NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday January 28, 2014

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

Present: Commissioners Mike Sambs, Steve Coburn, Jim Gunz, Raymond Zielinski, Kathy Bauer, Tim Hamblin, Dale Youngquist; Manager Randall Much, Attorney John Thiel, Accountant Roger Voigt.

Also Present: Tom Kispert, Chad Olsen (McMAHON); Rob Franck, Paul Much (MCO), Bryan Azure (Atlas Copco), Rich Knoelke (Mulcahy, Shaw).

To accommodate those in attendance, motion by Commissioner Gunz, seconded by Commissioner Zielinski to proceed to agenda item 5(E)- Discussion of High Speed Blowers. Motion carried unanimously.

Manager Much reported there are individuals here to report to the Commission regarding blower issues that have been discussed at previous meetings. President Youngquist requested the individuals to bring the Commissioners up to date on the blower issues. Bryan Azure reported he is a service manager located in Minnesota; he was here yesterday to look at the reported issues and found a couple more items to be added. Bryan sincerely apologized on behalf of the company for the communication issues that led to the non-action of HSI and Atlas CopCo. Atlas CopCo will be issuing a purchase order to cover the costs incurred by Faith Technologies for the repairs the Commission authorized Faith Technologies to perform as well as the additional repairs that need to be made to the high speed blowers. A technician will be here on site next week, all week, to deal with software issues by installing upgraded software for the blowers. Bryan further reported that the company has changed the lines of communication within the company to prevent the problems we have been experiencing. The Commission now has a point of contact person assigned to them who we are to contact, and service centers are now being established throughout the country. Previously, all calls were made to the Houston office. One item he discovered is a damaged reservoir unit; he will be obtaining a price from August Winter & Sons to repair the unit and to replace the coolant to a 50/50 mixture to eliminate slushing. Tom Kispert reported a change order was issued to August Winter & Sons in the amount of $10,521 for work performed by Faith Technologies; another change order will be issued to deduct the same amount since the work will be paid for by the equipment supplier. Bryan indicated this is all due to growing pains and change is coming to eliminate the problems; the company is committed and determined to get the issues resolved. Updates will be provided as items and issues are dealt with. President Youngquist asked if he has a deadline; Tom Kispert concurred we should have a deadline to measure accomplishments. Attorney Thiel questioned when Atlas CopCo took over HSI; Bryan indicated it was last summer. Attorney Thiel questioned if we now deal with Atlas Copco; yes, we will deal Atlas CopCo. If there are any issues, we need to contact the point-of-contact person, Caroline Termini. Commissioner Gunz questioned if there are other blowers of the same size in use; LaCrosse has the same size, one of their units is currently down with a mechanical issue. Bryan reported there will be two people coming to work on the blowers; one for the software upgrade and one for the mechanical issues. By the end of next week the software issues should be resolved and some of the mechanical issues. Commissioner Gunz questioned if we have a warranty; Bryan reported we will be offered an extended warranty once

the machines are working as needed, then the extended warranty offer will be brought to the table. Tom Kispert questioned if this will be the same warranty offered previously; it was not acceptable. Bryan did not know what the previous extended warranty offer was. Bryan also indicated a service plan will be offered at no charge. Commissioner Bauer questioned how many blowers there are in the U.S.; Bryan was not able to answer for the U.S., he was able to provide the number of blowers in his region. Commissioner Bauer commented that these are mechanical units and with mechanical equipment you can have lemons and further questioned if we have a lemon. Bryan feels these units are not lemons. Commissioner Gunz questioned if this is the largest unit they sell and if they still sell the same unit; Bryan indicated yes to both. Commissioner Hamblin questioned where we will be by February 15th. Bryan indicated the software issues should be completed by February 7 and the wiring and coolant issues should be completed by February 14th. He will be willing to return to the next meeting to bring updates on the progress. Tom Kispert would like a schedule with dates; Bryan has been working on a schedule and his goal is to have one completed by Thursday January 30th. President Youngquist asked if we can be given a completion date. Bryan said he will work at having the issues resolved by February 25th and he will be here at the next meeting to explain why any issues are not resolved. President Youngquist questioned how long Bryan has been with Atlas CopCo; Bryan has been with them since June 2010 through an acquisition; he has personally been in this business for 15 years; he is the service manager for a 5 state region. Bryan acknowledged there is a training gap with the service technicians; training sessions are being held to bring the technicians up to speed on the equipment. Manager Much addressed Bryan indicating we have heard these same promises, and we just want some equipment that works. Attorney Thiel asked who has the authority to approve what was told us today; Bryan reported it is Sebastien (Sebastien Bidault, General Manager, HSI). Attorney Thiel referenced he had to deal with other communication issues he had experienced elsewhere and to help solve the problem they used the "This Week, Next Week" method to solve the communication problems. Attorney Thiel further explained how this works and suggested this should be used in our situation.

The meeting returned to the agenda as published.

January 8, 2014 Meeting minutes: Motion by Commissioner Zielinski, second by Commissioner Gunz to approve the minutes from the January 8, 2014 Regular Meeting. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

January 8, 2014 letter from Robert Liska, DNR to NMSC President Dale Youngquist.
RE: DNR approval of revised local limits to sewer use ordinance.

Old Business

Evaluation of NMSC metering stations. Manager Much reported there is no new information to report.

Industrial Contract with Sonoco/U.S. Paper Mills. Manager Much reported that if the Commission decides to not renew the industrial agreement, we may need to modify the pretreatment rules & regulations to remove contract industrial user wording.

Robert's Rules of Order. Commissioners were supplied with information obtained from the official Robert's Rules of Order website pertaining to voting by a Board President. The Commission was also provided a copy of the approved written rules of scheduling and conduct of Commission meetings (approved June 1988). Robert's Rules of Order indicates that since the president is a member of the voting body, the president has the same rights as all other members. Commissioner Gunz indicated he has issues with the written rules of procedure approved by the Commission; the rules of procedure should be updated; and we should add a "Public Forum" to our agenda. It was the consensus of the Commission to add a Public Forum to the agenda. The next meeting agenda should also include rescinding the "Current Rules Concerning the Scheduling and Conduct of Commission Meetings".

Attorney Thiel reported he has does not have the information ready to take action on Agenda item 5(H) – Amendment to Pretreatment Ordinance 94-1. He would also like to be updated on the discussion for Agenda item 6(A) – Commissioner Remuneration. Attorney Thiel was excused from the meeting.

New Business

Operations, Engineering, Planning

Phosphorus Removal – Chad Olsen discussed the written report for the ACTIFLO Pilot Study. Prior to the start of the ACTIFLO pilot study, Chad had requested additional qualifications on phosphorus reduction levels which were based on potential conditions and effluent limits that could exist for the Sewerage Commission. Chad referred the Commissioners to Figure 5 on page 14 of the report; the ACTIFLO process was able to meet the criteria of 0.18 mg/l, 0.10 mg/l, and 0.07 mg/l in the pilot study. With potential limits coming in the future, Manager Much questioned if the technology helps in removing pharmaceuticals' from the water. Chad was not able to provide an answer. Commissioner Gunz referred to the last paragraph in the report and questioned if this statement is a qualifier; Chad indicated yes it is in that the ACTIFLO process would not guarantee a TSS limit. Commissioner Gunz also questioned that with the other testing performed in the state, was the NMSC the only place requesting additional limits; Chad said yes, they were confident they could meet the phosphorus limits, but were not sure if they could meet the TSS limits. Further discussion ensued on the TSS limits, being able to meet a lower limit, why limits are lower for some communities and not others. Commissioner Gunz questioned what advantage is there to trading, besides cash, verses keeping our limit for ourselves. Chad indicated the cost will be more than just in the building costs, the Commission will also be looking at spending hundreds of thousands of dollars per year in additional chemical costs that would then be shared. Chad also distributed proposed legislation currently being discussed in the media. Commissioner Gunz questioned if the Cowles proposed legislation would encourage trading. Further discussion ensued on the Cowles proposed legislation. Commissioner Coburn questioned if the phosphorus removed in the ACTIFLO process would be inert or soluble. If it is soluble, wouldn't it just get reintroduced back into the environment through the land application? Chad indicated the phosphorus will tie up with the alum and iron to be a solid, it will not be

soluble. Chad also distributed an informative summary of the phosphorus compliance which provides a brief explanation of what needs to be accomplished when the permit is issued.

Construction Progress Update. Tom Kispert discussed his memo on the construction progress. The final completion date was December 31, 2013; the project is not done, there is a punch list of items that are being worked on. The punch list is down to 19 pages, not including the High Speed Blowers. Tom distributed 2 emails received last week Friday. The first email is for a time extension for Spies Painting who is requesting another time extension for the completion of the digester painting to February 28. The previous time extension was to have this painting completed by January 21st; they are still working on interior painting and pipe labeling. The Commission has three options: 1 – allow contractor to continue and pay damages, 2 – terminate contract for cause; we would need Attorney Thiel to be involved, and 3 – have the contractor stop the work and tell them to eliminate the cause. Commissioner Gunz questioned the downside of giving a 2 or 3 month extension; Tom responded we need to get the digester back in service so we can take the 2nd digester out of service so that painting can be completed on the 2nd digester, then we need to perform performance testing on the centrifuges after the digesters are back operating under normal circumstances. The easiest is to allow them to continue and back charge the additional costs incurred. Further discussion ensued on Spies Painting and issues experienced with them. Commissioner Zielinski questioned if we can have August Winter & Sons here to explain; Tom replied we can have Spies Painting and August Winter & Sons at the next meeting. Commissioner Zielinski requested to have another meeting earlier in the month to have these contractors present at a meeting to explain the issues. The second email received by Tom was from August Winter & Sons requesting a time extension to change the final completion date to March 28th. Commissioners further discussed holding a special meeting in early February. After discussing days available amongst the Commissioners, a special meeting was set for Wednesday February 12, tentatively at 8:00 am (post – actual meeting time is set for 11:00 am). Tom reported he has confidence with August Winter & Sons that they would complete the requested items by the time extension date; work has been progressing by them on items that need to be completed.

Following the discussion, motion by Commissioner Gunz second by Commissioner Bauer to defer taking action on Certificate for Payment #15 from August Winter & Sons until the February 12, 2014 Special Meeting. Motion carried unanimously. President Youngquist questioned the level of retainage and he expressed his concern of being in a situation where the retainage does not cover the additional costs related to the time extensions being granted.

After further discussion on the ongoing work, motion by Commissioner Gunz, second by Commissioner Hamblin to approve change order #35 for a contract increase of $8,581.00 with August Winter & Sons, Inc. for plant modifications. Motion carried unanimously.

Tom Kispert further reported on proposals that are currently pending for change orders. The request for time extensions discussed earlier will have change orders prepared for action at the next meeting.

Tom Kispert reported on the status of equipment contracts. He has several pay requests on his desk but they are unacceptable since there are outstanding items and they will not be approved until corrected. Tom also reviewed the Summary Log of contract payments.

Motion by Commissioner Gunz, second by Commissioner Sambs to approve for payment McMahon invoices #46841, #46842, #46843, #46844, #46845, #46846, #46847, and #47054 in the amounts of $3,600.00, $15,500.00, $3,100.00, $850.00, $32,690.01, $565.00, $54,500.00, and $6,000.00. Motion carried unanimously.

Agenda item H – Amendment to Pretreatment Ordinance 94-1 will be deferred while we look at incorporating other changes to this ordinance.

Manager Much discussed the Operating Report for December 2013. The plant is operating well. There are new CSO rules pertaining to public notifications and reporting; we will need to publish any spill hitting the ground. More research will be done regarding feedback and explanations on these requirements. It is currently the understanding that a verbal notice is needed to be provided to the DNR within 24 hours and a written notification needs to be published within 5 days. The Commission will also need a CMOM written program by 2016. Commissioner Hamblin questioned the sludge hauler and how he is working out; Manager Much reported he is trying to do things correctly and is working with us. Motion by Commissioner Hamblin, second by Commissioner Sambs to accept the Operating Report for December 2013.

Budget, Finance, Personnel

Accountant Voigt discussed the financial statements for the month of December 2013. These statements are for normal monthly operations and will still need to be adjusted for year-end items. After discussion, motion by Commissioner Zielinski, second by Commissioner Gunz to accept the financial statements for the month of December 2013. Motion carried unanimously.

Accountant Voigt discussed the Accountant's Report. The bonds were paid in December; there is a substantial decrease in our cash balance reflecting this payment. The bonds maturing in 2013 were paid as well as the 2014 maturing bonds which were called by the Commission. The auditors will be here in early February to perform the financial audit for 2013. The cash flow projection has been updated to reflect current known information on the construction status. After discussion, motion by Commissioner Zielinski second by Commissioner Gunz to accept the Accountant's Report for the month of December 2013. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Hamblin to approve for payment MCO invoices #17952 and #17985 in the amounts of $121,833.18 and $806.80 with payment to be made after February 1, 2014. Motion carried unanimously.

Other Matters

President Youngquist discussed the current level of pay the Commissioners receive for attending meetings. The last pay increase was in 2001 to increase the pay from $40 per meeting to $50 per meeting. President Youngquist further discussed meeting pay levels with other communities and the amount of time spent at the meetings; he feels this commission is more qualified than some of the other commissions based on the time this commission spends for its meetings and he would recommend considering increasing the meeting pay to $75 - $100 per meeting. Previous pay increases were done in steps as Commissioners were either appointed or reappointed to this board. Commissioner Gunz indicated this is not required since these are not

elected positions. President Youngquist asked the board to keep this in mind and to think about it with a potential effective date of January 2015. Commissioners further discussed the meeting pay amount and when any increase should be effective. Commissioners discussed having the meeting pay amount to be $100 per meeting with an increase to be effective in March 2014. This item is to be put on the agenda at the next meeting for further discussion and potential action.

Commissioners reviewed the 2014 McMahon Fee Schedule and Reimbursement Schedule.

Motion made by Commissioner Gunz, seconded by Commissioner Zielinski to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:49 a.m.

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President Secretary