

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

May 22, 2013

**Draft**

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 8:03 A.M., with Commissioners Roy Kordus, Don Merkes, and Joanne Roush present on roll call. Also present were Melanie Krause, Interim General Manager; Tim Gosz, Water Plant Supervisor; Kristin Hubertus, Business Operations Accountant; Paula Maurer, Customer Services Manager; Lonnie Pichler, Electric and Water Distribution Supervisor; and John Teale, Technical Services Engineer.

Those absent were: Commissioner Dan Zelinski and Project Engineer Grenell.

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. Merkes, was unanimous on roll call to approve the following:

- A. Minutes of the Regular Meeting of April 24, 2013
- B. Minutes of the Special Meeting of May 8, 2013
- C. Approve and warrant payments summarized by checks dated May 2 - 22, 2013, which include Net Payroll Voucher Checks, and Operation and Maintenance Voucher Checks for a total of \$418,700.43, 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 Tour Invite for the Richland Center Renewable Energy (RCRE) industrial wastewater treatment facility scheduled June 11
  - Copy of letter dated May 8, to Public Service Commission Re: Territorial Agreement filing
  - Copy of thank you letter from WPPI Energy Re: Advocacy to Preserve Tax-Exempt Municipal Financing
  - Copy of WPPI Energy Orientation session schedule for June 6
  - Copy of registration materials for MEUW's 84<sup>th</sup> Annual Conference
  - Copy of Step up to the Challenge sign-up sheet Re: Menasha Utilities & City of Menasha joint walking challenge

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

Item V. Purchase Orders over \$10,000.00 issued since the last Commission meeting were presented for informational purposes. A Request for Quotations summary was added for purchase order #7592.

Item VI. Unfinished Business, 2013 Commission Meeting Calendar – after discussion the motion by Comm. Roush, seconded by Comm. Merkes was unanimous on voice vote to approve the commission calendar as presented.

Strategic Plan – Interim General Manager Krause presented the Management’s recommendations of changes for the next strategic budget cycle.

Comm. Roush recommended the inclusion of collaboration of departments within the utilities and city; training and cross training; analysis of benefits, risks and costs of creating a water department; and development of organizational core values incorporating the Springsted suggestions of Strategy, Leadership and Relationships. She also questioned how the Utilities could partner with the city to build and stabilize revenues for both entities in terms of economic development.

Comm. Merkes suggested adding development of the customer base by looking into the future of the market place and the changing customer demographics.

GM Position Update – Comm. Allwardt stated the General Manager job description has been updated and an advertisement has been created that will run in the paper and web-based publications. The commission will conduct a search until August 15<sup>th</sup>. If a qualified candidate is not found, the commission will consider an outside agency.

Springsted Study – Mrs. Krause reported there were no major changes within the final Springsted report issued.

Comm. Roush commented on the city making a good investment in the Springsted study; stating that significant value could be obtained by using the study as a template to help create a new culture and framework for working more effectively within the utility.

Comm. Merkes added the city has begun implementing a shared vision of a partnership with the utility and requested the Springsted study and strategic plan be brought back onto the agenda every 6 months for discussion.

The motion by Comm. Roush, seconded by Comm. Merkes was unanimous on voice vote to accept the final report from Springsted as presented.

Mrs. Krause brought up the possibility of a joint common council/utilities commission meeting, in September with WPPI, to give better understanding of WPPI and shared services. A date will be set and information will be sent to both boards.

Item VII. New Business, Bids for West Basin Repair – Water Plant Supervisor Gosz reviewed the bid opening held on May 16, 2013. One bid was received from Front Range Environmental in the amount of \$47,801. There is a one year warranty on the work performed and the expected service life of the repair is estimated at 20-25 years.

The motion by Comm. Roush, seconded by Comm. Kordus was unanimous on roll call to award the bid for the West Basin Repair contract to Front Range Environmental in the amount of \$47,801. The Commission also recommended the Board of Public Works approve award of this bid to Front Range Environmental and then forward it to the Common Council for approval.

Item VIII. Strategic Reports, Monthly Strategic Initiative Update - Mrs. Krause detailed the changes made to replace the previous staff reports with a monthly strategic initiative update in order to bring the strategic plan to the forefront. Items in red are the 5 strategic initiatives identified in the strategic plan. Key items embedded in the previous staff reports were incorporated into the new format. Updated project information will be recognized in the Financial and Project Status Reports as bulleted items within the project status report.

Comm. Roush questioned the calls received about the Home Energy Report sent in late March. Customer Services Manager Maurer stated most were informational calls concerning prior and current year usage differences. Customer service staff directed the customers to resources for improving home efficiency.

Comm. Roush asked to have any issues of concern or projects delays added to the Monthly Strategic Initiative Update. She also questioned the rate case coming in lower than requested.

Mrs. Krause stated part of the difference was a change in kilowatt hours from the original filing. The remaining difference is due to larger expenses, included in the budget, that the PSC amortizes over two or more years instead of one. Due to the PSC continuing work on the Cost of Service Study, the rate case will not go into effect in June as budgeted.

April Financial and Project Status Reports – Business Operations Accountant Hubertus reported electric consumption is slightly under budget. Year-to-date revenues are lower than budget due to a combination of cost of power, ECA, DCA and PCAC rates. Net operating income was higher than budget driven mainly by lower distribution and administrative costs. Timing issues, revolving around project closings, resulted in a higher than budgeted depreciation expense.

Staff is continuing to monitor delayed projects on the Project Status Report. The actual labor expense for emergency/unscheduled projects is significantly higher than budget because of the April 10<sup>th</sup> ice storm.

Comm. Allwardt requested the wording “no change” be added to the beginning of the comments section of the Project Status Reports if no changes are noted from the previous month.

The water loss ratio is higher than normal and is being monitored by the distribution department for possible leaks in the system. A timing issue, related to a few large maintenance projects being delayed until fall, has resulted in a higher than budget net operating income. Chemical costs are under budget by \$5,147.

Mr. Gosz commented that the man-down system is up and running with better than expected results and the Source Water Study is in the 2<sup>nd</sup> week of testing.

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

Commissioner Merkes departed at 9:25 am.

Project Reports, Water Plant Projects – Mr. Gosz reported the utilities are waiting for the cell phone companies to remove their equipment from the water tower that is planned for demolition. High Lift Pump #2, damaged during start-up, is undergoing repairs.

Metering Practice & Plan – Mrs. Krause reported that subcommittee levels have been created using each member of the original team as leaders for the new committees. The service manual and billing practices are being updated using this new format. Chapman has continued to be present in April and May.

Item X. No one from the gallery was heard on any items discussed at this Meeting.

Item XI. The motion by Comm. Roush, seconded by Comm. Allwardt, was unanimously approved on roll call to adjourn at 9:40 a.m.

By: MARK L. ALLWARDT  
President

DAN ZELINSKI  
Secretary

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

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