

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

December 16, 2009

Draft

Commission Vice President Fahrbach called the Regular Meeting of the Water and Light Commission to order at 7:30 A.M., with Commissioners Joe Guidote, Don Merkes, and Carla Watson present on roll call. Also present were Melanie Krause, Co-General Manager/Business Operations; Dick Sturm, Co-General Manager/Engineering and Operations; Kristin Hubertus, Business Operations Accountant; Lonnie Pichler, Electric and Water Distribution Supervisor; Dave Rodriguez, Customer and Utility Services Manager; Jerry Sturm, Water Plant Supervisor; John Teale, Technical Services Engineer; and the Press. City Attorney Pamela Captain was also present.

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

Mary Nebel, 713 First Street, spoke regarding Menasha Utilities' emails on the WPPI server.

Tim Maurer, 575 Riverway, requested the Commission consider forming a committee to review procedures for collection of unpaid balances on rental properties.

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

- A. Minutes of the Regular Meeting of November 18, 2009.
- B. Minutes of the Special Joint Common Council and Menasha Utilities Commission Meeting of November 9, 2009.
- C. Approve and warrant payments summarized by checks dated Nov. 25, and Dec. 3 - 16, 2009, which includes Net Payroll Voucher Checks, Operation and Maintenance Voucher Checks for a total of \$756,555.06, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- D. Correspondence, as listed.
 - Copy of minutes from MEUW Board of Directors meetings held September 25 and November 13, 2009.
 - Copy of memorandum dated November 23, 2009, to WPPI Energy Member Managers, from Tammy Freeman, re: Typical Bill Comparison Summary
 - Copy of letter dated December 3, 2009, to Menasha Utilities, from Greg Bell and Dean Gruner, MD, United Way Campaign Co-Chairs, re: Thank You
 - Copy of letter dated December 8, 2009, to Menasha Utilities, from Daniel Kiefer, Evangel Food Pantry, re: Thank You
 - Copy of News Release dated December 10, 2009, from WPPI Energy, re: Grant Opportunities for Net Zero Energy Homes

Item IV. November Financial and Operations Statement – Co-Manager/Business Operations Krause reported the electric consumption for the month was down 14% from budget with approximately 3% related to the Steam Plant closure. The power cost is also down, driven by consumption.

Water consumption for the month was also down, again driven by a decrease in consumption and the Steam Plant closure. The chemical portion of the water treatment costs were over budget. The cash flow for water is projected to be negative; the capital projects will be held in order to break even.

The steam financials reflect closing of work orders, operational/decommissioning costs of the facility, and outside service expenses that include a retainer for litigation with the bond holders. All the decommissioning costs were included on the cash flow statement, and the GE water treatment lease will continue until the end of the year. The Commission requested staff continue to provide a financial report on the Steam Plant.

After discussion, the Commission accepted the November 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 with the majority of them being annual purchase orders for the year.

The motion by Comm. Merkes, seconded by Comm. Guidote, was unanimous on roll call to approve the purchase orders listed.

Item VII. Unfinished Business, Water Rate Case Update – Mrs. Krause reported the completed application reflects an 18% rate increase. The cost is driven off chemicals to maintain water quality as well as main repair and replacement costs. There is less consumption driven by economy, conservation, as well as the loss of the steam plant as a customer. The impact to the average residential customer's monthly bill is \$6.50. The application will be formally submitted later this week and takes approximately six months.

Letter Agreement to Terminate Master Agreement and Capacity and Energy Transactions – Mrs. Krause stated the agreements were reviewed by the City Attorney as requested at the last Commission meeting.

City Attorney Pamela Captain commented the master agreement contains a provision where it can be terminated upon a 30 day notice. With the closure of the Steam Plant the ability to meet the provisions of the agreement could not be fulfilled. There is a provision to transfer the master agreement if the assets were sold, however, WPPI would still be able to terminate the agreement. Since operations ceased, the ability to transfer would be moot and it would not provide any value to a potential buyer.

The motion by Comm. Guidote, seconded by Comm. Watson, was unanimously approved on roll call to execute the Letter Agreement to Terminate Master Agreement and Capacity and Energy Transactions.

Taxroll/Landlord Proceeds – Manager of Customer and Utility Services Rodriguez reviewed the information included in the packet in response to questions raised at the previous Commission

meeting. The Public Service Commission requires customers be allowed to sign deferred payment agreements. There is no procedure in place to notify the landlord when the tenant signs such an agreement, but copies of delinquent billings are sent to the property owner of record. On a monthly basis, approximately 30% of the bills sent are not paid on time, and there is not a deposit required for establishing service at the present time. Staff is currently in the process of updating the annual information to be sent to all owners of rental properties in January. This information will include a copy of the existing code which allows utilities to be placed on the tax-roll, a new service application form, and phone numbers to contact staff at the office with questions.

The Commission requested an ad hoc committee be formed to discuss opportunities to improve communications between landlords, tenants, and the Utility. The committee members should include rental association members, general citizens, landlords, commission or council representative; they also requested Mr. Rodriguez chair the ad hoc committee and make initial contacts.

Information was also included in the packet regarding the collection agency currently utilized. The account manager is willing to attend a Commission meeting to review the process of handling collections, collection rates, and to answer any questions. Mr. Rodriguez will arrange to have the collection agency account manager attend the January meeting.

Item VIII. New Business, Sedimentation Basin Report – Water Plant Supervisor Jerry Sturm gave an update on the deterioration in the sedimentation basin located in the older portion of the plant. An estimate has been obtained on the repair work, and there is disparity between the consultant and vendor regarding the repairs. The consultant does not feel the structural soundness is in danger at this point in time; it is mostly esthetic repairs that are needed. They are recommending another vendor come in during the spring to give an estimate on the repairs.

Co-General Manager/Engineering and Operations Dick Sturm stated the draft preliminary report from McMahan Associates will be provided when it is available. The report will contain an engineered solution to the existing problem and an analysis of whether structural integrity is in question.

Comm. Guidote requested McMahan Associates put together specifications on what needs to be done, and sent out for public bids.

2010 Non-Represented Salaries – Comm. Merkes made a motion to approve a 1% wage increase January 1, 2010, and 1% December 31, 2010, consistent with non-represented wage increases at other city departments; Comm. Guidote seconded the motion.

Comm. Merkes stated two unions within the City received the 1/1 split, which was part of a 2009/2010 contract that became a 2009/2011 contract. The split was done to recognize there are some hardships both in the City and with the citizens this year, and we needed to make sure we recognized those and still maintained budget and provided services. The 1% increase on December 31 was to make sure the base wages did not drop too far below what comparable communities have.

In reply to Comm. Guidote's question, Mrs. Krause reported the current contract goes through December 31, 2010, and the union received a 3% wage increase for 2010. That amount was budgeted across the board, and was previously discussed at the budget meeting to keep it consistent.

Mr. Dick Sturm agreed that the City is in difficult times, and the Utility is in difficult times. This is a very sensitive subject to discuss. The memo indicates the City has taken the position the non-represented people would be consistent with their bargaining unit, and asked to be consistent across the board. There is not that same consistency at the Utility; the bargaining unit has a negotiated agreement and the non-represented people are being asked for something less. The Commission has the authority and jurisdiction to go there, however, discussions were held regarding the eroding difference between the bargaining unit personnel and the non-represented personnel. That gap is narrowing, and to take this year as an example with the 1% increase January 1 and 1% increase December 31, 2010 narrows the gap even more. It is especially unfair to our front-line managers who supervise personnel who in some cases have more of a compensation for the services rendered than the managers receive. He does not want to see the difference between those who are managing and supervising employees grow to less than zero, and asked the Commission to consider methods to preserve at least maintaining that difference between those who manage and those who are managed.

Mayor Merkes added that he did not disagree with Mr. Sturm; we need to set an example that we are all in this together and that we have to work on the solution together. Having high increases in one department of the City and rather low increases in other departments is not really leading the charge saying we hear what is going on out in the community and we're working to be part of that solution by keeping rates lower and taxes lower.

Mr. Sturm indicated he was asking the Commission to look at the structure and not erode the structure.

Comm. Guidote commented he sees both sides of the situation, and generally it is easier to push the burden of balancing your personnel labor budget on the non-represented employees. On the other side is the difficulty in bargaining. Part of the difficulty in bargaining is local economic circumstances are given short shift. When you get into arbitration it has been his experience it comes down to internal and external comparables. Given the fact that we are going into a bargaining year, it is important to set a tone that we are going to be consistent and I can only support this if we go into bargaining with the intent of getting the same deal for the bargaining units. He would like to see a more consistent comprehensive approach between the Utility and the City when it comes to bargaining, and that may mean having one labor attorney represent both the City and the Utility. At this point he would be in favor of the motion as long as we carried through with our bargaining objectives.

Comm. Fahrback also agreed it was important to utilize this as part of the approach when bargaining, and he is in favor of this approach.

Comm. Guidote added he understood the concern with regard to compression issues between management and represented employees, and the salary structure may need to be reviewed on a position-by-position basis. It may be more of a salary and compensation issue opposed to a cost of living adjustment issue.

Mayor Merkes stated he agreed with the opinion on union negotiations; they are going to be difficult. The City had a very difficult time as well when negotiation with the three unions. The union that has not settled yet is a non-monetary issue that they are concerned with. These are the realities of the time and we need to be in this together. In addition, we need to make sure we are comparable with wages in the Fox Valley so we are not losing good employees to neighboring communities because the wage scale is not comparable.

Upon roll call, the motion was unanimously approved.

Recommendation of City of Menasha IT Steering Committee – Jeff Lacey, City of Menasha Information Technology Department, reviewed the concern from the Common Council regarding the housing of Menasha Utilities' emails at WPPI. That opened up the possibility, although unlikely, of WPPI being able to intercept those emails and how that may impact any bargaining with WPPI. The IT Steering Committee discussed the issue, and the infrastructure of the City can accommodate Menasha Utilities' email server. It would also provide the capability to archive email which is not currently being done at Menasha Utilities.

Technical Services Engineer Teale reported none of Menasha Utilities' emails sit on the WPPI server; it is just a pass through and goes through their spam filter, internet agent, and passes directly here. There is not a charge from WPPI to host emails, and there would mostly like be a charge from the City to provide administration services and obtain the licenses needed. He is exploring the option of adding the archive feature to our own email system at Menasha Utilities.

Mayor Merkes commented the issue is whether there is a sufficient archive system to deal with public records requests. Another benefit to everyone being on the same Outlook email software, there would be the capability of sharing calendars.

Mr. Teale was asked to obtain costs for both options and services and report back at the next meeting.

Mr. Lacey departed the meeting.

Item IX. Project Reports – Water Plant Supervisor Jerry Sturm reported that as the cold weather settled in there has been some ground shifting at the Water Plant causing leaks in the old pipe galley. A vendor was brought in to seal the cracks and the cost of this project will be applied against the basin work for next year.

Item X. Staff Reports, Manager of Engineering and Operations/Steam Utility – Comm. Fahrback asked about the status of the RO equipment and letter of understanding with GE. Mr. Dick Sturm responded the letter of understanding was signed and returned. All attempts will be made to re-market the equipment by both parties. There is a 60 day escape clause for either

party; either party can give notice and the equipment would be returned to GE as the lease originally indicated. No additional expense would be incurred above what was included in the budget.

Comm. Fahrback also asked about interest in purchasing the steam facility or purchasing items from the facility. Mr. Sturm stated there have been inquiries regarding purchase of some items, but this is not the first thing we want to pursue. There are two parties that have toured the plant and are actively discussing the issue. There may also be potential at some future date to have an outside firm market the facility, and that will come with commitments.

Electric and Water Distribution/Safety Report – Electric and Water Distribution Supervisor Pichler reported the water department has their known residential freeze-ups running water. There was a pre-bid meeting yesterday with WE Energies and several contractors regarding the Highway 114 project. WE Energies would like to start construction in mid-January. One large customer is looking at bringing in a large machine which would add 1.3 MW to the system.

Water Plant – Mr. Jerry Sturm added they are set for winter operations, and there are no ice problems to date.

Project Engineer – there were no questions to the report presented.

Telecommunications & Substations– Mayor Merkes gave an update on a meeting held with City and Utility staff to discuss the telecommunications utility and fiber network. Discussion included items for the network, and generating new funds within the network without spending large amounts of capital. There is a tour scheduled of the Reedsburg Telecommunications Utility early next year.

Business Operations – Mrs. Krause reported on the WPPI Board of Directors meeting last week. They did approve the transaction approved by the Council and Commission. It was also formally announced that Roy Thilly, WPPI Energy President and CEO, will be retiring in 2011.

Later this week there are several meetings scheduled with our large customers and the Paper Council to review the rate case, and there will be a pre-hearing conference with the PSC on December 21.

Customer and Utility Services/Key Accounts – there were no questions to the report presented.

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

Richard Loehning, 321 Willow Lane, recommended the ad hoc committee concentrate on collection procedures rather than PSC rulings.

Mary Nebel, 713 First Street, commented on the sedimentation basin reports, the archiving of emails, confidentiality issues, bringing the City and Utility closer together, and the 1% salary increase for non-represented employees.

Mrs. Krause polled the Commission on their availability for a joint meeting with the Common Council on Monday, December 21 to discuss negotiation and litigation issues. Comm. Watson would not be available, but Comm. Fahrbach and Comm. Guidote would be able to attend a 7:45 pm meeting. Staff will contact Comm. President Allwardt on his availability.

Item XII. There not being a need for Closed Session, the motion by Comm. Merkes, seconded by Comm. Watson, was unanimously approved on roll call at 9:55 a.m. to adjourn.

By: ROBERT H. FAHRBACH
Vice 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.