

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

June 27, 2012

**Draft**

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 8:00 A.M., with Commissioners Don Merkes, Joanne Roush, and Dan Zelinski present on roll call. Also present were Melanie Krause, Co-General Manager/Business Operations; Dick Sturm, Co-General Manager/Engineering and Operations; Steve Grenell, Project Engineer; Tim Gosz, Water Plant Supervisor; Kristin Hubertus, Business Operations Accountant; Lonnie Pichler, Electric and Water Distribution Supervisor; and the Press.

Those absent were: Commissioner Joe Guidote, Paula Maurer, Customer Services Manager, and John Teale, Technical Services Engineer.

In the absence of Commission Secretary Guidote, Commission President Allwardt appointed Commissioner Zelinski as Acting Secretary for this meeting.

Item II. No one from the Gallery was heard on any topic of public concern to the Utility.

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

- A. Minutes of the Regular Meeting of May 23, 2012.
- B. Approve and warrant payments summarized by checks dated May 31 and June 7 - 27, 2012, which includes Net Payroll Voucher Checks and Operation and Maintenance Voucher Checks for a total of \$778,538.09, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- C. Correspondence, as listed.
  - Copy of thank you note received May 18, from MHS Post Prom Committee
  - Copy of news release dated May 29 re: Menasha Utilities High School Scholarship Awarded
  - Copy of news release dated June 28 re: Menasha Utilities receives MEUW Safety Achievement Award

Item IV. May Financial and Project Status Reports – Business Operations Accountant Hubertus reviewed the electric utility statements. Consumption is still lower for the year than what was budgeted, but for the month of May consumption increased by .62% overall compared to budget. A year-to-date budget column was added on the financial report.

Water consumption increased 2.44% compared to budget for May primarily due to our industrial customers using more water. The system loss ratio for May is distorted based on the timing of when the large water customer meters are read. Staff is working on changing the five largest water customer's meter read dates to the last day of the month to correct this timing difference.

A summary of monthly activity for Steam expenses paid is also shown, and the Wisconsin DNR fees include annual charges for sewer, storm and Great Lakes fees.

After discussion, the Commission accepted the May Financial and Project Status Reports as presented.

Item V. Claims Against The Utility – after discussion, the motion by Comm. Roush, seconded by Comm. Merkes was unanimously approved to issue a formal notice of disallowance for the claim of Betty Taylor, 720 Milwaukee Street, and that she be advised of her statutory rights pursuant to Wis. Statute §893.80.

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

Item VII. There was no Unfinished Business discussed at this meeting.

Item VIII. New Business, Water Plant – Notice of Noncompliance – Co-General Manager/ Engineering and Operations Sturm reviewed the letter dated April 16, 2012, from the Wisconsin DNR. The notice of noncompliance was received due to a split sample for fluoride testing not being submitted.

Comm. Roush questioned why the notice was not in the packet for the May Commission meeting. Mr. Sturm explained the notice was discussed with the regional DNR engineer and it was thought that if two samples were sent in the following month, the issue would be resolved and the yearly requirements would be met. Comm. Roush asked to be informed of these types of issues in a timely manner, and what steps were being taken to address them.

A discussion ensued regarding fluoride requirements, costs of chemicals and equipment for treatment, and whether there is a City ordinance regarding fluoride treatment. Staff was asked to investigate these issues and give an update at the next meeting.

Water Plant Supervisor Gosz reported steps have been implemented at the Water Plant to ensure this will not occur again.

Technical Services Engineer Teale arrived at 8:50 am.

Water Plant/Intake Draft Improvement Plan – Mr. Sturm reviewed a draft response addressing deficiencies listed in the 2010 Sanitary Survey. Menasha Utilities is proposing to conduct a detailed Source Water Quality and Capital Needs Study in 2013 which will examine and update Phase II and Phase III of the Preliminary Engineering and Process Design Report dated November 18, 2005.

Because most of the Commissioners have not seen the 2005 report, Commission President Allwardt requested copies of the report be sent to all the Commissioners. He also requested staff keep the DNR informed and determine what the key check-in points are.

After discussion, the Commission concurred to have staff proceed with the request quotes for the Source Water Quality and Capital Needs Study during the third quarter of 2012 and select a consulting engineer in the fourth quarter and to give an update at the next meeting on the progress. They also requested that the City Attorney review the response to the DNR regarding deficiencies discussed in the Sanitary Survey.

Amendment #1 to the McMahon Agreement for Professional Services – Comm. Roush questioned why this wasn't in the original contract. Staff responded that there are not internal resources to complete the work in time, and the consultant assumed the work would be done by MU staff.

Co-General Manager/Business Operations Krause added the cost was included in the approved budget numbers, so the dollars are already included in the scope of the project. Comm. Allwardt expressed his disappointment that these items were left out of the original agreement, but said the charges were reasonable for the amount of work to be done.

The motion was made by Comm. Roush to approve Amendment #1 to the McMahon Agreement for Professional Services in the amount of \$7,900; Comm. Allwardt seconded the motion. Upon roll call, Commissioners Allwardt and Roush voted yes; Commissioners Merkes and Zelinski voted no.

Comm. Merkes suggested going back to McMahon Associates and ask them to participate in this since it is something that should have originally been in the bid. Comm. Roush stated staff needs to look at how bids are being scrutinized internally and how these things are being negotiated.

Mr. Sturm added that when going through the Safe Drinking Water Loan procedure many things are abbreviated at the beginning engineering wise in order to not spend money you may not be eligible for and that is part of the reason scopes are not written and the bidding process is not complete until after the loan is approved.

This item will be placed on the July 25 Commission meeting agenda, unless a special meeting needs to be scheduled the week of July 9.

2013 Budget and Planning Schedule – Mrs. Krause reviewed the proposed meeting schedule which includes an APPA Webinar on Strategic Planning for Utility Boards & Managers on July 17. The September 26 regular meeting has been changed to 5 pm and will include the electric strategic plan and budget and electric rate case analysis. The October 24 meeting will also be at 5 pm and will include the water, fiber, and energy service strategic plan and budget.

Because the budget meetings tend to be lengthy and intensive, Comm. Roush suggested having the October 17 Special Meeting at 5 pm to include the water, fiber, and energy service strategic plan and budget, and then the October 24 meeting at 8 am would be for regular utility business and any unresolved budget issues.

Water Resale Customer – Mr. Sturm reported on a meeting with the Town of Menasha to discuss connection points and the path forward would be to come to an interconnect agreement with

them similar to the one with the City of Neenah. Some regular connection issues were also discussed and it was agreed that we would continue to be in contact with them and work toward an interconnect agreement should the need arise. In response to Comm. Roush, Mr. Sturm added there was not a discussion regarding the current arrangement for purchasing water.

Acquisitions – Mrs. Krause reviewed the history of customer acquisitions from WE Energies and the strategic goal over that period of time to serve all the customers in the City of Menasha. Future acquisitions included in the strategic plan were also reviewed along with the process involved. The numbers included are very preliminary based on past experience and WE Energies has not been engaged in the process at this point.

The first decision that needs to be made is to determine if one of our strategic goals should remain to serve all the customers in Menasha.

After discussion, it was decided to stay with the current system and leave the future acquisitions in the budget where funding is available and there are no other major projects.

Organizational Chart Review – Comm. President Allwardt asked the Co-General Managers to provide copies of the current organizational charts for review and discussion. During the last evaluations and feedback, and based on the observations of the Commission, discussions were held in Closed Session regarding the probability of going to a single General Manager in the future. Comm. Merkes stated the City is getting a proposal for an organizational study to include the most effective way to use current staff to provide services that are equal in scope to neighboring communities, and Mrs. Krause is working on getting a second proposal. Once those proposals are received, they will be brought to the Commission and Common Council.

It is anticipated the proposals will be received in time for the July meeting or a special meeting with the Common Council.

Comm. Roush asked about the four vacant positions and whether there are immediate plans to fill those positions. Mrs. Krause replied two (Customer Service and Water Maintenance) have been vacant for quite some time and staff has been able to function with some of the systems that have been changed in the Utility. The Electric Distribution Supervisor and Lineman positions are on hold. The Water Plant Technician position is still being discussed to address what is needed and how to fill the position.

Comm. Merkes departed at 10:20 am.

Item IX. Project Reports, Telecommunications Update – Technical Services Engineer Teale reported on discussions with the schools for a possible connection to Wiscnet. They are looking at ways in the area to connect other non-profits.

Water Plant Projects – Project Engineer Grenell stated the scrapper project is completed, and work is being done on the programming for the silicate and polymer.

Water Distribution Projects – Electric and Water Distribution Supervisor Pichler added work on the water mains is going well; approximately 2500 feet of water main have been installed so far in addition to 8 hydrants and 40 services.

Metering Practices and Plan – Mr. Sturm gave an update on internal meetings to date. Mr. Teale added Chapman Engineering looked at three customer meter settings yesterday and everything tested fine. Forester Engineering will be here on July 11 regarding a proposal to continue with on-site metering inspections.

Mr. Grenell added the WPPI Metering Best Practices Task Force is looking at finishing their items in the fourth quarter.

Item X. Staff Reports, Co-General Manager/Engineering and Operations and Project Engineer – there were no additional questions to the reports presented.

Electric and Water Distribution/Safety Report – Mr. Pichler reported on the outage at Menasha High School as a result of a bad primary underground.

Telecommunications & Substations and Water Plant – there were no additional questions to the reports presented.

Co-General Manager/Business Operations – Mrs. Krause commented the Home Energy Reports were mailed to customers earlier this month.

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

Item XI. No one from the Gallery was heard on any items discussed at this Meeting.

Item XII. The motion by Comm. Zelinski, seconded by Comm. Roush, was unanimously approved to adjourn at 10:30 a.m.

By: MARK L. ALLWARDT  
President

DAN ZELINSKI  
Acting Secretary

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