stitches, and the worker was able to report back to work for a no loss time accident. He stated the solids building was designated for Leadership in Energy and Environmental Safety (LEED) certification and designed to meet the LEED silver requirement. The contractor has done extremely well with material recycling and recovery to move the solids building closer to receiving a gold LEED certification. He stated at the June Commission meeting staff will bring forward a change order for about \$190,000 for some major changes on the project.

B. Angoli reported Multiform Harvest is asking for an additional \$470,250 due to modifications on the nutrient recovery system. NEW Water is requesting detailed information on the vendor's request. He stated the construction schedule is behind schedule. A change was made to allow the contractor to apply coating to the digester covers on the ground instead of in-place to save schedule time. He stated there has been a delay in receiving the new panels for the motor control center for the fluid bed incinerator.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/25/17
Cont'd

PROCEEDINGS OF THE COMMISSION

b) Ashland Avenue Interplant Forcemain Repair

L. Sarau stated this is the first reporting period for this project. She reported as of yesterday the hardware has been replaced at 22 of the 27 locations. The remaining hardware to be replaced is in the Pilgrim Way and Dutchman Creek area. She stated the contractor, De Groot Inc., is doing a commendable job in coordinating its work with the Wisconsin Department of Transportation. De Groot intends to finish the project next week.

13) Operation report:

a) Effluent quality for April

P. Wescott reported both facilities were in compliance with effluent limits for the month of April.

b) Air quality for April

P. Wescott reported there were two "Deviation Notification" submittals to the WDNR, which occurred in early April. Both events were caused by false temperature spikes from process instrumentation. The first event was a momentary spike, which subsided quickly and staff was able to restart the induced draft fan and close the emergency bypass damper. The second event happened at 3:00 a.m. and was caused by a failed temperature transmitter. Electrical and Instrumentation staff were called in to troubleshoot. Staff replaced the faulty transmitters on both incinerators.

14) Executive Director's report:

a) June Commission meeting

The June Commission meeting will be held Wednesday, June 28, 2017, beginning at 8:30 a.m.

b) Colin Clark promoted to Field Services Technician

Colin Clark has been promoted from a Limited Term Employee Treatment Operator to Field Services Technician on May 7 2017.

c) U.S. Department of Energy Better Plants Program

NEW Water is in the U.S. Department of Energy's Better Plants Program. Bruce Bartel attended a meeting in Washington, D.C. There is a lot of interest in renewable energy, and NEW Water is seen as a significant player.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

**05/25/17
Cont'd**

PROCEEDINGS OF THE COMMISSION

d) Silver Creek Student CREW (Committed to Restoring and Enhancing our Waters) event

As part of the Silver Creek Project and Great Lakes Initiative, NEW Water takes these opportunities to work with students from Oneida and Bayport High Schools.

There being no further business to come before the Commission, the meeting adjourned at 10:40 a.m.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

Secretary