

NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday June 28, 2011

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

Present: Commissioners Raymond Zielinski, Dale Youngquist, Kathy Bauer, Tim Hamblin, Gordon Falck, Mike Sambs, William Zelinski; Manager Randall Much, Accountant Roger Voigt.

Also Present: Tom Kispert, Chad Olsen, Amy Vaclavik, Sam Pociask (McMAHON); Carol Wirth (Wisconsin Public Finance Professionals - WPFP).

Motion made by Commissioner Raymond Zielinski, seconded by Commissioner Dale Youngquist to approve the minutes of the Regular Meeting and Closed Session from May 24, 2011 and Special Meeting of June 16, 2011. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

- A. June 20, 2011 letter from William Helein, President Waverly S.D. to Neenah-Menasha Sewerage Commission.
RE: Resignation of William Helein as Waverly appointment to NMSC.
- B. June 20, 2011 letter from William Helein, President Waverly S.D. to Neenah-Menasha Sewerage Commission.
RE: Appointment of Mike Sambs to fill unexpired term of William Helein.
- C. June 21, 2011 letter from William Zelinski, President NMSC to Contracting Users.
RE: June 29, 2011 Special Meeting.
- D. June 21, 2011 letter from William Zelinski, President NMSC to Troy Huebner, Sonoco-U.S. Paper Mills.
RE: June 29, 2011 Special Meeting.

Budget, Finance, Personnel

Accountant Voigt presented the financial statements for the month of May 2011. It was reported the June and July operating incomes will be up. After discussion, motion made by Commissioner Dale Youngquist, seconded by Commissioner Raymond Zielinski to accept the financial statements for the month of May and place it on file. Motion carried unanimously.

Accountant Voigt presented the proposed rates for the 3rd quarter 2011; action on this subject was deferred until this meeting. The internal borrowing resolution passed by the Commission last year does not specify which accounts may be borrowed from; in a review of the Ordinance

Contract, Accountant Voigt reported in the items he looked at he did not see any wording in the document limiting use of excess funds. After discussions, motion made by Commissioner Dale Youngquist, seconded by Commissioner Kathy Bauer to defer taking any action in adjusting rates for Operations, Maintenance, Replacement, and Depreciation for the remainder of 2011. Motion carried unanimously.

Carl Wirth (WFPF) reviewed with and discussed the Financial Advisory Agreement presented to the Commission. Commissioners asked questions on issuing Bonds; questions on items asked were further explained. Carol also distributed and discussed a draft handout for the June 29 special meeting.

Attorney John Thiel entered the meeting.

Items discussed from this draft handout included the Advanced Refunding of the current bonds, the Industrial portion and how their portion is to be allocated between the municipal members. After discussions, motion by Commissioner Dale Youngquist, seconded by Commissioner Kathy Bauer to have the Commission Attorney and Manager pursue obtaining guaranteed commitment from the Industrial User for their portion on financing. Further discussion ensued on the Industrial User portion, after additional discussion, motion carried unanimously. The Commissioners returned to the discussion of the Financial Advisory Agreement, after further discussions, motion made by Commissioner Dale Youngquist, seconded by Commissioner Tim Hamblin to approve the Financial Advisory Agreement with Wisconsin Public Finance Professionals. Motion carried unanimously.

Accountant Voigt presented MCO Invoices #15568, #15604 and #15599 in the amounts of \$118,202.79, \$624.85 and \$504.97. After discussion, motion made by Commissioner Dale Youngquist, seconded by Commissioner Kathy Bauer to approve for payment MCO Invoices #15568, #15604 and #15599 and to pay the invoices after July 1, 2011. Motion carried unanimously.

Accountant Voigt presented the Accountants Report for the month of May. Accountant Voigt reported on the interest rates received on the checking and money market accounts. MCO generated \$9,300 in income to the Commission in May. After discussion, motion made by Commissioner Dale Youngquist, seconded by Commissioner Tim Hamblin to accept the Accountants Report.

Accountant Voigt discussed the cash flow projection worksheet. The worksheet was updated to include the new estimated biosolids storage building cost and a line item was added to include the standby generator; no price was included for the generator, this will be discussed later. Commissioner Dale Youngquist questioned the new price of the biosolids storage building; Chad Olsen indicated this will be discussed later in the meeting.

Accountant Voigt presented for payment McMAHON invoices #45271, #45270, #45241, #45240, #45068, #45330, and #45331 in the amounts of \$4,200.00, \$84,400.00, \$331.00, \$310.15, \$966.60, \$805.50, and \$15,862.43. After discussion, motion made by Commissioner Dale Youngquist, seconded by Commissioner Raymond Zielinski to approve for payment invoices #45271, #45270, #45241, #45240, #45068, #45330, and #45331. Motion carried unanimously.

Commissioner Mike Sambs was excused from the meeting for personal matters.

Operations, Engineering, Planning

Manager Much presented and discussed the operating report for the month of May 2011. There are no issues with the operations. On Thursday (June 30) there will be people meeting here to discuss and diagnose why the methane engine doesn't start or keep running. After discussion, motion made by Commissioner Dale Youngquist, seconded by Commissioner Raymond Zielinski to accept the operating report for the month of May 2011. Motion carried unanimously.

Manager Much discussed the Compliance Maintenance Annual Report (CMAR). This report is our "report card" on plant operations. The treatment plant received a grade of "D" on influent loadings. Because of this grade, there is a mandatory response to be provided with the submittal of the report. The Commission can report they are continuing to proceed with the Facilities Plan update. After questions and discussion, motion made by Commissioner Raymond Zielinski, seconded by Commissioner Dale Youngquist to approve the CMAR and Compliance Maintenance Resolution, NMSC Resolution 2011-1 which further reports the action that the Commission will continue to proceed with the Facilities Plan update. Motion carried unanimously.

Sam Pociask (McMahon) reported to the Commission on the status of the GIS system. They are now in the full blown development of the web application. Technical documents were presented for Commissioners to review; in July there will be discussions with staff to go over documents. This will be up and running and functional by fall.

To accommodate those in attendance, the Commission went to Old Business – Biosolids Management Plan.

Chad Olsen (McMahon) addressed the Commission and distributed a draft design of the biosolids storage building. Chad further discussed the increased estimated cost of the biosolids storage building. There was a change in the design to have fewer support posts in the building interior; this change increased the costs. Chad also reviewed the cost per square foot used in calculating the building cost; this price was increased as well adding to additional building costs. The Commission discussed the reasons for changing the design to fewer support posts; this was the request of Steinacker Farms. The Commission further discussed if they should pay more to have a building built for the convenience of the biosolids hauler. Chad Olsen will come back with costs for different building designs that include more support posts to compare the effect on the building price.

The Commission returned to the agenda as published.

Tom Kispert reported to the Commission the status on Facility Upgrade activities. Tom reported on the hypochlorite generation system discussed at the May meeting. Normally you obtain a price for the system and pay extra for the components. We were able to obtain pricing for the complete system. We were able to purchase a 1200 pound per day system at a cost that was less than what a 1000 pound per day system would cost. A 1000 pound per day system costs \$215,000-\$225,000, we were able to purchase the 1200 pound per day system for \$195,000. The details have been worked out with the DNR on the design phase specifications.

Attorney John Thiel was excused from the meeting for personal matters.

Equipment Bidding. Work is progressing on obtaining grant money from Focus-on-Energy. We are looking at multiple blowers with a valve train system to save money operationally and to receive grant money. The grants are for high efficiency motors and blower systems; the grant money that other companies have received will be worth the time and effort for us to pursue these funds. There is no DNR deadline to have the equipment bidding; we will look closer at the methane engine and the needs for this unit. This may have an impact in determining the methane gas needs. We will back off 1 month on the equipment bidding. Commissioner Tim Hamblin questioned how long it takes for the DNR review process. Tom reported that 2 years ago the history was they would take the full 90 days and then send a letter indicating it would be another 30-60 days to complete. Today, the reviews are taking 90 days.

Controls/SCADA. Evaluation of the compatibility of current and proposed equipment is continuing.

Other. Tom reported he looked further into the letter from WPPI that was discussed at the June 16 Special Meeting concerning emissions on the standby generator. Tom felt it was not clear what level we needed to meet in the air quality emission standards. The letter indicated the EPA Rice rule and also talked about tier 4 limits. To meet tier 1 limits the equipment costs \$104,000, however the controls and radiator on the unit need to be upgraded; the current unit is approximately 25 years old and manufacturers are not obligated to make parts after 20 years. The projected cost to upgrade the unit is \$350,000. Other options available are to purchase a new 2010 unit or a new 2011 unit. Units produced in 2010 need to meet tier 2 emission levels, units produced in 2011 need to meet tier 4 emission levels. The cost for a 2010 unit is \$500,000, the cost for a 2011 unit is \$800,000 plus installation. Tom further reported there may not be very many 2010 units available. The engine service representative reported he has seen a couple of the same engines we currently have being sold on the market after the owner upgraded to either the 2010 or 2011 unit; the selling price has been \$20,000. Commissioner Gordon Falck questioned if the 2010 units with the tier 2 emission requirements could be eventually required to meet the tier 4 emission requirement. Tom reported this is currently unknown; he doesn't think anything will be done in the foreseeable future. We don't need to make a decision today, but we may need to get our name on a list for a 2010 unit if we want one. This purchase can qualify for Clean Water Fund; it would need to be added to the Facility Plan as an amendment. The Commission further discussed which year model to pursue. Commissioner Tim Hamblin questioned if we can get more firm numbers on the costs; Tom will get this, but he would like more direction on which direction to go. It was the consensus of the Commission not to repair the current unit; Tom should obtain pricing for new units.

Old Business

Interceptor ownership. No new information to report.

Other Business to Come Before the Commission

There are no items for discussion in closed session

Vouchers

Motion made by Commissioner Dale Youngquist, seconded by Commissioner Raymond Zielinski to approve operating and payroll fund vouchers #132348 through #132404 in the amount of \$281,704.36 for the month of May 2011. Motion carried unanimously.

Motion made by Commissioner Raymond Zielinski, seconded by Commissioner Gordon Falck to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:52 a.m.

President

Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY July 26th, 2011.