

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held October 23, 2013.

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

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, B. Hafs, N. Qualls, M. Diaz, T. Brown, T. Valenta, B. Angoli, M. Erschnig, J. Kennedy, J. Czypinski, M. Urbancic, T. Garrison, J. Van Sistine, J. Nicks–Legal Counsel; P. McCarthy; S. VandenAvond and C. Berndt–Village of Allouez; M. Heckenlaible–City of Green Bay

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

1) **Budget workshop.**

Commissioner Hasselblad stated that Steve VandenAvond, Village of Allouez President, and Craig Berndt, Director of Public Works, have asked to address staff and the Commission regarding NEW Water, the brand of the Green Bay Metropolitan Sewerage District, proposed 2014 budget.

S. VandenAvond stated the Village of Allouez (Allouez) has had ongoing interaction with the Commission throughout the years, and he appreciates the willingness of the Commission to listen to Allouez today. He questioned the purpose of the Interceptor Cost Recovery (ICR) Reserve and the amount currently in the reserve. He stated that last year he talked about engagement of the community in public meetings. He stated Allouez has a problem engaging the public in its Board meetings, and it looks like NEW Water also has an engagement problem. He suggested NEW Water change the times of their meetings to engage more people. He stated people are going to react to their water bills going up, especially by double digit percentages over the next five years. He stated Allouez is asking NEW Water to help explain to residents why bills are going up. He asked that the Commissioners' contact information be put on NEW Water's website. He stated it behooves the Commission to give the public access to its contact information so they can ask questions.

C. Berndt questioned the 13% rate increase proposed for 2014, given that Allouez was expecting 9% annual increases. He stated NEW Water's response letter indicated that more than 50% of the proposed rate increase is due to the decrease in BOD loading. He asked what the additional 4% increase is for. He stated the 2014 increase will cost each residential customer in Allouez about \$20 monthly for the cost of NEW Water treatment. He stated the information NEW Water provided Allouez on the ICR fund helped Allouez understand better how NEW Water manages the cost of its interceptors and debt service. He stated that Allouez and other customers are wondering what the best use of the ICR fund is and how much money should be in that fund. He suggested that some of the money be used to defray some of the increase in the rates. He suggested NEW Water compare its 2013 actual budget to the 2014 proposed budget because there may be some cost savings that NEW Water could incorporate in the 2014 budget based on its performance today.

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C. Berndt stated NEW Water has not used all the money allocated for contracted services in 2013, yet budgeted a considerable amount of money for 2014. He asked if NEW Water can truly accomplish all the projects budgeted for 2014 or should some of the projects be spread over a longer period of time to make them more manageable.

Commissioner Mainz stated that in the past Allouez has been the spokesperson representing other communities. He asked if Allouez's comments today are also representing other municipalities. C. Berndt replied that Allouez is representing the whole group.

Commissioner Hasselblad stated the Commission certainly appreciates that Allouez has attended so many of its meetings and pose the questions. She stated the Commission agrees with the communication issue and NEW Water will work towards closing that loop in communication, including new pathways for customers that can't attend the monthly meetings. NEW Water will provide a simple handout to distribute to all of your customers. She stated the Commission will schedule a separate meeting to discuss the ICR reserves and how much money needs to be in that fund and how NEW Water should balance current and future needs.

T. Sigmund stated the overall rate increase for 2014 is now projected to be about 12.5%. He stated about half of the 12.5% is due to the BOD loading reduction from 2013. He then reviewed the following:

- 2014 Proposed Expenses
- 2014 O&M Expenses
- Municipal Rate
- Next Steps

T. Sigmund stated the budget hearing and adoption is scheduled for the November 27, 2013 Commission meeting. A letter from the Village of Allouez was provided to the Commission last month. He stated NEW Water has not received any other correspondence from its customers or the public.

Commissioner Mainz stated that he appreciates the efforts of staff. He stated a couple of the Commissioners have asked staff to use the actual end of year budget versus the proposed budget in budgeting for the next year. He asked staff to relook at the \$19.9 million budgeted for operation and maintenance expenses and the \$2.15 million for contracted services for 2014. He stated that if the money will not be spent next year, staff should not be budgeting for it. He stated just because a project is contracted, doesn't mean the money will be spent.

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T. Sigmund stated consumables, whether it is electricity, natural gas, chemicals, or land filled materials, are based on the flows and loads that are projected. He stated flows are close to budget, but BOD and TSS are down compared to the 2013 budget. He stated when budgeting for the next year, staff looks at historical data and talks to NEW Water customers and industrial dischargers to get a projection on flows and loads. He stated NEW Water has had some personnel changes this year that has not allowed staff to award or manage all of the projects. He stated that staff has looked very closely at contracted services to determine what projects can be done in 2014 and more importantly, what projects need to get done. He stated an assumption staff made in the 2013 budget that did not come true was NEW Water expected to get its new WPDES permit early in the year. Some of the activities budgeted for 2014 will result from the new permit.

Commissioner Mainz asked from an accounting standpoint, does NEW Water need to collect the money in the year the project is scheduled to be done. T. Sigmund replied the work is started when these projects are scheduled and staff budgets these projects six months in advance.

Commissioner Mainz questioned how much should NEW Water keep in its reserves and should some of the money be put towards rate stabilization. T. Sigmund stated when public meetings were held on the R2E2 Project, NEW Water was criticized for not having accumulated the money to pay for this project in cash. Commissioner Mainz replied projects are usually financed over time. He stated that NEW Water must listen to its customers, but it needs to do what is right for this organization. T. Sigmund agreed. He stated NEW Water is collecting and setting aside additional revenue specifically for the R2E2 Project to help stabilize the rate increases in a given year.

Commissioner Hasselblad stated this conversation is important and staff should schedule a meeting outside of the regularly scheduled meetings to revisit this.

Commissioner Tumpach questioned the employee training and development budget for 2014. T. Sigmund replied employee leadership training was budgeted in 2013, but was not accomplished due to the trainer's retirement and hiring a new Human Resources Manager this year. The leadership training will be completed in 2014. He stated as part of employee training and development, \$9,500 was budgeted for Commissioners, which was not used and has been reduced for 2014. Staff has been trying to collect information to benchmark NEW Water with others on budgeting for employee training and development. One of the large utilities in the state budgets in excess of 4% for employee development and NEW Water budgets approximately 2% of salaries and benefits for employee development.

Commissioner Hasselblad stated the budget hearing and adoption is scheduled for the November meeting. She stated any further questions should be directed to Tom Sigmund as soon as possible.

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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) Georgia-Pacific litigation

Motion #13-073

It was moved by Mainz, seconded by Blumreich, 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 #13-074

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

- 4) Approval of minutes of Commission meeting held September 25, 2013.

Motion #13-075

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to approve the September 25, 2013 minutes as distributed.

- 5) September financials.

M. Diaz reported total operating revenues for the month of September were 3% unfavorable to budget due to fewer user fees received than budgeted. Year to date operating revenues were unfavorable to budget by less than a percent. Unfavorable results from user fees were offset by other revenues from additional septage waste of \$446,000. She reported total operating expenses for the month of September were favorable to budget by 10%. Year to date operating expenses were favorable to budget by 12%. Leading the favorable results were contracted services, chemicals, salaries & benefits, power, and solid waste disposal. She stated net income for the month of September was \$195,000.

- 6) Adopt retirement resolution for Peter C. McCarthy.

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Commissioner Hasselblad stated that we have worked with Pete McCarthy for years and he has been a pillar of strength for us. She read the retirement resolution. She stated be healthy and well.

P. McCarthy stated that he was afforded a unique opportunity to serve NEW Water and the Commission. He stated this is a remarkable organization and he is grateful to have served with colleagues that are counted among the best in the business. Thank you.

T. Sigmund stated that when he came to NEW Water a little over six years ago, Pete McCarthy helped him understand the organization. He presented Pete McCarthy with a picture of the treatment plant signed by staff, and wished him the best in his retirement.

Motion #13-076

It was moved by Blumreich, seconded by Mainz, and unanimously agreed to adopt retirement resolution for Peter C. McCarthy. (Resolution #13-011 is on file at the NEW Water offices)

7) Request Commission approval of the 2014 dental insurance carrier and premium sharing.

T. Brown reported a recent survey trended dental premiums to increase approximately 4.9%. She stated that she is happy to report there will be no increase in dental premiums for 2014. She stated the budget will reflect a 6.7% decrease due to an increase to the employees' share of the premiums from 15% to 20% for 2014. She stated Anthem Blue Northeast does not offer a second dental coverage so MetLife will become primary for many employees.

Motion #13-077

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to contract with MetLife, Inc. for NEW Water's dental insurance carrier for a one-year period and set the NEW Water dental insurance premium sharing in 2014 for eligible employees at \$24.87 per month for single plan coverage and \$78.17 per month for family coverage.

8) Request Commission approval to engage CliftonLarsonAllen LLP for the 2013 financial audit.

M. Diaz reported Clifton Gunderson, now known as CliftonLarsonAllen, conducted the financial audits for 2010, 2011, and 2012. She stated requests for proposal were provided to four audit firms: Baker Tilly, CliftonLarsonAllen, Schenck, and WIPFLi. Proposals were received from Baker Tilly, CliftonLarsonAllen, and Schenck. She stated after extensive telephone interviews, review of proposals, and based upon governmental experience, staff recommends CliftonLarsonAllen for the 2013 financial audit. She stated CliftonLarsonAllen has extensive knowledge, expertise, and experience with NEW Water's financials, especially with fixed assets.

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Commissioner Hasselblad asked Ms. Diaz if she was comfortable with the \$6,000 to \$7,000 offset with Schenck. M. Diaz responded CliftonLarsonAllen has more experience with medium size sewerage districts where Schenck has more experience with smaller sewerage districts, and that was taken into consideration.

Commissioner Mainz asked if NEW Water would have the same auditor from CliftonLarsonAllen as in years past. M. Diaz replied the managing partner overseeing the audit would remain the same.

Commissioner Mainz asked how staff justifies a \$20,000 difference in cost over three years between qualified auditing firms. P. Kaster replied the firms seemed qualified based on their bids. He stated Schenck would have a lot more work to understand all the work that CliftonLarsonAllen has done thus far with the fixed assets. Staff feels financially it would be best to continue the process with CliftonLarsonAllen.

Commissioner Hasselblad asked when the fixed asset project would be completed. P. Kaster replied 2015 for the interceptors.

Commissioner Mainz stated CliftonLarsonAllen is the way to go for the next three years given its background.

Commissioner Blumreich stated continuity is important from year to year.

Motion #13-078

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to engage CliftonLarsonAllen LLP for the 2013 financial audit in the amount of \$26,055 and a 10% contingency under the authority of the Executive Director for a total amount of \$28,661.

9) Request Commission approval of the land lease agreement for fueling station.

P. Kaster reported the Commission approved a land lease agreement with Gain Clean Fuels in May for a compressed natural gas fueling station. Since then, NEW Water was notified that Gain Clean Fuels would not be able to enter into the agreement. Staff has contacted Clean Energy and moving forward with a letter of proposal. Staff is requesting Commission approval to authorize the Executive Director to enter into an agreement with Clean Energy for a compressed natural gas, liquefied natural gas, and diesel fueling station.

Commissioner Hasselblad asked what happened with Gain Clean Fuels. P. Kaster replied Gain Clean Fuels had a customer that would not commit.

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Motion #13-079

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to authorize the Executive Director to enter into a land lease agreement with Clean Energy for a fueling station.

10) Sewer plan approval:

a) City of Green Bay request for KI Center Expansion; GBMSD Request 2013-26

B. Angoli reported the City of Green Bay is requesting to expand the KI Center by relocating an existing 10" sewer to the west side of the existing sewer. He stated there are no issues with modifying the pipe location from the original request.

Motion #13-080

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to approve the City of Green Bay request for KI Center Expansion sewer plan subject to favorable review by Brown County Planning and final approval by the Wisconsin Department of Natural Resources (WDNR).

11) Update on Ambient Water Quality Monitoring Program.

T. Valenta stated this has been the best year for data collection. She reviewed the following:

- AWQMP Year in Review
- AWQMP in the News
- Green Bay Trophic Gradient
- What Are Our Problems
- Sediment and Phosphorus Loads
- Total Phosphorus Loadings
- Long-Term Phosphorus Trend
- Cultural Eutrophication
- Video: Studying Dead Zones in Bay of Green Bay
- Nutrient-Driven Hypoxia
- Nutrient Impacts on Green Bay
- NEW Water Continuous Monitoring
- Dissolved Oxygen Entrance Light
- 2011 Entrance Light – 6 Meters
- Dissolved Oxygen Fox River Mouth
- Hypoxia Study Station 2009-2011
- Increased Hypoxia in Lower Green Bay

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- Prevailing Winds and Lower Green Bay Hypoxia
- Continued Outreach and Research
- Grant Opportunities

The Commission thanked Ms. Valenta for her great work and presentation.

12) Update of projects:

a) Resource Recovery and Electrical Energy (R2E2)

B. Angoli reported three workshops were held to review the scum concentrator, biogas engine generators, and site work. He reported bids were opened on the fluidized bed incinerator and associated systems. Staff will request Commission approval at the November meeting of the responsive, low bidder.

b) De Pere Facility UV Disinfection System Expansion

N. Qualls reported work is underway on the UV disinfection system at the De Pere Facility (DPF). He stated outstanding items are long lead times on delivery of UV equipment. He stated there are no issues at this point, but staff will continue to work closely with the contractor and manufacturer. He stated Bob Brown will provide future monthly updates on this project. NEW Water has received a \$13,000 Focus on Energy grant for energy efficiencies with the UV system.

13) Operation report:

a) Effluent quality for September

P. Wescott reported both facilities were in full compliance with all effluent limits for the month of September. The DPF tied an effluent discharge record low for Total Biochemical Oxygen Demand with a daily average concentration of 2.0 mg/L and Carbonaceous Biochemical Oxygen Demand with a daily average concentration of 2.0 mg/L.

b) Air quality for September

P. Wescott reported there were two deviation notification submittals to the WDNR. He stated the events were short in duration. He stated there has been a total of nine deviations this year for a total time of 32 minutes. He stated since 2010, the total duration time has gone down considerably. Staff continues to work on the condensing line. He stated NEW Water has not received any feedback from the WDNR on the deviation notifications.

14) Executive Director's report:

a) November Commission meeting

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The November Commission meeting will be held November 27, 2013 beginning at 8:30 a.m. with the budget hearing and adoption. Any written information will be forwarded to the Commission, and staff will respond as soon as possible.

The Executive Director's self-evaluation will be provided to the Commission prior to the November meeting.

A Commission meeting will be scheduled after the first of the year to discuss how NEW Water collects and uses its reserves.

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

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Secretary