

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held October 26, 2017.

PRESENT: Commissioners Hasselblad, Blumreich, Mainz, and Tumpach

EXCUSED: Commissioner Hoffmann

ALSO PRESENT: T. Sigmund, N. Qualls, B. Hafs, B. Vander Loop, T. Brown, B. Angoli, B. Bartel, B. Oldenburg, J. Cypinski, P. Smits, T. Garrison, J. Van Sistine; J. Nicks–Legal Counsel; K. Heimerman–Schenck, C. Berndt–Village of Allouez

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

1) Safety moment.

T. Sigmund distributed a handout on some Halloween safety tips. Drive safely, slowly, and anticipate children and traffic on Halloween.

2) 2018 Budget update.

T. Sigmund identified some of the changes since the last budget workshop, as follows:

- Net decrease of \$35,600 in O&M expenditures
- Reduction in salaries and benefits due to one of four limited term operator positions ending in 2017 and postponing consulting fees to 2019 for updating NEW Water's Strategic Plan
- Increase in contracted services for Lean facilitator training in 2018 and inclusion of \$10,000 to support Brown County's recreational use plan for Renard Island

T. Sigmund stated these revisions will result in O&M expenses increasing by 5.3% over the 2017 budget and overall expenses increasing by 2.4% over the 2017 budget.

Commissioner Mainz asked if someone from NEW Water, the brand of the Green Bay Metropolitan Sewerage District, will review the recreational use plan proposal to protect NEW Water's interest. T. Sigmund replied that NEW Water will have a representative on the workgroup.

T. Sigmund stated a letter from the Village of Allouez (Allouez) was included in the Commission packet. T. Sigmund gave a presentation to the Allouez Board on October 16, 2017. The Allouez Board has asked NEW Water to schedule a budget meeting in the evening so customers could attend and provide input.

C. Berndt from the Village of Allouez thanked the Commission for the opportunity to offer some comments. He thanked Tom Sigmund for speaking to the Allouez Board.

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C. Berndt stated the Allouez Board holds evening meetings on proposed projects to receive comments from the public. The Allouez Board approved the letter that was sent to NEW Water, and the Villages of Howard and Ashwaubenon Public Works Directors also supported the letter. He stated two major upcoming items that are very important to Allouez is controlling and removing phosphorus and the interceptor project. Allouez supports NEW Water's use of reserve funds, and recommends the reserve funds policy changes be summarized and the new policy be provided to NEW Water customers to enhance customer understanding of the policy. Allouez appreciates the fact that the sewer rate is going down a little bit, because Allouez is faced with other significant issues, such as replacing old sanitary sewers. Allouez encourages NEW Water to evaluate whether planned annual projects can in fact be completed and funds expended in the budget year or allocate capital funds over two or more years. Allouez recommends that NEW Water procure consultants for the two significant 2018 capital projects with a higher consideration on the engineering costs, rather than technical qualifications. Allouez views the letter sent to NEW Water as complimentary, and appreciates the working relationship with NEW Water.

The Commission thanked Craig Berndt for his comments.

3) **Approval of minutes of Commission meeting held September 27, 2017.**

Motion #17-056

It was moved by Blumreich, seconded by Meinz, and unanimously agreed to approve the September 27, 2017 minutes as distributed.

5) **September financials.**

K. Heimerman reported total operating revenues for the month of September were favorable to budget by \$139,000 or 5% from other revenues from hauled waste from the three cheese facilities and user fees from favorable municipal load units. Year to date total operating revenues were favorable to budget by \$2,500,000 or 9% due to more precipitation received and other revenues from hauled waste. Year to date hauled waste revenues represent 50% of total favorable operating revenues. Total operating expenses for the month of September were unfavorable to budget by \$83,000 or 5% from maintenance – plant, office related expenses, and chemicals, offset by favorable to budget amounts from contracted services and salaries & benefits. Year to date total operating expenses were favorable to budget by \$1,000,000 or 7%. Leading the favorable results were contracted services due to projects timing of billing versus budget and projects not yet started, salaries & benefits from four unfilled positions and less R2E2 salaries transfer to capital of \$76,000 versus budget, maintenance – plant of some projects not yet started and timing of billing versus budget, and less heating due to warmer weather and no diesel fuel purchased.

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K. Heimerman stated September's year to date operating expenses with favorable results were offset by unfavorable variances from maintenance – interceptor of expenses for unexpected interplant forcemain repairs. Net income for the month of September was \$163,000.

5) Request Commission approval of the 2018 dental insurance plans and premium sharing.

T. Brown stated Lincoln Financial Preferred Provider Organization (PPO) has provided NEW Water dental coverage since 2015, and CarePlus Dental Health Maintenance Organization (DHMO) since 2017. CarePlus DHMO offers a greater level of benefits and is a true HMO plan. In 2017, 17% of NEW Water employees migrated to CarePlus. Lincoln Financial's renewal rate for 2018 increased by 7.4%, and Care Plus has a two-year rate guarantee. The net budgeted impact of a slight decrease is attributed to Lincoln Financial's premium increase offset by a decrease of six family enrollments netted by an increase of four single enrollments for 2018. Staff is recommending to maintain an 80%/20% employer/employee cost share. She requested Commission approval to renew a one-year agreement with Lincoln Financial and to provide dual choice dental insurance coverage with CarePlus.

Motion #17-057

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to contract for NEW Water's dental insurance with Lincoln Financial PPO for a one-year period with 2018 premium sharing for eligible employees at \$29.54 per month for single plan coverage and \$92.87 for family plan coverage, and to provide dual choice dental insurance coverage with CarePlus DHMO with 2018 premium sharing for eligible employees at \$21.53 for single plan coverage and \$67.72 per month for family plan coverage.

6) Request Commission approval of a Plant Capital Replacement Reserve Policy.

B. Vander Loop stated the Plant Capital Replacement Reserve Policy is a new policy for future capital projects related to new or replacement of plant facilities and significant equipment. He requested Commission approval of the Plant Capital Replacement Reserve Policy.

Commissioner Hasselblad asked what the recommended minimum and maximum amounts are for the reserve policy. B. Vander Loop replied that amount has not been established yet.

Commissioner Mainz stated that he would like to know the maximum amount in this reserve fund prior to Commission approval. T. Sigmund stated that staff will provide the Commission with that information at the December meeting.

7) Request Commission approval for an increase in the time-and-materials WCD No. 77 for the hauling of excess excavated material to the abandoned sludge lagoon site as part of the R2E2 Project Contract 34 from \$160,000 to \$325,000.

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B. Angoli stated that on May 25, 2017 Work Change Directive (WCD) No. 77 was approved for an amount not to exceed \$160,000 for removal and replacement of soil. On September 29, 2017, the Commission was informed that the work exceeded the approved amount. The engineer's estimate for this work was \$220,000. Additional costs were incurred because of wet ground conditions which required less material loaded into each truck requiring additional trucking and bull dozing of material into place at Angie Avenue site, pumping, clearing, and grubbing. Staff is requesting to increase the time-and-materials cost for WCD No. 77 from \$160,000 to \$325,000.

Commissioner Hasselblad questioned why the contractor and engineer did not catch the cost overrun. B. Angoli replied it should have been caught, and the situation has been rectified in reviewing progress and cost on present and future change orders.

Commissioner Mainz stated the engineer should have had a contingency built into the cost. He stated that staff should make sure the contractor and engineer know that the Commission is not happy about this.

Motion #17-058

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to approve an increase in the time-and-materials WCD No. 77 for hauling of excess excavated material to the abandoned sludge lagoon site as part of the R2E2 Project Contract 34 from \$160,000 to \$325,000.

8) Sewer plan approvals:

a) City of Green Bay/Contract A-2017; GBMSD Request 2017-18

B. Angoli stated this sewer request was not part of the City of Green Bay's yearly sanitary sewer projects. The City of Green Bay is requesting 957 ft. of 8-inch PVC sanitary sewer within the right-of-way of Paula Street extension between Durham Road and Sussex Road. Flow would be tributary to NEW Water's Scott Bayshore interceptor.

b) Village of Ashwaubenon Project #3140433.03; GBMSD Request 2017-19

B. Angoli reported the Village of Ashwaubenon is requesting 123 ft. of 8-inch PVC sanitary sewer on Argonne Street. He stated flow would be tributary to NEW Water's Dutchman Creek interceptor.

Motion #17-059

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to approve the City of Green Bay/Contract A-2017 and Village of Ashwaubenon Project #3140433.03 sewer plans subject to favorable review by Brown County Planning and final approval by the Wisconsin Department of Natural Resources (WDNR).

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9) Resource Recovery and Electrical Energy Project Contract 34 milestone extension update.

B. Angoli stated that staff plans to come back to the Commission in December to request a time extension for milestone no. 4. Reasons for the time extension request are as follows:

- Equipment delivery delays required leaving an opening in the east lower level wall of solids building, delaying the completion of the structure closure
- Fault current study required revisions to MCC-001 and MCC-002, which resulted in a delay of equipment delivery
- Fault current study changes – due to horsepower changes to MCC-003 equipment – required revisions to MCC-003 and resulted in delay of equipment delivery
- Coordination of Fabick Cogeneration, Suez FBI, Fluid Dynamics polymer system, Bioair odor control and Centrysis centrifuge equipment with onsite installations by contractor has impeded progress
- Cogeneration switchgear fabrication for bottom entry feed cables required rerouting cabling
- Contractor request for time extension for the arc flash protection equipment
- Solids building rebar steel placement issues

The contractor has stated that this has been an abnormally wet weather year for construction and the number and timing of changes to the project have impacted progress. B. Angoli stated the following items have led to the delay in milestone no. 5:

- Claim No. 1 test pile failure caused schedule slippage in getting base slab in place
- Digester construction experienced delays this year due to weather; also impacted start of work by successor subcontractors
- Digester cone section construction took longer than estimated within the schedule

At this time staff does not anticipate any time extension for milestone no. 5.

Commissioner Mainz asked about DNR requirements. T. Sigmund replied that NEW Water is in full compliance.

Commissioner Blumreich asked about how the delays will impact the budget. T. Sigmund replied the budget was adjusted in September.

10) Update of projects:

a) Contract 34 Digestion and Solids Facility

B. Angoli reported the main focus on the project has been start-up and inspection of new equipment, start-up of odorous air system for thickening facility, and boil-out of new plant heating boiler system.

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B. Angoli stated various pumps and equipment are in the start-up phase. Sludge holding tank no. 2 pump mixing system is not working correctly. The manufacturer, contractor, engineer, and NEW Water are working together to rectify the issue. Issues with the American Iron and Steel requirements have been resolved. Tracking of material not meeting the American Iron and Steel will be reviewed monthly by staff.

Commissioner Hasselblad asked who grants the waiver. N. Qualls replied it is a nation-wide waiver.

B. Angoli reported that Multiform Harvest has had issues with the wet struvite product and the manufacturer has stated it will only take a dried product. The fertilizer manufacturer and Multiform Harvest have recommended NEW Water add a dryer to the struvite recovery system. The estimated cost for a dryer system is \$800,000 to \$1,000,000.

T. Sigmund and Nate Qualls met with a team from West Boise to discuss the nutrient recovery system. The market for the struvite product is at a low point right now, and a wet product will not be acceptable.

Commissioner Hasselblad asked what has caused the decline in the market. T. Sigmund replied the struvite market has become disconnected with the Di-ammonium phosphate market. No explanation for the decline in the struvite market.

N. Qualls stated NEW Water and the engineer are reviewing the situation to determine the cost effectiveness of adding a dryer to the system versus offloading the product.

11) Operation report:

a) Effluent quality for September

B. Bartel reported both facilities were in full compliance with effluent limits for the month of September.

b) Air quality for September

B. Bartel reported the Green Bay Facility was in compliance with air quality limits for the month of September. There were no events during the month that would have resulted in "Deviation Notification" submittals to the WDNR.

12) Executive Director's report:

a) December Commission meeting

The December Commission meeting will be held Wednesday, December 6, 2017, beginning at 8:30 a.m.

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b) Strategic Plan update

A second update to the Strategic Plan was included in the Commission packet.

Commissioner Hasselblad asked staff to identify the person who owns each strategic investment.

c) Jeremy Klingbeil promoted to Asset Reliability Coordinator

Jeremy Klingbeil was promoted from Health, Safety, & Security Coordinator to Asset Reliability Coordinator. Staff is in the process of advertising for the Health, Safety, & Security Coordinator position.

d) Greater Green Bay Chamber of Commerce's "Find Your Inspiration" event

NEW Water partnered with the Green Bay Water Utility in the "Find Your Inspiration" event. The event was well attended.

T. Garrison stated that NEW Water partnered with the Green Bay Water Utility for a "one water" themed booth at this event, attended by more than 3,000 middle schoolers. It was a great opportunity for the utilities' staffs to work together, and to engage students in water issues and careers in water. The annual event aims to help students "find their inspiration" for future career paths.

e) NEW Water's Silver Creek Project installation of wetlands

Installation of the wetlands began on October 4, 2017, and is expected to be completed this fall. A \$100,000 grant for this project was received from the Fund for Lake Michigan.

There being no further business to come before the Commission, the meeting adjourned at 10:05 a.m.

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Secretary