

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held April 26, 2010.

PRESENT: Commissioners Alesch, Hasselblad, Mainz, Zabel, and Scheberle

ALSO PRESENT: T. Sigmund, D. Busch, P. McCarthy, P. Kaster, W. Angoli, M. Pierner, M. Diaz, J. Kennedy, E. Kimmeth, D. Lefebvre, J. Christ, J. Czypinski, L. Evenson, D. Cawley, M. Kersten, M. Erschnig, D. Hanson, J. Van Sistine, J. Nicks–Legal Counsel; B. Desing–CH2M Hill, B. Meeuwsen–Fourinox; J. Dobson–Baker Tilly

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

1) Approval of minutes of Commission meeting held March 22, 2010.

Motion #10-028

It was moved by Mainz, seconded by Scheberle, and unanimously agreed to approve the March 22, 2010 minutes as distributed.

2) February and March financials.

M. Diaz presented the February and March financials. She reported revenues for February were 13% below budget and revenues for March were 12% above budget. She reported salaries and benefits were under budget due to three positions not yet filled. Natural gas and fuel oil were also under budget. She stated overall the total operating expenses were 4% under budget. She reported interest income – general will now be included in non-operating revenues and expenses to track the general interest separately from the investment interest.

3) Adopt retirement resolutions:

- a) **Ronald McCracken**
- b) **Robert Hart**
- c) **Edward Kimmeth**
- d) **David Thelen**

Commissioner Mainz stated GBMSD will be losing 120 years of experience, which will be difficult to replace. These employees have dedicated valuable years to GBMSD and the Commission appreciates their service.

E. Kimmeth thanked the Commission for the opportunity to work at GBMSD.

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T. Sigmund stated three of the individuals retiring worked at the De Pere Facility and were important in maintaining permit compliance during the consolidation of the two facilities. He reported David Thelen is the Systems Administrator at the Green Bay Facility who develops the programming code for our process automation. We will miss all of them.

The Commission expressed its gratitude, and GBMSD is fortunate to have had such extraordinary people.

Motion #10-029

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to adopt Retirement Resolutions for Ronald McCracken, Robert Hart, Edward Kimmeth, and David Thelen. (Resolutions #10-003, 10-004, 10-005, and 10-006 are on file at the GBMSD offices.)

4) Request Commission approval of the Solids Management Plan recommended alternative.

Commissioner Alesch stated this is a major step for GBMSD. He stated approval of this agenda item will not commit GBMSD to Alternative 3, but will provide extensive analysis and planning. He stated Alternative 3 is the only alternative that has the potential to come in lower than the estimated cost.

B. Desing from CH2M Hill reviewed the following:

- Four alternatives process
- Energy use comparison
- Estimated greenhouse gas emissions by alternative
- Estimated costs by alternative
- Decision-making process (multi-attribute utility analysis)
- Alternative scoring
- Scoring by alternative
- Recommended alternative

B. Desing stated the recommended alternative provides more opportunities, is in line with GBMSD's strategic plan, and supports economic development with opportunity to partner with regional interests.

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Considerable discussion followed regarding solids loading, cost, scale of economy curve for alternatives, carbon credits, staying status quo, and phosphorus regulations.

T. Sigmund stated staff will submit a facility plan this summer to the Department of Natural Resources (DNR), which can be amended at any time. Staff is in discussions with the DNR on potential air permit impacts related to the chosen alternative.

Motion #10-030

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to approve Alternative 3 – Digestion with Further Thermal Processing and submit to the WDNR as GBMSD's selected Solids Management Plan.

5) Request Commission approval of reimbursement to Fox River Fiber for bioxide usage.

T. Sigmund reported in March 2009 staff identified hydrogen sulfide in the Ninth Street Interceptor. GBMSD requested Fox River Fiber (FRF) add bioxide to its process wastewater discharge to minimize the formation of hydrogen sulfide in the interceptor. Last spring GBMSD executed an agreement to construct a separate force main. Due to several issues, the substantial completion date of November 25, 2009 was delayed to January 1, 2010. FRF asked GBMSD to consider reimbursement for the cost of addition of the bioxide beginning November 25 until the force main was available for use.

T. Sigmund reported since the start up of the separate force main, hydrogen sulfide levels in the Ninth Street Interceptor have gone to almost zero.

Commissioner Alesch stated FRF has been cooperative in addressing the hydrogen sulfide problem in the Ninth Street Interceptor and continued to add bioxide until the mill waste force main was operational.

T. Sigmund stated reimbursement of FRF's cost of the bioxide during the period after the expected date of completion is appropriate and reasonable.

Motion #10-031

It was moved by Mainz, seconded by Scheberle, and unanimously agreed to approve reimbursement of \$29,795.81 to Fox River Fiber for bioxide usage.

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- 6) **Request Commission approval to close out the Sludge Holding Tank No. 1 Rehabilitation contract and issue final payment to Porta-Painting.**

W. Angoli reported the work has been completed on the Sludge Holding Tank No. 1 Rehabilitation contract and the project is ready for close out and to issue final payment to Porta-Painting.

Motion #10-032

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to close out the Sludge Holding Tank No. 1 Rehabilitation contract and issue final payment of \$15,218.45 to Porta-Painting.

- 7) **Request Commission approval of a construction change order with J.F. Ahern Co. for the Ferric Chloride Feed System Rehabilitation project.**

W. Angoli requested Commission approval of a change order that would provide additional ferric chloride piping to control hydrogen sulfide in the De Pere Facility WAS and mill wastewater and chemical addition to the gravity belt effluent for phosphorus removal.

Motion #10-033

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to approve a contract change order in the amount of \$54,347 with J.F. Ahern Co. for the Ferric Chloride Feed System Rehabilitation project.

- 8) **Request Commission approval to increase the contingency amount to the workboat fabrication project with Metalcraft Inc.**

J. Kennedy reported the costs for navigation, communication, and safety related electronics was not included in the original requests for proposal because GBMSD intended to select a local source to provide this equipment and ongoing service. GBMSD's workboat will now be delivered by water, so the navigation and safety related electronics must be installed prior to delivery. Staff is requesting to increase the contingency for the purchase of the equipment and installation.

J. Kennedy also reported UW-Milwaukee received a \$1.3 million grant for work on Green Bay, of which GBMSD will receive \$38,000 over the four-year period to share our monitoring data and participate in some of the designated field activities.

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Motion #10-034

It was moved by Hasselblad, seconded by Scheberle, and unanimously agreed to increase the contingency amount to \$23,342 with Metalcraft Marine, Inc. for the workboat fabrication project.

- 9) **Request Commission approval of an Agreement for Payment with the Wisconsin Department of Transportation for interceptor sewer relocation work required to allow for reconstruction of U.S.H. 29 and U.S.H. 41.**

M. Pierner reported the Wisconsin Department of Transportation will reimburse GBMSD 90% of the net cost incurred for relocation of GBMSD's facilities. He requested the Commission President and Secretary sign the agreement and then the agreement will be signed by the Governor in early May.

Motion #10-035

It was moved by Meinz, seconded by Hasselblad, and unanimously agreed to approve an Agreement for Payment with the Wisconsin Department of Transportation for interceptor sewer relocation work required to allow for reconstruction of U.S.H. 29 and U.S.H. 41.

- 10) **Request Commission approval to award the Phase 2 Rehabilitation of the Ninth Street and Ashwaubenon Creek Interceptors Project 2008-03 to Insituform Technologies USA, Inc.**
- 11) **Request Commission approval for AECOM Technical Services, Inc. to provide construction phase services for Phase 2 Rehabilitation of the Ninth Street and Ashwaubenon Creek Interceptors Project 2008-03.**

M. Pierner requested approval of Phase 2 of the Ninth Street and Ashwaubenon Creek Interceptors Project subject to approval by the WDNR. He stated the WDNR will provide a 30-day public comment period prior to giving GBMSD a permit.

Motion #10-036

It was moved by Meinz, seconded by Hasselblad, and unanimously agreed to award Phase 2 Rehabilitation of the Ninth Street and Ashwaubenon Creek Interceptors Project 2008-03 to Insituform Technologies USA, Inc. in the amount of \$3,120,348.61 and a 5% contingency for a total amount of \$3,276,366.04 subject to approval by the WDNR and to authorize AECOM Technical Services, Inc. to provide construction phase services in the amount of \$295,638 and a 5% contingency for a total amount of \$310,419.90 for Phase 2 Rehabilitation of the Ninth Street and Ashwaubenon Creek Interceptors Project 2008-03.

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- 12) Request Commission approval of a construction change order with The Selmer Co. to provide fuel oil supply system modifications for the Electrical Generation Facility contract.**

W. Angoli reported this change order is necessary to meet the new leak detection requirements from the Department of Commerce (DCOM). GBMSD separated the generator fuel oil supply system from the existing fuel oil piping and has received approval for the new piping system, which will meet the DCOM 10 leak detection system requirements.

Motion #10-037

It was moved by Scheberle, seconded by Mainz, and unanimously agreed to approve a construction change order with The Selmer Co. to provide fuel oil supply system modifications for the Electrical Generation Facility contract in the amount of \$104,409.77 and a 3% contingency for a total amount of \$107,509.77.

- 13) Sewer plan approval:**
a) Village of Howard 06009; GBMSD Request 2010-09

Motion #10-038

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to approve the Village of Howard 06009 sewer plan subject to favorable review by Brown County Planning and final approval by the WDNR.

- 14) Update of projects:**
a) Consolidation Projects – Treatment plants construction phase

W. Angoli reported the project is behind schedule due to some mechanical problems. The milestone date for start up of the conveyance systems for WAS and mill waste from the De Pere Facility to the Green Bay Facility was April 9. The start up of a five day test began Friday, April 23, and should be completed by Wednesday of this week.

D. Lefebvre reported flow from De Pere and Fox River Fiber (FRF) comes into the Thickening Building. He stated the second incinerator went on line last Friday and everything is working as staff intended.

- b) Consolidation Projects – Conveyance facilities**
c) RAS/WAS System Improvements Project

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d) Environmental Programs update

J. Kennedy reported on activities related to various environmental programs during the past year.

15) Operation report:

a) Effluent quality for March

b) Air quality for March

D. Busch reported both facilities were in compliance with effluent and air quality limits for March. He reported none of the permit limits were compromised with the loss of power in April.

16) Legal Counsel report:

a) None

17) Executive Director's report:

a) May Commission meeting

The next Commission meeting is scheduled for May 24 at 8:30 a.m.

b) GBMSD's bond rating by Moody's Investor Service

Moody's Investor Service has increased GBMSD's financial rating from Aa1 to Aaa.

c) Wisconsin Coastal Management Program grant application

GBMSD received a \$6,850 grant from the Wisconsin Coastal Management Program to update its environmental education video.

d) Proposed revisions to Authorization Levels of Capital Projects and Operating Expenditures

On January 22, 2001 the Commission approved an Administrative Policy. Staff is proposes to revise that policy to streamline our process and meet the needs of the organization. Staff is proposing to increase the approval authority level for the Executive Director on contracts to minimize the number of projects coming back to the Commission. Safeguards will be put in place to protect the Commission's fiduciary responsibility. Staff will put this item on the June agenda.

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Commissioner Alesch stated that all projects approved in the budget fulfill the Commission's fiduciary responsibility and contingent events not in the budget need to come before the Commission.

Commissioner Mainz asked if the auditors have looked at this for its completeness. T. Sigmund stated the auditors have not yet reviewed it but will be given the opportunity.

T. Sigmund reported 20 contracts were approved by the Commission in 2007, 37 contracts in 2008, and 65 contracts in 2009. If the revised authority level is approved, staff will continue to update the Commission on all projects at the monthly meetings.

e) **Phosphorus Rule update**

Sixty people were in attendance at the public hearing on NR 102 and NR 217 rule revisions last Tuesday in Green Bay. Sixteen people provided oral testimony. The hearing is in Eau Claire today or tomorrow. The Oconomowoc hearing was well attended. Our customers are weighing in on this issue. The comment period will end on April 30. The Natural Resources Board intends to bring the revised NR102, NR 217, and NR151 rules to its June meeting for approval. Staff has been very active in working with other municipalities and an editorial was printed in the Green Bay Press-Gazette.

f) **Fourinox update**

Fourinox is an industry in Green Bay that has been in violation of GBMSD's pretreatment program. Staff has been in contact with the president of Fourinox, Ben Meeuwsen, who is present today. In October 2009 Fourinox exceeded its categorical monthly average for zinc. The issue is whether Fourinox is a new or existing source. Fourinox sent a letter to Commissioner Alesch last week to appeal the notice of violation. A letter will go out today under the Executive Director's signature affirming the determination to issue the notice of violation to Fourinox.

Commissioner Alesch asked staff who determines if Fourinox is a new or existing source. T. Sigmund replied GBMSD does and the DNR approves it. Fourinox plans to appeal the decision.

Joe Nicks from Godfrey & Kahn stated there is a two step process in an appeal. First, the Executive Director issues the initial decision. Then the aggrieved party can request a hearing. He stated per GBMSD's Ordinance, the hearing is held before the Commission. He stated the Commission can designate a hearing examiner or a sub-committee instead of having the full Commission present.

Commissioner Alesch stated the hearing will be held before the entire Commission.

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g) Atmospheric conditions in the Ninth Street Interceptor

A graph was included in the Commission packet.

h) Workboat name

The name of GBMSD's new workboat is Bay Guardian.

i) Update on electrical substation failure

T. Sigmund stated an arc flash explosion in the primary electrical substation at the Green Bay Facility resulted from the failure of lightening arresters in the substation. He stated the equipment is on a five year review cycle, which would be up for review in July.

D. Busch reported an electrical fault occurred in the Primary Substation on April 14 that interrupted service to line 135 and severely damaged switchgear section 13. He reported High Voltage Maintenance is on site and restoration is underway. He stated spare parts have been ordered and the original spark gap lightening arresters will be replaced with metal oxide surge arresters. Line 135 will be completely restored and improvements will be made to line 137. GBMSD will not replace the original capacitors because they were not part of the problem and are not needed. Staff has determined the damage was caused by the feeder circuit breaker in the WPS Tower Drive Substation automatically reclosing during the electrical faults so the devices inside the switchgear were exposed to severe high-energy short-circuit currents multiple times before the substation circuit breaker ultimately locked out.

Commissioner Mainz asked if staff is coordinating its efforts with the substation department at WPS. D. Busch replied yes.

D. Busch stated that GBMSD staff did a great job managing the situation.

The Commission congratulated the team.

18) 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 PCB sediment issues**
- b) Fox River PCB insurance coverage issues**
- c) Status report on Rockland appeal of De Pere annexation**

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Motion #10-039

It was moved by Mainz, seconded by Hasselblad, 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.

Commissioner Mainz departed at 10:55 a.m.

19) Reconvene in open session.

Motion #10-040

It was moved by Hasselblad, seconded by Zabel, and unanimously agreed to reconvene in open session.

20) Presentation of financial statement and management letter.

J. Dobson from Baker Tilly reviewed the management report:

- Revenue sources
- Rate history adjusted for inflation
- Operating expenses
- Unrestricted funds on hand
- Restricted funds
- Debt vs. net assets
- Net plant value

J. Dobson then reviewed the benchmark analysis of peer districts, as follows:

- Overview of comparative analysis
- Debt vs. net assets
- Net plant value
- Residential revenue comparison
- Expense categorization

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J. Dobson stated Baker Tilly had no concerns regarding the management letter. She reported the compliance audit for federally funded projects was new this year. The stimulus funding for federal grant money requires a single audit, which was completed at the same time as the financial audit. She stated cash management requirements ensuring federal funds are to be disbursed within three days of receipt. She stated the Davis-Bacon prevailing wage rates were discussed with the Engineering Department. She stated the financial statements were not completed in the current year as they had in 2008 due to employee turnover. Baker Tilly provided additional assistance.

Commissioner Hasselblad stated it is the Commission's fiduciary responsibility to ask if Baker Tilly had full disclosure from GBMSD staff and if the auditors had any concerns. J. Dobson replied the auditors received full cooperation from all departments and have no concerns.

J. Dobson suggested GBMSD staff find a balance for an opportunity of cross-training so not to be duplicative and inefficient.

There being no further business to come before the Commission, the meeting adjourned at 11:32 a.m.

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Secretary