NEENAH-MENASHA EWERAGE COMMISSION

Public Hearing & Regular Meeting
Tuesday September 25, 2012

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

Present: Commissioners Gordon Falck, Raymond Zielinski, Kathy Bauer, Mike Sambs, Jim Gunz, Dale Youngquist; Manager Randall Much, Accountant Roger Voigt.

Excused: Commissioner Tim Hamblin.

Also Present: Tom Kispert (McMAHON); Peter Bach (local resident); Mike King (Post Crescent).

Public Hearing
President Youngquist opened the Public Hearing to receive comments on the proposed 2013 NMSC Budget. Local Resident Peter Bach questioned how we are able to have a 1.3% increase in the budget with increased costs for chemicals and such. Accountant Voigt indicated the reduction in the electrical charges to the Commission is the largest item keeping the total budget increase down from last year.

Hearing no additional comments or questions, Commission President Youngquist closed the Public Hearing and reconvened into Regular Open Session.

Motion made by Commissioner Zielinski, seconded by Commissioner Gunz to approve the minutes of the Regular Meeting and Closed Session of August 28, 2012, and the Special Meeting and Closed Session of September 18, 2012. Motion carried unanimously.

Correspondence
The following correspondence was discussed:

A. September 13, 2012 letter from Pamela Pelot, Dept. of Safety & Professional Services to Tom Kispert, McMahon Associates.
   RE: Conditional Approvals for Alterations to Buildings.

B. September 18, 2012 letter from Thomas Mugan, DNR to William Zelinski, NMSC.
   RE: Approval of Wastewater Treatment Plant Modifications.

   Accountant Voigt reported he has contacted the DNR to request updating the contact name and address for the NMSC. A response was received indicating the changes will be made.

The following correspondence was presented at the meeting:

C. September 21, 2012 letter from Randall Much, NMSC to Dan Westphal, 317 5th St. Neenah.
RE: Variance to Interceptor Easement for Lot #2 South of 712 Lakecrest Dr. Menasha.

Old Business

Plant Upgrade Committee. A portion of the minutes of July 26, 2011 were received. This was to follow up on the request as to what authority was given to the Plant Upgrade Committee. No authority was indicated in the minutes. Commissioner Falck questioned if the committee should have some authority to deal with immediate issues. Tom Kispert reported he has seen committees or individuals given authority to approve change orders up to a limited amount; up to $20,000. Tom further reported at times it is beneficial to help move projects along if the change order would be regarding a time sensitive situation. Commissioner Gunz questioned if the change order would still come to the Commission for final approval; yes they would. Commissioner Gunz expressed his concern of a change order approved by the Committee or individual and then the Commission votes down the approval. After further discussion, motion by Commissioner Gunz to have the Plant Upgrade Committee given the authority to approve change orders up to a limit of $20,000 and to have the change orders brought to the Commission for final approval. Additional discussion followed on whether the Manager should have the authority to approve the change orders. After discussion Commissioner Gunz amended his motion to have the Plant Manager given the authority to approve change orders up to a limit of $20,000 and to have the change orders brought to the Commission for final approval. Motion was seconded by Commissioner Zielinski. Motion carried unanimously.

New Business

Operations, Engineering, Planning

Manager Much reported the facility is operating very well. Manager Much reported he reviewed the loadings received this year; they have been very uniform. Manager Much expects this is due to the dry weather conditions. After discussion, motion by Commissioner Zielinski, seconded by Commissioner Sambs to accept the Operating Report for August. Motion carried unanimously.

Tom Kispert presented and discussed the two Contract Amendments to the McMahon Agreement for Professional Services – Construction of Wastewater Treatment Facilities Modifications. Amendment #1 is for the engineering services related to the truck scale and related building modifications. Tom further discussed the details of the work needed to be accomplished for the truck scale installation. The item was handled by an addendum to the construction contract and was included in the bids received; Tom indicated there still could be minor bits and pieces that were missed in the details for the bids. Commissioner Youngquist questioned if this amendment is just approving the engineering; yes. After discussion motion by Commissioner Gunz, seconded by Commissioner Falck to approve Amendment #1 to the McMahon Agreement for Professional Services – Construction of Wastewater Treatment Facilities Modifications. Motion carried unanimously. Amendment #2 is to approve the engineering services to prepare the user charge system. Commissioner Gunz questioned how many communities does McMahon prepare user charge systems for; Tom was not sure, Amy

Vaclavik would be more able to answer that question. Commissioner Gunz questioned if McMahon did this work for Neenah; McMahon has done prepared Neenah's in the past. Commissioner Gunz questioned if McMahon does any work for Sonoco; no, McMahon does not. Commissioner Gunz discussed the importance of communicating with Sonoco during the development of the user charge report to keep them involved in the activity. Tom reported the rate structure will be reviewed and updated; the information from this report will not be available until next summer. After discussion motion by Commissioner Gunz, seconded by Commissioner Bauer to approve Amendment #2 to the McMahon Agreement for Professional Services – Construction of Wastewater Treatment Facilities. Motion carried unanimously.

Tom Kispert discussed the EPA Air Permitting. Estimated emissions need to be performed on several pieces of equipment; Tom indicated a Type A permit is still a strong possibility. Some work needs to be performed with stack height modeling; Tom has been working with the DNR. Tom hopes to have the work wrapped up by the next meeting.

Tom Kispert updated the Commission on the Phosphorus construction cost analysis. Chad is working on the analysis; plant staff has provided Chad with data to allow him to continue working on the project.

Tom Kispert updated the Commission on the Wastewater Treatment Modification Project.
Facility - The insurance is in place for the contractor; Tom is waiting for the bonds to come in. Tom questioned the Commission if he should send the contract to Attorney Thiel for review; President Youngquist indicated he would prefer to have our legal counsel look at the contract. It was the consensus to have Attorney Thiel review the construction contract.
System Controls & SCADA and GIS – Tom reported work on these items is continuing.
Truck Scale – Tom reported additional information and details will be provided to the contractor.
City of Menasha Plan Commission – Tom discussed his emails between himself and Kara Homan of the City of Menasha Community Development regarding the dollar amount of the letter of credit or escrow needed for the modification project. Based on the discussions, the City of Menasha Community Development has lowered the required letter of credit or escrow amount needed for the project to $29,617. Commissioner Gunz questioned if we have the cash available; yes, we have funds in the Replacement Fund and Depreciation Fund. After discussion motion by Commissioner Gunz, seconded by Commission Sambs to issue an escrow deposit to the City of Menasha Community Development in an amount not to exceed $30,000 as required for the project. Motion carried unanimously.
Change Order – Tom reported there are no change orders at this time.

Commissioner Sambs questioned how the bids came in compared to projections. Tom reported the bids were where they were anticipated; they were slightly lower than projected estimates.

Budget, Finance, Personnel
Accountant Voigt presented the financial statements for the month of August 2012. Accountant Voigt indicated there is no unusual activity to report. President Youngquist questioned the sludge hauling costs; the invoice for sludge hauling was received after the reports were printed, the hauling cost for August is $18,500. All the solids were hauled to farmland. After discussion,

motion made by Commissioner Zielinski, seconded by Commissioner Gunz to approve the Financial Statements for the month of August. Motion carried unanimously.

Accountant Voigt presented the quote received from Travelers Insurance for Builders Risk coverage for the treatment plant modification project. The annual premium (12-months) is $12,000. After discussion, motion by Commissioner Gunz, seconded by Commissioner Falck to accept the quote from Travelers Insurance for the Builders Risk coverage on the treatment plant modification project. Motion carried unanimously.

Commissioner Gunz questioned how long it has been since we looked at insurance agents and the insurance market they have available to obtain quotes from. It was thought to be somewhere in the area of 7 – 10 years. Commissioner Gunz requested to find out when this was last looked at and to have the Commission look at agents again next year.

Accountant Voigt updated the Commission on the Clean Water Fund. The communities passed motions to remove the contingency requiring Sonoco to provide a guarantee before they would allow borrowing from the Clean Water Fund. The communities also passed motions accepting the concept of the Agency Agreement. Commissioner Gunz questioned if there was any interest in other institutions quoting for interim borrowing. President Youngquist reported he instructed Accountant Voigt to not make any contacts; the rate on the current BAN is 2.75% and President Youngquist feels it is a competitive rate. Commissioner Gunz questioned are we sure it is the most competitive. Commissioner Bauer is not comfortable looking outside FNB at this time. Manager Much reported another issue has come to light. The City of Menasha set the limit to borrow from the Clean Water Fund at $5.5 million; the current value of Menasha's portion to borrow from the Clean Water Fund exceeds this amount. Contacts with the City of Menasha will be made to request the City to increase the limit on the level of borrowing by the City from the Clean Water Fund.

NMSC 2013 Budget. Motion made by Commissioner Gunz, seconded by Commissioner Bauer to approve the 2013 NMSC Budget as presented. Motion carried unanimously.

Accountant Voigt presented the Accountant's Report and Cash Flow Projection for the month of August. The interest rates have not changed; MCO generated $5,400 in income to the Commission in August. After discussion, motion by Commissioner Gunz, seconded by Commissioner Falck to accept the Accountant's Report for August. Motion carried unanimously. Accountant Voigt reported on changes to the cash flow projection. Values in the report now match the values of the costs being reported on the Clean Water Fund application. Commissioner Gunz indicated we should make sure the interim borrowing limit is set high enough to cover circumstances in case we have delays in receiving the Clean Water Fund. Discussion was held on when we could expect to take action on the interim borrowing. Right now we will look at November 13 for the borrowing resolution.

Motion made by Commissioner Gunz, seconded by Commissioner Bauer to approve operating and payroll fund vouchers #133147 through #133213 in the amount of $533,406.00 for the month of August 2012 and Construction Fund Vouchers #136 through #137 in the amount of $79,125.00

for the month of August 2012. Motion carried unanimously.

Accountant Voigt presented MCO Invoices #16747, #16800 and #16793 in the amounts of $120,811.67, $786.90 and $37.88. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Gunz to approve for payment MCO Invoices #16747, #16800 and #16793 and to pay the invoices after October 1, 2012. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoices #40764 - $3,943.70; #40765 - $8,740.00; #40763 - $929.50; #40766 - $19,440.00; #40767 - $365.00; #40816 - $6,000.00 and #40578 - $1,504.90. After discussion, motion made by Commissioner Gunz seconded by Commissioner Bauer to approve for payment invoices #40764, #40765, #40763, #40766, #40767, #40816, and #40578. Motion carried unanimously.

Tom Kispert discussed Certificate for Payment #1 for Contract H – Grit Washing Equipment from Huber Technology, Inc. in the amount of $211,002.00. No request for payment was received when the shop drawings were approved; the equipment is delivered and the total amount of 75% of Contract H can be approved for payment. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Sambs to approve for payment Certificate for Payment #1 for Contract H to Huber Technology, Inc. in the amount of $211,002.00. Motion carried unanimously.

Motion made by Commissioner Zielinski, seconded by Commissioner Gunz to convene into closed session pursuant to Wis. Stats. § 19.85(1)(e) to discuss strategy concerning the Contracted Industrial User as it affects the financing of the Sewer Plant Project. Also, pursuant to Wis. Stats. § 19.85(1)(e) to discuss identified real estate options for placement of a building to be used by the Commission and hauling and spreading proposals for which bargaining reasons and developing acquisition strategy require a closed session to protect the public investment and spending of public funds. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Falck, Gunz, Sambs, Youngquist.

Meeting convened into closed session at 9:20 a.m.

After discussions, motion made by Commissioner Gunz, seconded by Commissioner Zielinski to adjourn the closed session and return in Regular open session. By roll call vote taken, motion carried unanimously by Commissioners Zielinski, Bauer, Falck, Gunz, Sambs, Youngquist. The Commission returned to Regular open session at 9:43 p.m.

Motion made by Commissioner Zielinski, seconded by Commissioner Falck to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 9:44 p.m.

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President Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY OCTOBER 9th, 2012.