

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held September 24, 2014.

PRESENT: Commissioners Hasselblad, Mainz, Blumreich, Tumpach, and Hoffmann

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, B. Hafs, N. Qualls, T. Brown, B. Vander Loop, M. Diaz, B. Bartel, S. Thompson, B. Lamal, P. Mentink, B. Angoli, B. Brown, J. Czypinski, T. Garrison, M. Urbancic, M. Erschnig, J. Smudde, B. Oldenburg, J. Van Sistine, J. Nicks–Legal Counsel; I. Schroeder–Arcadis; C. Berndt–Village of Allouez; G. Farr–Village of Howard

Commission President Hasselblad called the meeting to order at 8:30 a.m.

1) **2015 Budget workshop.**

T. Sigmund reviewed the updates to the 2015 draft budget, as following:

- NEW Water 2020 Vision
- Proposed 2015 Expenses
- 2015 O&M Expenses
- 2015 Revenues
- Municipal Rate
- 2015 Budget Summary
- 2015 Budget Summary – O&M
- 2015 Budget Summary – Capital
- Next Steps

Commissioner Mainz questioned the O&M expenses with a reduction in power for 2015. T. Sigmund replied the 2015 budget is lower in terms of total kilowatt hours because of a reduction in BOD and suspended solids. He stated it was a combination of less use, higher rate, and an adjustment to the Wisconsin Public Service rate to the budget model.

Commissioner Hasselblad asked if the industry is moving to a smaller portion of fixed costs opposed to variable costs. T. Sigmund replied no. He stated it is more fixed cost with debt, depending on the particular utility and what the cycle is for replacement of assets. Commissioner Hasselblad asked about costs related to emerging technology, disruptive technologies for treating wastewater that do not require the current infrastructure. T. Sigmund replied it will be more capital and energy use at this facility. He stated 45% of NEW Water's overall budget is annual capital or debt service.

T. Sigmund stated the actual increase in the electricity rate and natural gas purchase has yet to be determined. The budget reflects a 2% market adjustment and staff is recommending 1.6%, so that amount will be adjusted. He stated a medium voltage cable replacement project will be added to the budget.

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Commissioner Mainz asked if the fixed charge is based on flow. T. Sigmund replied the fixed charge is based on flows and loads.

Commissioner Hasselblad stated that staff will meet with elected officials at their board meetings in September and October, and the budget hearing and adoption will be held on November 26.

T. Sigmund stated some municipal customers will meet next week to review NEW Water's budget and will probably put together some aggregated comments. He stated time will be provided at the October meeting for customers to speak on the budget. He stated comments and questions regarding the budget were received from one industry and two municipalities. He stated a notice was sent to all customers stating that NEW Water staff is available to attend any board meetings.

- 2) **Convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved:**
 - a) **Fox River Fiber billing dispute**
 - b) **Household Hazardous Waste Facility financing discussion**
 - c) **WPDES Permit Petition for Judicial Review**

Motion #14-055

It was moved by Blumreich, seconded by Tumpach, and unanimously agreed to convene in closed session under State Statute 19.85 (1) (g) for the purpose of conferring with legal counsel for the Commission who is rendering oral or written advice concerning strategy to be adopted by the Commission with respect to litigation in which it is or is likely to become involved.

- 3) **Reconvene in open session.**

Motion #14-056

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to reconvene in open session.

- 4) **Approval of minutes of Commission meeting held August 27, 2014.**

Motion #14-057

It was moved by Blumreich, seconded by Mainz, and unanimously agreed to approve the August 27, 2014 minutes as distributed.

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5) Request Commission approval of the 2015 health insurance plan and premium sharing.

T. Brown reported Anthem Blue is the lowest cost option for 2015. She stated 92% of NEW Water, the brand of the Green Bay Metropolitan Sewerage District, employees transitioned to Anthem Blue for 2014. Anthem Blue has a 3.7% decrease in premiums for 2015. She reported a fourth option is offered for 2015, which is a High Deductible Health Plan (HDHP). The HDHP has a \$1,500/\$3,000 deductible. A HDHP is designed to offer a lower monthly premium in exchange for a greater sharing of health care costs to its members. NEW Water's current plan has \$500/\$1,000 deductible. She stated the savings in the premiums for 2015 to change to a HDHP is very low. She stated for 2015 state employees realize a much greater reduction going to a HDHP than local governments. She contacted the Employee Trust Fund and was told the state and local governments are looked at as two different groups, and the experience rating for state employees is different than local governments. She stated typically when going to a HDHP, employers contribute to a Health Savings Account (HSA) on behalf of employees. She reviewed the HDHP with HSA contribution options. She stated the cost savings are not there to transition to a HDHP for 2015. NEW Water will continue to monitor the HDHP for the future.

Commissioner Tumpach asked if Anthem Blue offers a HDHP. T. Brown replied yes. The costs in the memo were based on Anthem Blue, which is the lowest cost plan.

T. Brown stated NEW Water is slightly ahead of the market at 91% employer and 9% employee cost share. Staff is proposing an 88% employer and 12% employee cost share for 2015. She stated the change would provide a \$45,000 savings to NEW Water. She stated the overall budget impact of the total premium reduction from Anthem Blue and an increase in employees' premiums results in a reduction from the 2014 budget of \$121,000, which is an 8.3% decrease. Over the last three years NEW Water customers have realized a cost decrease related to health insurance. Staff recommends retaining its current plan of a \$500/\$1,000 deductible HMO plan and an 88% employer and 12% employee cost share. The NEW Water premium share would be \$569 per month for a single plan and \$1,416 per month for family plan.

Commissioner Blumreich stated that he split the difference between examples 1 and 2 provided in the memo, and determined the savings would be the same as with the current plan. He stated many use a HSA and a Health Reimbursement Account (HRA). He stated a HSA gives employees the opportunity to put money aside for medical expenses or retirement. He stated NEW Water may be missing out with not offering a HSA or HRA plans to employees. He stated it doesn't seem to be the right time to change to a HDHP for 2015.

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Motion #14-058

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to continue with the \$500/\$1,000 deductible HMO program option and to set the NEW Water health insurance premium sharing for 2015 for full time employees at \$569 per month for single plan coverage and \$1,416 per month for family plan coverage.

T. Brown stated the Cadillac Tax has not been indexed yet for 2018. She stated based on projected premiums increasing each year by 8% and everything else staying the same, NEW Water would hit the number in 2019. Staff will continue to monitor this.

Commissioner Tumpach stated the current amounts for the Cadillac Tax are \$10,200 for single and \$27,500 for family. He stated the tax is based on the total combined costs.

6) Request Commission approval of the 2015 salary market adjustment.

T. Brown stated staff is recommending a 1.6% salary structure increase for 2015. She stated NEW Water's pay philosophy is based on the mid or control point of each salary grade. NEW Water's consultant analyzes various studies annually. She stated a formal compensation study was done in 2011. That study indicated that NEW Water was 5% ahead of the market, so there were no salary adjustments for 2012, 2013, or 2014. A formal compensation study will be done in 2015. She reviewed the Carlson Dettmann Consulting memo on relevant market data and pay plan projects, 2014 Pay Policy Survey, Aon Hewitt's 2014 and 2015 U.S. Salary Increase Survey, and the 2014-15 United States WorldatWork Salary Budget Survey.

Commissioner Blumreich stated that he would like the 2015 compensation study to include more than public workers.

Motion #14-059

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to approve a 1.6% market adjustment effective January 2015.

7) Request Commission approval of a new financial institution.

P. Kaster stated NEW Water has had the same financial institution for more than a decade. Staff looked into expenditure, cost savings, and efficiencies in changing to a new financial institution. Staff found two financial institutions, Associated Bank and Nicolet National Bank, that are local institutions and have the capability to manage NEW Water's needs. A team met with the financial institutions several times and used a qualifications-based selection tool to rank the participants.

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Staff recommends transferring its daily banking transactions and long-term investments to Nicolet National Bank. P. Kaster stated transitioning to Nicolet National Bank will commence in 2014 with completion by the second quarter of 2015.

Commissioner Hasselblad asked about the ranking of related experiences, which is an important criterion. P. Kaster replied the scoring and references came back positive for one financial institution for financial investments, but did not include local banking.

Motion #14-060

It was moved by Hoffmann, seconded by Blumreich, with Tumpach abstaining, and agreed to transfer NEW Water's banking transactions and long-term investments to Nicolet National Bank to commence in 2014 and complete in 2015.

8) Adopt retirement resolutions: a) Scott Thompson

Commissioner Hasselblad read the retirement resolution.

B. Bartel stated Scott Thompson started at NEW Water in 1975, and then took a choice of a different career path for nine years to pursue a teaching career. In 2009 Mr. Thompson came back to NEW Water as a Treatment Operator, and the last two years as Operations Trainer. He has always enjoyed Mr. Thompson's insight and forward thinking. Mr. Thompson came up with the idea of doing school talks many years ago to reach out to the younger generation, knowing the children would share what they learned with their parents. Mr. Thompson is the go to tour guide and adjusts the content for his audience.

Commissioner Hasselblad presented Mr. Thompson with his retirement resolution.

S. Thompson stated it will be a transition from here to the next phase of his life, but he is looking forward to the challenge. He shared a story of a school talk and the jars of NEW Water's influent, mixed liquor, and effluent.

b) Bob Lamal

Commissioner Hasselblad read the retirement resolution.

B. Bartel stated Bob Lamal has over 38 years of experience and has been on a rotating Treatment crew his entire career. He stated Mr. Lamal is the incinerator guru, and he has made it his mission to make incineration his forte, to learn as much as he can about it, teach everyone he can about incineration, and he has done that.

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Mr. Lamal has transferred his knowledge on incineration and his experiences in all processes to the younger operations staff.

B. Bartel stated both of these employees will be missed. NEW Water is losing 60+ years of experience, which will make treatment's job a little tougher. He stated this is a compliment and a testament on what these two employees have brought to NEW Water's staff.

Commissioner Hasselblad presented Mr. Lamal with his retirement resolution.

B. Lamal stated that he has a lot of great memories here and he's met a lot of great people. He has worked at NEW Water his entire career, since graduating from NWTC at the age of 20. He stated it is a testament to the freedoms and the ability from management to allow the operators to run the plant and make the best decisions. Thank you.

T. Sigmund stated these two individuals are the embodiment of the culture that NEW Water is looking for in this organization. They have done a great job for this organization, and they will be missed.

The Commission wished both gentlemen good health and welfare.

Motion #14-061

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to adopt retirement resolutions for Scott Thompson and Bob Lamal. (See Commission Resolutions #14-007 and #14-008)

9) Billing Methodology Project update.

B. Vander Loop stated staff will begin with a PowerPoint presentation summarizing the work to date on the Billing Methodology Project. He introduced Isabella Schroeder, Project Manager, from Arcadis/Red Oak Consulting.

I. Schroeder from Arcadis recognized and acknowledged all the hard work by NEW Water staff and the Stakeholder Advisory Group (SAG) that participated in this project. She stated it was a collaborative team approach. She provided an update on the Billing Methodology Project, as follows:

- Overview – Why Did This Project Start?
- Overview – Project Approach
- Current Status – Project Meetings
- Review of Alternatives Evaluation Process
- Step 1: Weighting of Evaluation Criteria

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- Step 2: Identify Alternatives
- Step 3: Score and Select Top Alternatives
- Description of Selected Alternatives
- Step 4: Evaluate Top Two Alternatives
- Step 4: Re-evaluate Against Criteria
- Findings to Date

B. Vander Loop stated the two lead options that were studied further as part of this study were the Identified Industrial User (IIU) Methodology and the Mass Loading Methodology. He explained the two methodologies and how they would work. He stated the project was very beneficial and a good learning opportunity for all involved. He stated the customers, in general, were in agreement for the mass loading alternative. NEW Water staff and Arcadis scored the mass loading alternative the highest. The mass loading alternative brings all NEW Water customers into one uniform billing methodology. He stated staff plans to request Commission approval of the mass loading billing alternative at the October meeting. He stated design of a new billing program will be done in 2015 and implementation in 2016.

Commissioner Hasselblad asked what steps will be taken between now and the October Commission meeting. B. Vander Loop replied a customer meeting will be held tomorrow. He stated there has been very good engagement with NEW Water customers throughout the project, and the PowerPoint and minutes are available on NEW Water's website.

Commissioner Blumreich asked if SAG included any IIU. B. Vander Loop replied no.

Commissioner Mainz asked if there will be a new billing system. B. Vander Loop replied yes.

10) August financials.

M. Diaz reported total operating revenues for the month of August were unfavorable to budget by (\$57,000) or 2%, primarily due to less user fees received than budgeted. Overall year to date operating revenues were favorable to budget by \$1,800,000 or 9%. She stated leading the favorable results were other revenues from septage from the three cheese facilities and increased loads from user fees. She reported total operating expenses for the month of August were favorable to budget by \$29,000 or 2%. She stated leading the favorable results were chemicals, power, salary & benefits, and natural gas & fuel oil. She stated August's favorable results were offset by unfavorable operating expenses from: contracted services from environmental projects budgeted in prior months; Engineering Department timing of invoices versus budget and additional legal expenses; and maintenance plant, office related, and travel & meetings timing of invoices versus budget. Overall year to date operating expenses were favorable to budget by \$1,000,000 or 8%.

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M. Diaz stated leading the favorable results were: salaries and benefits from one unfilled position as of August and several unfilled positions for prior months; maintenance equipment and repairs timing of billing versus budget; contracted services from timing of invoices and some projects not yet started in Environmental Programs, Engineering, and Operations Departments; power budget projections were higher than actual unit costs; and less chemical usage from incinerators, disinfection and interceptors, and polymer purchases versus usage. Net income for the month of August was \$206,000 from operating income.

11) Introduce the new Staff Engineer, Philip Mentink.

N. Qualls introduced Philip Mentink, the new Staff Engineer. He stated staff has worked with Mr. Mentink over the years, as he was one of NEW Water's consulting engineers. He stated Mr. Mentink was the Resident Field Engineer on the North Complex Gate Replacement Project and the Pump Station Bar Screen Replacement Project.

P. Mentink stated the transition to NEW Water has been great. He graduated from the University of Wisconsin-Platteville with a Bachelor of Science Degree in Civil Engineering. He previously worked at AECOM. He stated 95% of his experience has been in municipal wastewater and construction. He was the Project Manager for the De Pere Facility UV Project.

The Commission welcomed him.

12) Request Commission approval of abatement of taxes for 2015.

M. Diaz stated under Chapter 67 from Municipal Borrowing and Municipal Bonds, municipalities that issue debt obligations must establish and maintain a debt service fund payment for the obligations. She stated under the same chapter, municipalities are permitted to abate the taxation by having sufficient funds in its reserves or designated debt service for those obligations for the following year, which would be 2015. NEW Water has sufficient funds to support debt service requirements for years 2014 and 2015. Staff requests Commission approval to abate the tax levy for the cities, villages, and towns having territory in NEW Water for 2015.

Commissioner Hasselblad stated there has been no such levy since 1977.

Motion #14-062

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to abate the tax levy for 2015.

13) Request Commission approval to authorize Brown and Caldwell to provide engineering design services for replacement of the Bayview Interceptor.

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N. Qualls stated this project is related to the failing pipe crossing Hwy 41, north of Velp Avenue. NEW Water contacted two consulting engineering firms, CDM Smith, Inc. and Brown and Caldwell, because they are large national firms that have the technical expertise necessary to get this project done correctly. Staff reviewed both proposals and recommends Brown and Caldwell based on the strength of its project team, project approach, and geotechnical approach. Staff is requesting an allowance for the geotechnical evaluation due to the final route for the interceptor has not been determined.

Motion #14-063

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to authorize Brown and Caldwell to provide engineering design services for replacement of the 48-inch Bayview Interceptor in the amount of \$225,630 with a \$50,000 geotechnical evaluation allowance and a 10% contingency of \$22,500 to be administered under the authority of the Executive Director for a total authorized amount of \$298,130, and authorize the transfer of funds from the Interceptor Cost Recovery Reserve.

14) Request Commission approval to close out the Duck Creek Interceptor North Leg Modifications Project 12-036 and issue final payment to Advance Construction, Inc.

B. Brown requested approval to close out the Duck Creek Interceptor North Leg Modifications Project and issue final payment to the contractor. He stated the project was completed under the original contract amount. He stated the completion date was pushed back about a year from the original date due to the Wisconsin Department of Transportation (WDOT) work. He requested approval to issue final payment of \$13,629.40 to Advance Construction, Inc.

Commissioner Mainz asked if staff expects to receive funding from the WDOT on this project. B. Brown replied yes.

Commissioner Hasselblad asked if staff would recommend this contractor for another project. B. Brown replied yes.

Motion #14-064

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to close out the Duck Creek Interceptor North Leg Modifications Project 12-036 and issue final payment of \$13,629.40 to Advance Construction, Inc.

15) Request Commission approval for CH2M HILL to provide Amendment No. 11 Phase 2 Application Engineering and Programming Services for the Resource Recovery and Electrical Energy Project.

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B. Angoli stated the Supervisory Control and Data Acquisition (SCADA) system is the second phase of the process instrumentation and control system for the Resource Recovery and Electrical Energy (R2E2) Project. He stated the operators will use the SCADA system to control and operate the new solids and liquid facilities. He requested Commission approval of Amendment No. 11 in the amount of \$468,641. He stated the work will be done by CH2M HILL as part of the R2E2 Project.

Commissioner Mainz asked if this is within the budget of the overall project amount. B. Angoli replied yes.

Commissioner Mainz asked if this is what staff expected the cost to be. B. Angoli replied yes.

Motion #14-065

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to approve CH2M HILL to provide Amendment No. 11 Phase 2 Application Engineering and Programming Services for the R2E2 Project in the amount of \$468,641 for a total approved design contract amount of \$11,566,097.71.

Commissioner Blumreich departed at 10:36 a.m.

16) Update of projects:

a) Resource Recovery and Electrical Energy (R2E2)

B. Angoli reported the contractor and subcontractor prequalification documents are being finalized. He stated contractors requiring prequalification are general, mechanical, electrical, and process instrumentation and control system firms. He stated prequalification of general contractors, major subcontractors, and other subcontractors providing more than \$500,000 in work will provide assurance that the contractors have the resources for a contract of this magnitude. Subcontractors providing less than \$500,000 in work are not required to prequalify.

b) Primary Switchgear and Utility Relocation (R2E2 – Contract 33)

B. Brown reported the concrete and conduit work associated with all duct banks is almost complete, as is the bulk of the underground work. He stated the switchgear building is in place and the remaining work on the structure will be delayed until the switchgear equipment has been installed. Staff anticipates delivery of the switchgear equipment within the next two weeks.

c) West Tower Drive Interceptor Relocation – Bayview Interceptor Slip-lining

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N. Qualls reported there have been great results in the slip-lining work. He stated the pipe is in place and the project is ahead of schedule. He stated the contractors are working on the final details of the grouting of the annular spaces between the pipes. He reported the lead bypass pump failed so the backup pump was used. The contractor has removed the failed pump and secured a third pump for backup purposes.

17) Operation report:

- a) Effluent quality for August**
- b) Air quality for August**

P. Wescott reported both facilities were in full compliance with effluent and air quality limits for August.

c) Environmental release at De Pere Facility

P. Wescott reported there was an environmental release at the De Pere Facility (DPF) on September 12. He reviewed the events that took place on September 12 and the corrective actions that have been put in place.

Commissioner Hasselblad stated NEW Water issued a press release immediately, as required under NEW Water's permit.

Commissioner Mainz department at 10:46 a.m.

18) Executive Director's report:

a) October Commission meeting

The October Commission meeting will be held on Wednesday, October 22, 2014, beginning at 8:30 a.m.

b) Recognition of 20, 25, and 30 year service anniversaries

At the employee appreciation luncheon in August, several employees were recognized for reaching significant service milestones: Mike Erschnig (20 years); Matt Grassel (25 years); and Jeff Czypinski, Jack Lagina, Jean Van Sistine, Chris Thompson, Bob Zepnick, and Bruce Bartel (30 year). Congratulations.

c) Closed Sessions Under Wisconsin's Open Meeting Law

A copy of an article from the July 24 issue of The Municipality titled "Closed Sessions Under Wisconsin's Open Meeting Law" was included in the Commission packet.

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d) NEW Water receives National Videographer Award of Distinction

Through Tricia Garrison's efforts, NEW Water received the National Videographer Award of Distinction from the Association of Marketing and Communication Professionals for the video "A Pig's Tale." The video took a very complicated issue and made it easy for the public to understand and also added humor to it.

There being no further business to come before the Commission, the meeting adjourned at 10:50 a.m.

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Secretary