

NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday February 25, 2014

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

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

Also Present: Tom Kispert (McMAHON); Rob Franck, Paul Much (MCO); Bryan Azure (Atlas Copco); Rich Knoelke (Mulcahy, Shaw); Attorney Pam Captain (Menasha); Attorney Jim Godlewski (Neenah).

February 12, 2014 Special Meeting minutes: Motion by Commissioner Zielinski, second by Commissioner Sams to approve the minutes from the February 12, 2014 Special Meeting. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

February 12, 2014 letter from Robert Hannes, DNR to NMSC President Dale Youngquist.
RE: DNR approval of change orders.

Old Business

Industrial Contract with Sonoco/U.S. Paper Mills. Manager Much reported a meeting was held with City of Menasha staff to discuss. The City will review the Sonoco agreement with the NMSC and the wording in the Ordinance-Contract and will respond to the Commission by mid-year.

Motion by Commissioner Zielinski second by Commissioner Bauer to convene into Closed Session pursuant to Wis. Stats. § 19.85(1)(g) to confer and review written and/or oral legal advice by legal counsel to the Commission as to litigation strategy and status of matters concerning the lawsuit(s) commonly referred to as the Fox River litigation. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Coburn, Sams, Youngquist.

Motion by Commissioner Zielinski second by Commissioner Bauer to adjourn the Closed Session and reconvene into Regular Open Session. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Coburn, Sams, Youngquist.

Meeting reconvened into Regular Open session at 8:35 am.

New Business

High Speed Blower update. Tom Kispert discussed his updated list with 23 items needing attention by HSI – the previous list was 21 items. The two additional items added were for blowers #2 and #6 which stopped running. Bryan Azure reported his technician Jason was onsite Monday and was able to get both blowers running; blower #2 shut down again overnight. Bryan indicated he will be downloading information on blower #2 to send to their engineers to

February 25, 2014

Regular Meeting

Page 2

diagnose the problem. Bryan acknowledged the date changes for completing repairs; there are master controller issues – getting the controller to work with the individual units, a device is being sent to allow programming of the unit remotely. Commissioner Bauer questioned how long it will take to get here and installed; Bryan responded it would be this week. Bryan further reported 2 HMI's are being shipped; the insulation is being removed from the panels and they are asking a local vendor to size screen mesh for use to hold the new insulation in place; August Winter & Sons have been contracted for the wiring changes; blower #5 is currently being worked on; work on blower shut downs for low temp and surges is complete. Manager Much questioned if HSI will have someone on site with the remote access unit; Bryan responded they will not need a person on site when the remote unit is installed. Manager Much further questioned the 2 mechanical failures and not responding to our requests for the cause of the failures. Checks have been made with other users of these blowers and they have had the same common failure issues; Bryan indicated he was not aware of the blower failures and he would send the data on our failures. Manager Much further questioned if there is a design failure; Bryan was not aware if there is a design failure. Manager Much reported to Bryan it took two months to return the last unit; we were sold that there is a large warehouse and parts are available for a quick turnaround on repairs. Manager Much further questioned why it took two weeks to get the current failed unit removed; Bryan indicated their service technician Jarrod was on vacation. President Youngquist stated you are now getting panels to repair the insulation issue from a local vendor; we've had this problem for almost a year. We are in a serious situation and we are way behind, this needs to be a high-high priority. President Youngquist questioned how will we recover the extra costs being charged by McMahon. There is a need to be a sense of priority; I don't get the feeling we have the priority. Tom Kispert questioned a bent disconnect rod and the header blow off valve, items #4 and #15 on the list; Bryan indicated the bent rod will be looked at today, the header blow off is an internal issue to be dealt with by the HSI office, Bryan is trying to chase down an answer. Tom responded this issue was noted 6 months ago. Tom questioned why blower #6 is built different from the other 5 blowers. Commissioner Bauer questioned if they keep maintenance records when someone goes out; Commissioner Bauer would like to have the repairs performed tracked so we know what is wrong with the units. Commissioner Bauer would like to see if there are common problems globally with these units and would like an answer by the next meeting; Bryan responded he could not commit to this due to needing responses from other individuals. Attorney Thiel questioned if they are pleased by the work performed by August Winter & Sons; Bryan answered yes they are, he will be checking their work again later today. Attorney Thiel questioned who is Jarrod; he is the most experience technician with HSI. Attorney Thiel questioned the insulation problem; Tom Kispert responded that he normally sees the simple fixes get pushed to the end; Bryan responded HSI tried different approaches – field installation kit with rods; the rods were not the answer. They are now going to a mesh. Attorney Thiel questioned the unit shutting down last night, was it physical or computer issues? This needs to be determined. Bryan responded he will need to check the SD card. Manager Much reported the shutdowns do effect the plant treatment; we have phosphorus spikes and filament increases. We need to hammer chlorine into the system to control the filaments. President Youngquist asked for the best approach to get things working; we want realistic dates for when repairs can be made. Tom Kispert made a request to have Bryan here again next meeting. Bryan requested to have a speaker phone available to include HSI officials in the conversations at the next meeting; Bryan felt this would be the best approach.

Operations, Engineering, Planning

Attorney Thiel addressed the Commission and discussed the changes concerning Ordinance 2014-1 to modify Pretreatment Ordinance 94-1. Manager Much reported we developed the limits and the DNR approved the limits. Manager Much further reported the municipalities will need to enact these changes; we will have additional items to change to be requested later this year. After discussion, motion by Commissioner Coburn, second by Commissioner Bauer to approve NMSC Ordinance 2014-1. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Coburn, Sams, Youngquist.

Attorney Thiel was excused from the meeting (9:30 am).

Phosphorus Removal – Manager Much discussed the phosphorus legislation amendment and the impact to the Commission. Estimated costs for phosphorus discharged from the WWTP are fifty dollars (\$50.00) per pound. Based on current discharge, this would equate to an annual charge of \$450,000 per year.

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 7-page punch list of items that are being worked on. Slowly but surely the items are being whittled down; a couple items are past due for completion, but progress is being made. New project numbers have been created to track and bill the extra service; change orders will be issued monthly to deal with the extra time spent on the project. Tom further discussed the change in the percent amount of retainage on the August Winter & Sons pay request. The percentage was increased from 2-1/2% to 3-1/2%. Commissioner Zielinski questioned if others have a say when there is a change in the percentage amount; Tom responded the 3-1/2% was the recommendation from President Youngquist.

Following the discussion, motion by Commissioner Zielinski second by Commissioner Bauer to approve for payment Certificate for Payment #15 with August Winter & Sons, Inc. in the amount of \$256,153.90 and Certificate for Payment #16 in the amount of \$23,973.08 for plant modifications. Motion carried unanimously.

After further discussion on the ongoing work, motion by Commissioner Zielinski, second by Commissioner Bauer to approve change order #38 for a contract decrease of \$(27,519.49) with August Winter & Sons, Inc. for plant modifications. Motion carried unanimously.

Tom Kispert further reported on proposals that are currently pending for change orders; a potential need for updated polymer system and grouting of the gas conditioning skid VFD's.

Tom Kispert reported on the status of equipment contracts. After discussion, motion by Commissioner Sams, second by Commissioner Bauer to approve for payment Certificate for Payment #4 from Energenec, Inc. for Contract G – Vortex Grit Removal in the amount of \$7,329.00, and Certificate for Payment #4 from Energenec, Inc. for Contract K – Digester Mixers in the amount of \$33,330.00. Motion carried unanimously.

Commissioners held additional discussion on the high speed blowers and the contract with HSI.

Motion by Commissioner Zielinski, second by Commissioner Coburn to approve for payment McMahon invoices #47100, #47101, #47102, #47103, #47104, and #47105 related to the Construction Project in the amounts of \$3,600.00, \$5,900.00, \$(4,236.93), \$425.00, \$32,100.00, and \$6,212.00. Motion carried unanimously.

Motion by Commissioner Zielinski, second by Commissioner Coburn to approve for payment McMahon invoices #47106, #47107, #47108, #47109, #47110, #47111, #47112, and #47113 related to additional services for the construction project in the amounts of \$8,521.31, \$4,142.00, \$4,642.00, \$5,246.35, \$3,916.33, \$984.00, \$67.50, and \$500.00. Motion carried unanimously.

Manager Much discussed the Operating Report for the month of January 2014. Manager Much further discussed the operating issues and additional costs that are being incurred when the high speed blowers shut down. Paul Much added in addition to the operating costs, the Commission will have increased NR101 fees at year end due to the additional discharge of solids. Motion by Commissioner Zielinski, second by Commissioner Coburn to accept the Operating Report for the month of January 2014. Motion carried unanimously.

Budget, Finance, Personnel

Accountant Voigt discussed the financial statements for the month of January 2014. Commissioners questioned various items in the Income Statement and Balance Sheet. After discussion, motion by Commissioner Zielinski, second by Commissioner Bauer to accept the financial statements for the month of January 2014. Motion carried unanimously.

Accountant Voigt discussed the Accountant's Report for the month of January 2014. The decrease in restricted cash balances reflect the payment of the maturing and called 2003B Bonds. MCO generated \$4,600 in additional income to the Commission. After discussion, motion by Commissioner Zielinski second by Commissioner Bauer to accept the Accountant's Report for the month of January 2014. Motion carried unanimously.

Motion by Commissioner Zielinski, second by Commissioner Bauer to approve for payment MCO invoices #18016 and #18051 in the amounts of \$121,833.17 and \$645.20 with payment to be made after March 1, 2014. Motion carried unanimously.

Motion made by Commissioner Zielinski, seconded by Commissioner Coburn to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:21 a.m.

President

Secretary