

GREEN BAY METROPOLITAN SEWERAGE DISTRICT
PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held May 23, 2012.

PRESENT: Commissioners Alesch, Hasselblad, Tumpach, and Mainz (via conference call)

EXCUSED: Commissioner Blumreich

ALSO PRESENT: T. Sigmund, P. McCarthy, P. Kaster, P. Wescott, M. Pierner, W. Angoli, M. Diaz, M. Erschnig, J. Kennedy, B. Bartel, J. Czypinski, B. Vander Loop, R. Krause, J. Christ, N. Qualls, J. Van Sistine, J. Nicks–Legal Counsel; M. Walter–Brown County Solid Waste; B. Miston and T. Flanigan–Fox 11 News

Commission President Alesch called the meeting to order at 8:29 a.m.

1) Approval of minutes of Commission meetings held April 27 and May 7, 2012.

Motion #12-027

It was moved by Hasselblad, seconded by Tumpach, and unanimously agreed to approve the April 27 and May 7, 2012 minutes as distributed.

2) April financials.

M. Diaz reported total operating revenues for April were unfavorable to budget by \$405,000 due to lower than expected precipitation. Year to date operating revenues were 10% unfavorable to budget. She reported operating expenses for the month of April were favorable to budget by \$252,000 as a result of less expenditure in power, supplementary expenses, chemicals, contracted services, and solids disposal. Year to date operating expenses were \$1.1 million favorable to budget due to less power usage, contracted services projects planned but not yet started, decreased use of natural gas and fuel oil, and no solid waste disposal hauling to landfill. Net income for the month of April was \$83,000 as a result of lower than planned operating expenses.

Commissioner Hasselblad asked if there is any way staff can normalize for precipitation. B. Vander Loop responded the billing program weights plant flows against annual precipitation. A past plant flow that is very close to the 30-year average precipitation of 29.9 inches would receive a higher weight; an inch deviation in precipitation from the average would result in a lower weight for the corresponding plant flow. The billing program looks at the most recent 60 months to project plant flow volume for an upcoming budget year and diurnally distributes the project flow volume to each month based upon the most recent 12 months. He stated last April was a very wet month so the program allocated a larger amount of the 2012 projected flow volume to this April, which has created some disparity.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

B. Vander Loop stated that staff has since made a billing program change to diurnally distribute the project annual plant flow volume based upon the last three years instead of one year. This change should smooth out future projected flow volumes for each month.

3) Request Commission approval of the Director of Environmental Programs position and modify the organizational chart.

T. Sigmund stated the Director of Environmental Programs position was included in the 2012 budget beginning in October. He stated the Environmental Programs and Laboratory Services departments would be moved under the new director. He reported watershed management, regulatory compliance, air permitting for the new solids management system, and sustainability has been a focus of GBMSD for several years and will increase with more stringent nutrient removal requirements mandated by the Wisconsin Department of Natural Resources (WDNR). In addition, implementation of the pending Total Maximum Daily Load for the Lower Fox River will require GBMSD to work closely with watershed stakeholders to better manage water quality in receiving waters. The Director of Environmental Programs and the Environmental Programs Manager will take the leadership role in moving this forward. He stated the Director of Technical Services will retire in 2013 and staff will evaluate at that time if two directors are needed or if the positions can be combined into one. Staff is requesting to amend the organizational chart and add the director position.

Commissioner Mainz asked that in addition to the director's position, is staff planning to add an engineer position. T. Sigmund replied in April the Commission approved the addition of an engineer position. He stated also included in the 2012 budget is the hiring of a trainer position in Operations scheduled for July 2012.

Commissioner Hasselblad stated this organizational change will help GBMSD deal with future regulatory mandates, and asked John Kennedy for his viewpoint. J. Kennedy stated the next permit will require GBMSD to respond to nutrient limits in new ways, entailing the development of in-house resources.

Commissioner Tumpach stated that in 2013 staff will evaluate whether GBMSD needs two directors or if the positions can be combined at that time. He stated the approach he would like to take is to hire a director that will work together with the Director of Technical Services and assume the new director will take on the combined entity. He stated a year from now it may make sense to hire an additional director should the need dictate at that time.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Mainz stated if the positions are combined in the future, his concern would be the technical requirements required for the position. T. Sigmund stated GBMSD will be looking for someone with an engineering degree and a professional engineer certification, which is similar in requirements to the Director of Technical Services.

Commissioner Tumpach stated that he is in the mindset of hiring someone with the qualifications for the Director of Technical Services with strength in environmental services.

T Sigmund stated both positions are included in the 2013 budget and staff will justify in 2014 if two director positions are needed.

Motion #12-028

It was moved by Hasselblad, seconded by Mainz, with Tumpach voting nay, and agreed to approve the Director of Environmental Programs position and modify the organizational chart. (See Commission File #12-003)

4) Request Commission approval to award the Planned Roof Replacement Project 12-015 to Northern Metal & Roofing Co., Inc.

M. Erschnig reported the Compressor Building roof is 37 years old and experiencing a number of leaks. He stated the roof replacement is part of GBMSD's capital plan. He requested Commission approval to award the project to Northern Metal & Roofing Co., Inc. in the amount of \$169,365.

Commissioner Hasselblad asked if staff has looked into a green roof. M. Erschnig replied that staff is currently looking at a green roof for part of the Administration Building. He stated the Compressor Building has no heat or air conditioning load that would be reduced by a green roof.

Motion #12-029

It was moved by Hasselblad, seconded by Tumpach, and unanimously agreed to award the Planned Roof Replacement Project 12-015 to Northern Metal & Roofing Co., Inc. in the amount of \$161,300 and a 5% contingency under the authority of the Executive Director for a total project amount of \$169,365.

5) Request Commission approval to enter into an agreement with Red Oak Consulting to provide GBMSD with a Rate Methodology for Cost of Service Allocation.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

P. Kaster stated that in 1972 GBMSD commissioned Black & Veatch to develop a rate methodology for allocating and distributing annual costs for wastewater treatment. The rate methodology has been updated on an ongoing basis. He stated GBMSD's current rate methodology allocates GBMSD's operation and maintenance expenses and debt service to unit costs and distributes these costs in accordance with five rate parameters. Request for proposals (RFP) were sent to seven consulting firms and GBMSD received three proposals. GBMSD staff interviewed Galardi Rothstein Group/Raftelis Financial Consultants Inc. and Red Oak Consulting/Leonard and Finco. Some disparities were found during the interview process so both firms provided revised proposals. He stated Red Oak Consulting is slightly higher in cost, but is providing more hours to the project. He requested Commission approval to hire Red Oak Consulting to develop a new rate methodology to go into place in the 2014 budget.

Commissioner Mainz questioned if both firms based their proposals on the same RFP given that Red Oak Consulting is providing more hours. P. Kaster replied Red Oak Consulting included three separate advisory group engagements and Galardi Rothstein Group did not include the same number of stakeholder engagements. He stated Red Oak Consulting's average rate is \$138 compared to Galardi Rothstein Group's \$200 per hour.

Commissioner Mainz asked if staff considered a fixed rate contract. P. Kaster replied no, it is based on an hourly rate not to exceed a specific amount.

Commissioner Hasselblad stated that she is pleased staff is going ahead with this. She asked if staff has informed GBMSD's stakeholders or the Wisconsin Public Service Commission (PSC) about the new rate methodology. T. Sigmund stated GBMSD is not required to notify the PSC. P. Kaster replied GBMSD will notify its stakeholders.

J. Nicks stated GBMSD's rates are not approved by the PSC. He stated if one of GBMSD's users has a complaint, they can appeal to the PSC. He stated GBMSD is doing everything it can to make the rates accurate and fair.

Commissioner Mainz stated the Commission needs to understand what the process is going to be. P. Kaster replied the consultant will meet with the Commission early on in the process and will present the final product for approval.

Motion #12-030

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to enter into an agreement with Red Oak Consulting to provide GBMSD with a Rate Methodology for Cost of Service Allocation in the amount of \$145,500 and a 10% contingency under the authority of the Executive Director for a total amount of \$160,050.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

6) Request Commission approval to award the De Pere Facility East Service Area Interceptor Rehabilitation Project 11-038 to Michels Pipe Services.

M. Pierner requested Commission approval to award the De Pere Facility East Service Area Interceptor Rehabilitation Project 11-038 to Michels Pipe Services. He stated the rehabilitation of interceptors is part of the merger agreement with the City of De Pere. He stated staff is recommending a 10% contingency due to the rehab work and the project cost will be shared between GBMSD and the City of De Pere.

Commissioner Alesch asked about the river crossing. M. Pierner replied lining of the river crossing 24 and 30-inch barrels is part of the project as well as rehabilitation of the inlet and structures.

Commissioner Alesch asked if staff has an estimate of the useful life of the pipeline. M. Pierner replied the portion of the pipeline that is totally wetted is in fairly good shape. The pipe areas exposed to off gassing generally have a shorter life.

Commissioner Hasselblad stated there are 56 cost lines on these bid proposals and some amounts vary widely. She asked if there are three or four critical areas. M. Pierner replied the lining portion of the Fox River Crossing and Southeast Interceptor are the more critical areas. He stated each contractor will load and burden different items and there is no standard method as to what items they place their burden on.

Commissioner Alesch asked if GBMSD had a problem with Michels Pipe Services in the past. M. Pierner replied Michels had to move a pipe over 30 to 40 ft. on Quincy Street and it went to mediation and was resolved.

Commissioner Hasselblad stated that she is on the St. Norbert College Board of Trustees with someone from Michels Pipeline Services, but there is no need for her to recuse herself on this matter.

7) Request Commission approval to enter into an agreement with AECOM to provide construction related engineering services for the De Pere Facility East Service Area Interceptor Rehabilitation Project 11-038.

M. Pierner requested Commission approval to engage AECOM to provide construction related engineering services in the amount of \$244,717 and a 5% contingency.

Commissioner Alesch asked what the engineering services entail. M. Pierner replied full time inspection of the project and contract administration.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Mainz asked why GBMSD did not bid this project. M. Pierner replied GBMSD stayed with the firm that has done the design work for continuity. He stated AECOM did a similar project on the west side of De Pere and can apply inspection techniques from that project potentially saving GBMSD money. GBMSD's practice is to seek out qualified firms at the start of a project and stay with the selected firm on the various phases of the project.

Commissioner Mainz asked how GBMSD knows this is the best cost without getting multiple bids. M. Pierner replied this is a negotiated amount. He stated the benchmark is a percent of the construction related services cost and the range is 9%.

Commissioner Mainz stated that he is concerned that GBMSD may not be getting the best firm for its money and GBMSD needs to justify its decisions.

Motion #12-031

It was moved by Hasselblad, seconded by Tumpach, and unanimously agreed to award the De Pere Facility East Service Area Interceptor Rehabilitation Project 11-038 to Michels Pipe Services in the amount of \$2,588,704 and a 10% contingency under the Executive Director for a total amount of \$2,847,574, and enter into an agreement with AECOM to provide construction related engineering services for the De Pere Facility East Service Area Interceptor Rehabilitation Project 11-038 in the amount of \$244,717 and a 5% contingency under the authority of the Executive Director for a total amount of \$256,953.

- 8) **Request Commission approval to enter into an agreement with CH2M HILL to provide consulting services for the design of the Resource Recovery and Electrical Energy Project 08-503-DS.**

W. Angoli reported three proposals were received on the Resource Recovery and Electrical Energy (R2E2) Project. He stated Black & Veatch, CDM Smith, and CH2M HILL submitted proposals. He reported the selection team reviewed the proposals and interviewed the three consultants. Two outside observers, one municipal customer and one industrial customer, sat in on the interview process. Following the interviews, the selection team met with the outside observers to get their thoughts on the consultants' proposals and interviews. The team members scored the consultants' proposal separately and then reviewed the cost proposals. The scores from the cost proposals were added to the scoring matrix for the final scores. CH2M HILL received the most points and was selected. In reviewing CH2M HILL's proposal, GBMSD staff requested that CH2M HILL replace its leads for solids dewatering design and education and training. CH2M HILL complied with the request.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

W. Angoli reported two errors were found in the level of effort. He stated CH2M HILL only had one training session for each system per the RFP and GBMSD staff subsequently requested three training sessions, and CH2M HILL found 50 hours were missed for its process safety analysis lead. The additional hours increased the project cost by approximately \$58,000, bringing the new project cost to just over \$8,000,000. In addition, CH2M HILL presented several optional tasks that staff recommends be included in the agreement.

Commissioner Alesch asked why CH2M HILL's proposal came in so much lower than the other consultants. W. Angoli replied that CH2M HILL dropped its salary multiplier to 2.85, and the others were at 3.0.

Commissioner Alesch asked if staff is comfortable with CH2M HILL's proposal. W. Angoli replied yes.

W. Angoli reported the design phase could take two years to complete and the construction air permit could also take 18 months to approve.

Commissioner Hasselblad asked if the \$8,000,000 includes the contingency. W. Angoli replied no. He stated a 10% contingency is part of the overall project cost. He stated the contingency will be used for project items requiring additional definition before design work can begin.

Commissioner Mainz asked what the rest of CH2M HILL's team will be doing. W. Angoli replied AECOM will be involved in the design work for digestion, SEH will be responsible for the construction air permit, Muermann Engineering will be responsible for the process and instrumentation diagrams, Robert E. Lee and Associates will be responsible for site work and demolition of the building, hGA will be responsible for architectural treatment LEED requirement, Marquette University will be responsible for digester bench scale testing, and UWGB will be responsible for co-digestion and marketing plan and study.

Commissioner Alesch asked who is in charge of this project. J. Nicks replied GBMSD is controlling the contract with CH2M HILL and Tom Henshue from Godfrey & Kahn, who has a great deal of contracting work with large scale projects, drafted the agreement and incorporated the scope of work. He stated the agreement specifically addresses the project cost and timeline, which includes a termination of convenience clause.

Commissioner Hasselblad asked if staff has an executive summary. J. Nicks replied no. He stated CH2M HILL is responsible for the contracts with its sub-consultants.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

Commissioner Mainz asked if GBMSD will have a record of all information that is written by the other sub-consultants subcontracting to CH2M HILL. W. Angoli replied yes. He stated a document management system such as SharePoint will be used for project recordkeeping. He stated the records will be turned over to GBMSD upon completion of the project.

Commissioner Tumpach expressed his concerns about the R2E2 Project. He stated the R2E2 Project was pitched as the cheaper plan, with higher upfront costs and energy savings. He questioned how GBMSD knows what the environment is going to be in a few years. He stated that he cannot support the R2E2 Project. He stated that he would like to look for a cheaper plan and market the plan to the public. He stated his involvement with neighbors and his role on the County Board tells him that few people are aware of this project. He stated to him, it amounts to almost taxation without representation. He stated that his two issues with the project are the public's unawareness of it and its cost. In order to justify the higher cost there is projection for energy savings down the road that would need to take place to make the cost justifiable and he is not comfortable that GBMSD can actually recoup those costs to the full extent. He stated anything related to the R2E2 Project he will not support. He stated that he appreciates all the work that has been done to walk him through the process. He stated it has been a demanding process on the Commission and staff.

Commissioner Hasselblad stated that she understands Commissioner Tumpach's concern about the public's knowledge of the project and how to bridge the gap. She also stated that it is not easy to come into this after the planning process. She stated the R2E2 Project would be mining resources from its waste stream.

Commissioner Tumpach stated that he would like to error on the cheaper up front plan and not rely on energy savings 20 years down the road.

Commissioner Alesch stated Alternative #2 looks by far the cheaper option after three years. He stated composting could last up to 20 years but is labor extensive, has odor issues, and will be located near Bay Beach, the boat launch, and marinas. He stated there are no upsides except for the initial cost. He stated the R2E2 Project is the only plan with the opportunity to pay for itself.

T. Sigmund stated the assumption is to burn digester gas in the engine to generate electricity and recover heat off of the generator engine. He stated the R2E2 Project and Alternative #11, Composting, are very similar in present value going out 20 years and with the same level of accuracy.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

T. Sigmund stated from talking to staff at the Sheboygan and Stevens Point wastewater treatment plants, they have up to three times the gas production with co-digestion. He stated that he feels GBMSD has been consistent with its estimates and GBMSD has treated all alternatives fairly with no bias.

The Commission discussed the reasons behind why every effort is made to come to a unanimous vote. The Commission agreed it is good to have differences of opinions and each Commissioner can look at the same information and make a different assumption.

Commissioner Tumpach stated if present value was different it would be easier, but they are similar. He stated five years from now who knows what is going to happen. He stated if GBMSD moves ahead with the project, staff can continue its analysis. GBMSD needs to meet the new air regulations by March 2016. He stated staff needs to continue to do its analysis and increase reliability of the estimates.

Motion #12-032

It was moved by Hasselblad, seconded by Mainz, with Tumpach voting nay, and agreed to enter into an agreement with CH2M HILL to provide consulting services for the design of the Resource Recovery and Electrical Energy Project 08-503-DS in the amount of \$8,279,255 and a 10% contingency under the authority of the Executive Director for a total contract amount of \$9,107,180.

9) Sewer plan approvals:

a) City of De Pere 12-16; GBMSD Request 2012-08

M. Pierner reported the City of De Pere is requesting 1,204 ft. of 12-inch sewer to be installed in a new street off of Southbridge Road to serve commercial lands.

b) Town of Lawrence K0513; GBMSD Request 2012-09

M. Pierner reported the Town of Lawrence is requesting 606 ft. of 8-inch sewer to serve residential lands. GBMSD staff recommends approval subject to favorable review by Brown County Planning (BCP) and final approval by the WDNR.

Motion #12-033

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to approve the City of De Pere 12-16 and Town of Lawrence K0513 sewer plans subject to favorable review by BCP and final approval by WDNR.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

10) Household Hazardous Waste Facility update.

Mark Walter, Facilities Manager for the Brown County Port and Solid Waste Department, distributed the Household Hazardous Waste Facility (HHWF) newsletter, management sheet, and educational handout. He reviewed the HHWF's recycling program, funding sources, 2011 Annual Report, Product Exchange Room, and Household Sharps Collection Program. He stated the HHWF is currently redoing its website.

The Commission thanked Mr. Walter for his report.

11) Update of projects:

a) Rebranding update

P. Kaster reported GBMSD is going through a rebranding initiative. He stated a RFP was sent to six local marketing firms and GBMSD received four proposals. He stated areas included in the branding platform were name, mission, logo, and tag line. He reported two firms were interviewed, Element and Prohit, and the two other firms did not meet the scope and their costs were higher. He stated staff selected Element, who provided the lowest bid. No Commission action is required.

b) Air permit status update

J. Kennedy reported the U.S. Environmental Protection Agency (EPA) requested information from GBMSD and other treatment plants that operate multiple hearth incinerators. GBMSD will submit the information electronically by the June 2 deadline.

J. Kennedy reported GBMSD has been in negotiations with the DNR regarding removing the 950° secondary chamber temperature limit from its air permit. He stated the DNR has proposed to move the temperature requirement to the carbon monoxide section of the permit to eliminate any concern that emissions of criteria pollutants will not increase. He reported the DNR will publish the proposed permit modification by May 18 and there will be a 30-day comment period. He stated comments will only be accepted on the sections that have proposed changes.

J. Kennedy reported the fourth series of stack tests was conducted in March and April of 2012. GBMSD's operating permit contains an annual emission limit for carbon monoxide (CO). The DNR will use the stack test data to update the CO emission factor. He reported the particulate number on the first test run was very high. He stated on the day of the test staff discovered accumulation of impinged material contaminated the sample ports. GBMSD staff expects to discuss this issue with the DNR within the next few weeks and determine the appropriate course of action.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

12) Operation report:

a) Effluent quality for April

P. Wescott reported both facilities were in full compliance with all effluent limits for the month of April. He reported the De Pere Facility tied a record low for Total Suspended Solids for the daily average.

b) Air quality for April

P. Wescott reported the Green Bay Facility (GBF) was in compliance with air quality limits for the month of April.

P. Wescott reported two deviation notices were reported to the DNR, one occurred in April and the other in May. He stated on April 21 condensation had accumulated in a furnace pressure sensing line that resulted in a false positive reading, which caused the emergency bypass damper to open for one minute. Corrective action was put in place to purge the line twice daily. He reported on May 2 condensation had accumulated a second time in a furnace pressure sensing line that resulted in a false positive reading, which caused the emergency bypass damper to open for 30 seconds. Staff investigated and discovered the sensing line at the secondary chamber was badly corroded in several locations. He stated the two-inch line was replaced with new stainless steel fittings. He reported a vertical riser and clear tubing were installed to help prevent condensation from getting to the instrument and provide a visual indication if condensation accumulates before the instrument. A blowdown system was installed to purge accumulated condensation from the line every 30 minutes or more frequently as needed. He reported a condensation trap was also installed to capture any remaining condensation that may accumulate in the sensing line. An internal inspection of the furnace near the sensing line wall penetration has been scheduled for later in May.

13) Executive Director's report:

a) June Commission meeting

The June Commission meeting will be held on June 27 beginning at 8:30 a.m.

b) NACWA 2012 Summer Conference

The NACWA Summer Conference will be held in Philadelphia, PA and the overall theme will be "Transformational Leadership....Changing the Game for the Next Forty Years of Clean Water." A copy of the draft agenda was distributed to the Commission.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

05/23/12

Cont'd

PROCEEDINGS OF THE COMMISSION

Mike Urbancic has been selected to fill the Laboratory Services Manager position. Mr. Urbancic has been the Analytical Chemist for GBMSD for the past 27 years.

The Commission congratulated him.

GBMSD staff is in the process of reviewing applications for the Staff Engineer and Communication and Education Coordinator positions.

GBMSD received a letter from one of its industries concerning how the industry is charged for wastewater costs.

There being no further business to come before the Commission, the meeting adjourned at 10:35 a.m.

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

Secretary