

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

March 25, 2009

Draft

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 7:30 A.M., with Commissioners Bob Fahrbach, Joe Guidote, Don Merkes, and Carla Watson present on roll call. Also present were Carl Verhagen, Interim General Manager; Melanie Krause, Manager of Business Operations; Lonnie Pichler, Electric Distribution Supervisor; Dave Rodriguez, Customer and Utility Services Manager; Kristin Schalinski, Business Operations Accountant;; John Teale, Technical Services Engineer; and Chris Voigtlander, Energy Services Representative.

Item II. People from the Gallery to be heard on any topic of public concern to the Utility:

Mary Nebel, 713 First Street, asked about the work schedule regarding budgeted repairs for Winz Park and the water tower. Ms. Nebel also commented on the replacement of the 1999 Venture van.

Item III. Motion made by Comm. Fahrbach, seconded by Comm. Guidote, was unanimous on roll call to approve the following:

- A. Minutes of the Regular Meeting of Feb. 25, 2009.
- B. Minutes of the Special Joint Common Council and MU Commission Meeting of Feb. 18, 2009.
- C. Minutes of the Closed Session of Feb. 25 (Personnel), 2009.
- D. Approve and warrant payments summarized by checks dated March 5 - 25, 2009, which includes Net Payroll Voucher Checks, Void O & M Check #037153, and Operation and Maintenance Voucher Checks for a total of \$1,169,282.68, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- E. Correspondence, as listed.
 - Copy of memorandum dated February 25, 2009, to WPPI Energy Member Managers, from Tammy Freeman, re: Bill Comparison Summary
 - Copy of letter dated February 24, 2009, to Menasha Utilities, from McMahon Associates, re: Change Order adding 7 days to the dates of Substantial Completion and Final Completion
 - Copy of minutes from January 9 MEUW Board of Directors Meeting
 - Copy of memorandum dated March 4, 2009, to MEUW Members, from Dave Benforado, re: WI Presence at APPA Legislative Rally

Manager of Steam Production Dick Sturm arrived at 7:40 a.m.

Item IV. February Financial and Operations Statement – Manager of Business Operations Krause reviewed the electric income statement, stating the electric sales are down for the month. Sales were also down on the water side, and chemical costs are holding close to budget. Steam customers took less steam than budgeted, as well as there being a difference in the pricing. The MISO sales are also down, but are offset by coal, chemicals, and water on the income statement. The MISO market is not expected to improve this year.

After discussion, the Commission accepted the February Financial and Operations Statement as presented.

Item V. Claims Against The Utility – there were no claims discussed at this meeting.

Item VI. Purchase Orders over \$10,000.00 issued since the last Commission meeting were presented for informational purposes.

Comm. Merkes recommended exploring the option of purchasing a used vehicle instead of a new vehicle to replace the 1999 van. Manager of Customer and Utility Services Rodriguez stated the van was currently valued at \$2,500, and the cost to rebuild the transmission is \$3,000. The van has over 104,000 miles and has been used very little in the city; most of the miles are highway miles from trips to Sun Prairie. Options and pricing were obtained on a five passenger vehicle.

After discussion, the Commission requested obtaining additional information and pricing on used vehicles.

The motion by Comm. Fahrbach, seconded by Comm. Merkes, was unanimous on roll call to hold PO #6556 to Les Stumpf Ford, and to approve PO #6561 to Bell Lumber & Pole in the amount of \$31,022.00 to purchase 51 poles.

Item VII. Unfinished Business, Workout Plan – Mrs. Krause stated the majority of staff time has again been spent on Item #1, Steam Pricing/Contract Negotiations.

Telco Rate Update – Technical Services Engineer Teale reported he is evaluating our current rates compared to other competitors. Quotes have been received from only one vendor, and Mr. Teale will have new rates to recommend at the April Commission meeting.

Mr. Teale reported there are several connections that are not being charged for between City buildings. Since the City's budget has been completed, there are not funds available for a rate increase.

Interim General Manager stated staff will be evaluating rates from competitors, and will be proposing adjustable rates. Implementation will be based on current contracts which are not necessarily calendar year contracts. It is likely we will be negative for 2009, and will be seeking support from the Electric Utility. On a commercial level we are far less than the competition and there is room for adjustment.

With the arrival of Tom Karman, Schenck Associates, at 8:00 am, Comm. President Allwardt advanced Agenda Item VIII, 2008 Audit for discussion.

Mr. Karman reviewed the independent auditor's report of the financial statements, similar to prior years. The audit received a standard clean opinion with no reported instances of non-compliance and no management recommendations for this year. Narrative summary information was prepared by management discussing various areas of operations of the Utility.

He commented on the operating statements; the balance sheet is down approximately \$900,000 comparing 2008 to 2007. The current liabilities are down about \$1.3M. The restricted assets went up about \$3.5M, and plant assets are about the same as the prior year. More long term debt

was paid off during 2008 than what was incurred. Net assets increased about \$3.7M from the prior year.

Essentially, the electric operation stayed the same as 2007, water increased as the new rates were implemented to pay for plant expansion, and steam increased because of the full year of operation.

He added, once again, staff was well prepared and the audit process went very well.

The motion by Comm. Watson, seconded by Comm. Guidote, was unanimous to accept the 2008 Audit as presented. Mr. Karman departed the meeting.

Revised Memorandum of Understanding, Steam System Maintenance/Operations Supervisor – Mrs. Krause stated the original memorandum contained a 90 probationary period, but the Union requested 30 days. They are now willing to agree to a 90 day probationary period, and staff would like to offer this to the Supervisor.

The motion by Comm. Merkes, seconded by Comm. Fahrbach, was unanimous to approve the Revised Memorandum of Understanding, Steam System Maintenance/Operations Supervisor.

Storm Water Update – Mr. Rodriguez gave an update on the listing of information. There have been issues with missing account numbers, incomplete mailing addresses, incorrect ERUs, and parcel numbers not matching. Mayor Merkes will have a letter to Menasha residents ready to be included with the first billing.

Item VIII. New Business, 2008 Audit – this item was discussed earlier in the meeting.

Soda Ash Pump Recommendation – Mr. Verhagen reviewed the bid tabulation for replacing the soda ash pumps at the Water Plant. Two bids were received, and staff recommends awarding the bid to Energenecs in the amount of \$36,796.00. The recommendation will also need to be forwarded to the Board of Public Works for their recommendation to the Common Council. Funds are still available in the contingency funds of the Safe Drinking Water Loan.

Mr. Verhagen will discuss the pump specification issue and warranty concerns with McMahon Associates.

The motion by Comm. Merkes, seconded by Comm. Guidote, was unanimous on roll call to approve awarding the bid for soda ash pumps to Energenecs, in the amount of \$37,796.00, in addition to recommending the Board of Public Works approve this contract and forward their recommendation to the Common Council.

Right to Maintain Interest in ATC LLC & Second of Four Opportunities to Participate in Voluntary Additional Capital Contributions – Mrs. Krause reviewed the voluntary capital contribution request from ATC. Staff recommends allowing WPPI Energy to make the call on our behalf if they would like to do so.

The motion by Comm. Fahrbach, seconded by Comm. Watson, was unanimously approved to pass on this voluntary call, and to allow WPPI Energy to participate on our behalf if they wish.

DeGroot Change Order –Electric and Water Distribution Supervisor Pichler reported the state highway detour signage, installation, and maintenance requirement was not received in time to be included in the bidding process. The Change Order will cover the extra cost associated with posting the detour, and will need to be approved by the Board of Public Works and Common Council before the loan is closed.

The motion by Comm. Guidote, seconded by Comm. Watson, was unanimous on roll call to approve Change Order No. 1, in the amount of \$10,500, and to forward this Change Order to the Board of Public Works for their approval and recommendation to the Common Council.

Biofuel Investigation – Mr. Verhagen gave an update on opportunities staff is reviewing for co-firing the Steam Plant boilers with biomass fuel. There is a grant available through the Wisconsin Department of Administration that will assist up to \$25,000 to fund a study of biomass inventories, the cost of obtaining those resources, and their general availability.

Staff is requesting authorization to make application for the grant, to evaluate the proposals currently received, and to select an engineering firm to conduct the study.

The motion by Comm. Guidote, seconded by Comm. Fahrbach, was unanimously approved to proceed with the grant application, evaluate the proposals under \$25,000, and to select an engineering firm to conduct the study.

Item IX. Project Reports, Third Street Water Main Project – Mayor Merkes expressed concerns regarding communication to the businesses regarding street and driveway access closings. Supv. Pichler stated DeGroot sent out notices to the businesses, and signage reflects that there is access to local traffic. Comm. Guidote requested a copy of the letter sent to the local businesses.

Item X. Staff Reports, General Manager – Mr. Verhagen reported staff is still pursuing all efforts with steam customers and their contracts.

Electric and Water Distribution/Safety Report – Mr. Pichler added there are still three customers with frozen services, and hopefully they will be resolved by the end of this week.

Steam Utility – Manager of Steam Production Sturm stated there will be an additional outage for three days in April at the largest steam customer, and some provisions will be needed to handle the contingency. He also reviewed the condensate contamination episodes causing boiler upsets.

Water Plant – Comm. Allwardt requested target (range of operation) information be added to the system data information provided each month.

Telecommunications & Substations – there were no additional questions to the report presented.

Business Operations – there were no additional questions to the report presented.

Customer and Utility Services – Mr. Rodriguez added dealer vehicle discounts may change during the next month.

Comm. Allwardt asked about the winter moratorium and number of customers that are behind on bill payments. Mr. Rodriguez stated the moratorium ends April 15, and a press release has been sent to the local newspaper.

Energy Services Representative/Key Accounts – there were no additional questions to the Energy Services report presented.

Comm. Allwardt stated the information on the key accounts was an interesting insight on the business climate of those customers.

Item XI. People from the Gallery to be heard on any items discussed at this Meeting:

Mary Ann Mulvey, 274 Misty Meadows, asked about the lack of numbers for coal system repairs on the workout plan, and receiving a copy of the 2008 Audit.

Mary Nebel, 713 First Street, spoke regarding the coal system, the financial impact of litigation and new claims.

Comm. Allwardt commented on the coal system repairs. There are a lot of issues with the belts, and splices coming apart that are being managed with the materials on hand. Mr. Sturm stated there was information in his report on an estimate from a competing vendor to make suggestions on changes to the system. Staff is currently managing what we have until we can afford to change it.

Mrs. Krause added the 2008 Audit is available on line.

Item XII. The motion by Comm. Fahrbach, seconded by Comm. Guidote, was unanimously approved on roll call at 9:30 a.m. to convene into Closed Session pursuant to Section 19.85 (1) (g) of the Wisconsin Statutes for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. RE: Potential Litigation and Steam Customer Contracts

And pursuant to Section 19.85 (1) (f) of the Wisconsin Statutes for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations. RE: Personnel

By: MARK L. ALLWARDT
President

CARLA R. WATSON
Secretary

NOTE: THESE MINUTES ARE NOT TO BE CONSIDERED OFFICIAL UNTIL ACTED UPON AT THE NEXT REGULAR MEETING, THEREFORE, ARE SUBJECT TO REVISION.