

NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday August 25, 2009

Meeting was called to order by Commission President W. Zelinski at 8:00 a.m.

Present: Commissioners R. Zielinski, T. Hamblin, D. Youngquist, W. Helein, K. Bauer, G. Falck, W. Zelinski; Manager Much, Accountant Voigt, Attorney Gunz.

Also Present: Paul Much (MCO); Mike Sams (Waverly); Chad Olsen (McMahon); Jan DeKeyser, Don Verbrick, Steve Spanbauer, Attorney John St. Peter (Town of Neenah S.D. 2).

Motion made by Commissioner R. Zielinski, seconded by Commissioner K. Bauer to approve the minutes of the Regular Meeting of July 28, 2009. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

- A. August 14, 2009 email from Roger Voigt, NMSC to Mark Radtke, City of Menasha.
RE: Request for reduction in stormwater ERU's for utility charges.
- B. August 20, 2009 email from Mark Radtke, City of Menasha to Roger Voigt, NMSC.
RE: Reduction of stormwater utility ERU's from 115.9 to 69.7.
- C. August 17, 2009 notice from WE Energies to the NMSC.
RE: Notice of removal of 7 steel lattice towers from Little Lake Butte des Morts.
- D. July 1, 2009 letter from Don Verbrick, President Town of Neenah S.D. 2 to Randall Much, NMSC Manager.
RE: Plant capacity allocation.

Presentation by Town of Neenah S.D. 2 regarding 1984 prepayment capital allocation. Don Verbrick addressed the Commission indicating he has an obligation to their users in making the request for the adjustment. Attorney John St. Peter addressed the Commission; the Sanitary District is looking for an adjustment in the amount of \$37,436. He has met with staff and Attorney Gunz and now the Sanitary District is being given this chance to present their argument. Attorney St. Peter read NMSC Resolution 84-9 and discussed wording in the resolution. He also reminded the Commission that the balance was carried in the financial statements for 20 years. The Sanitary District is asking for relief for up to 10 years in either cash payment or billing credits.

Budget, Finance, Personnel

Accountant Voigt presented the preliminary financial statements for the month of July 2009. After discussion, motion made by Commission D. Youngquist, seconded by Commissioner R.

Zielinski to accept the financial statements for the month of July and place it on file. Motion carried unanimously.

Attorney Gunz addressed the Commission indicating he will retire at year end. He has individuals in mind who would be very competent and who would not be in conflict by representing other communities involved with the Commission. Commissioner G. Falck questioned if he (Attorney Gunz) would spend time bringing the new attorney up to speed. Attorney Gunz reported the plan would be to spend 1 – 2 months working together. President W. Zielinski questioned the Commissioners if it would be okay to bring in one attorney and talk with him to become comfortable with this person. It was the consensus of the Commission to have Manager Much contact the attorney and ask him to come to the next meeting.

Accountant Voigt presented MCO Invoices #13786, #13822, and #13819 in the amounts of \$118,252.30, \$724.10, and \$196.69. After discussion, motion by Commissioner D. Youngquist, seconded by Commissioner R. Zielinski to approve for payment MCO Invoices #13786, #13822, and #13819 and to pay the invoices after September 1. Motion carried unanimously.

Accountant Voigt presented the Accountants Report for the month of July. The money market rates have continued to decrease. MCO generated \$3,290 in income to the Commission in July. A copy of the customer summary statement of the funds placed into the CDARS program was provided. After discussion, motion by Commissioner D. Youngquist, seconded by Commissioner G. Falck to accept the Accountants Report for the month of July 2009. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoice #47186 in the amount of \$451.50. After discussion, motion by Commissioner D. Youngquist, seconded by Commissioner R. Zielinski to approve for payment invoice #47186. Motion carried unanimously.

Manager Much presented the draft 2010 NMSC Budget. Discussion ensued; items discussed included the Replacement Fund and upcoming projects, Commission employing an intern and or summer help, electric and natural gas budget amounts. After discussion, motion by Commissioner D. Youngquist, seconded by Commissioner G. Falck to increase the 2010 Replacement Fund by 10% over the 2009 budget amount. Voting aye: Commissioners W. Helein, K. Bauer, G. Falck, T. Hamblin, D. Youngquist. Voting nay: Commissioner R. Zielinski. Motion carried. The Commission discussed holding the Public Hearing for the 2010 NMSC Budget. After discussion, motion made by Commissioner D. Youngquist, seconded by Commissioner K. Bauer to schedule a Public Hearing on September 22, 2009 prior to the Regular Meeting for the purpose of hearing public input on the proposed 2010 NMSC Budget. Motion carried unanimously.

Accountant Voigt presented proposed rates for the 4th quarter 2009 for the flow, BOD, and Suspended Solids. After discussion, motion made by Commissioner D. Youngquist, seconded by Commissioner T. Hamblin to approve the rates for the 4th quarter 2009 as proposed for the flow, BOD, and Suspended Solids. Motion carried unanimously. The rates for the 4th quarter 2009 will be: Flow - \$198.16/MG, BOD - \$0.3026/pound, SS - \$0.1353/pound.

Operations, Engineering, Planning

Manager Much presented and discussed the operating report for the month of July 2009. There are no issues with the plant this past month. Commissioners questioned and discussion ensued regarding the mercury testing and the results reported; the test results are not consistent and the numbers keep bouncing around – high test results in one community one month and then high test results in another community the next month. After discussion, motion by Commissioner R. Zielinski, seconded by Commissioner D. Youngquist to accept the operating report for the month of July 2009. Motion carried unanimously.

Manager Much reported to the Commission on the 230kW Biogas engine. The past three weeks of work included pulling cables and wire for connecting the unit; working with Menasha Utility on how to connect on the grid; and working with Pieper Electric on connecting the unit. Hopefully by next month the unit will be up and running.

Chad Olsen presented and discussed the McMAHON proposal for engineering services for evaluation of various plant processes and equipment. Commissioner T. Hamblin questioned if this proposal is for a preliminary study only. Chad responded yes, it is a preliminary study. Commissioner T. Hamblin then asked how much would the final study cost. Chad responded the preliminary study would be a guide for how and when we want to do upgrades. The study would be completed by February 2010; it would be updated as tasks are completed. Commissioner R. Zielinski questioned how he arrived at the \$32,000 for these services. Chad responded it is based on time and expense and an estimate on how long it will take to perform each task. After discussion, motion made by Commissioner D. Youngquist, seconded by Commissioner K. Bauer to approve and authorize President W. Zielinski to enter into the agreement with McMAHON for evaluations of the NMSC based on the scope of services. Motion carried unanimously.

Old Business

Interceptor ownership. Manager Much reported that Menasha city staff has been busy and no second meeting between the City and Town of Menasha has been set-up. There is no new information to report at this time.

Biosolids Management. Manager Much reported a meeting was held with the County Landfill staff last week Friday and with City of Oshkosh staff. There is a potential site that we feel could be considered for a building. Attorney Gunz questioned if there are any zoning codes in the city. Manager Much replied they are working with the City Administrator to address this issue. Commissioner D. Youngquist questioned if the NMSC would own the land. Manager Much indicated this would need to be worked out; we would prefer to own the land. Chad Olsen distributed an aerial photograph depicting where the site is located at the landfill. Chad reported he can check with Veolia and other firms for their feelings on finding spreading sites around the Oshkosh area. We should also get a survey of the site in the landfill to verify the placing of the building. Manager Much indicated this could be our best option. Manager Much will be meeting today with a farmer near Reedsville to discuss site hauling and building options. After discussion, motion made by Commissioner R. Zielinski, seconded by Commissioner D. Youngquist to proceed with a survey of the area in the landfill site. Motion carried unanimously. Commissioner G. Falck suggested the Commission should also consider purchasing land for

spreading of solids and the potential of leasing out the land. The Commission will need to decide if they want to purchase land. Commissioner K. Bauer questioned using a different alternative to treating the sludge. Manager Much reported that alternatives to land spreading are very expensive. One alternative would be to landfill the sludge; this would see an increase of 30% in our current hauling costs. Commissioner D. Youngquist suggested the Commission should look at additional alternatives such as buying the neighboring park and adjacent properties to achieve necessary setback requirements.

HVAC System Update. The \$8,000 option provided by the consultant will not hold temperatures to lab specs. Johnson Controls was contacted to provide an option to hold the room temperature in the lab to within lab specs of 1 – 2 degrees fluctuation. The cost to bring the lab to operate within lab specs is \$66,000. Commissioner T. Hamblin questioned if there were any other options available. Manager Much reported that other firms were contacted and they were not able to offer any other options. Commissioner R. Zielinski questioned if the lab testing could be sent out to private laboratories. Manager Much indicated this would add \$160,000 - \$200,000 per year to the Commission budget. The DNR is aware we are looking at this issue and making plans to correct the situation. After discussion, motion made by Commissioner G. Falck, seconded by Commissioner K. Bauer to proceed with the estimate provided by Johnson Controls for \$66,000. Motion carried unanimously.

Motion made by Commissioner T. Hamblin, seconded by Commissioner W. Helein to convene into closed session under Section 19.85(1)(g) and 19.85(1)(e) of the Wisconsin Statutes to confer with legal counsel concerning strategy to be adopted by the NMSC with respect to their joint defense with the Cities of Neenah and Menasha in connection with potential liability arising from the Lower Fox River/Green Bay Natural Resource Damage Assessment, Lower Fox River and Green Bay remediation issues, and related potential litigation and to discuss strategies for negotiations with representatives of the United States of America and the State of Wisconsin on compromise settlement of potential CERCLA liability, indemnification, contribution protection and municipal entities infrastructure concerns with respect to the Lower Fox River/Green Bay AND under Section 19.85(1)(e) of the Wisconsin Statutes to confer with legal counsel for the purpose of deliberating the Town of Neenah Sanitary District capital prepayment. Motion carried unanimously. Meeting entered into closed session at 9:42 am.

Motion made by Commissioner R. Zielinski, seconded by Commissioner D. Youngquist to adjourn the closed session and return in regular open session. Motion carried unanimously. The Commission returned to Regular open session at 11:00 am.

Vouchers

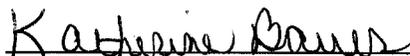
Questions were asked regarding the payments to Latham & Watkins and Romenesko Lock. Latham & Watkins were paid a retainer for the joint defense fund, this was authorized at the July meeting; Romenesko Lock made repairs to locks, closers, and door handles throughout the plant. After discussion, motion made by Commissioner R. Zielinski, seconded by Commissioner W. Helein to approve operating and payroll fund vouchers #131112 through #131169 in the amount of \$510,509.56 for the month of July. Motion carried unanimously.

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Motion made by Commissioner G. Falck, seconded by Commissioner R. Zielinski to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 11:03 a.m.



President



Secretary

THE NEXT REGULAR MEETING IS ON TUESDAY September 22nd 2009.