

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held December 4, 2014.

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

ALSO PRESENT: T. Sigmund, P. Kaster, P. Wescott, B. Hafs, N. Qualls, T. Brown, M. Diaz, B. Angoli, B. Brown, L. Sarau, J. Maas, E. Wilcox, B. Bartel, J. Cypinski, T. Garrison, M. Urbancic, M. Erschnig, J. Van Sistine, J. Nicks–Legal Counsel; B. Brown–CH2M HILL; S. VandenAvond, C. Berndt, and B. Dennis–Village of Allouez; M. Heckenlaible–City of Green Bay

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

1) Budget hearing.

T. Sigmund stated written comments and questions received from NEW Water, the brand of the Green Bay Metropolitan Sewerage District, customers regarding the 2015 budget were included in the Commission packet, along with the Executive Director's written responses. He reviewed the 2015 draft budget as follows:

- NEW Water 2020 Vision
- NEW Water 2015 Budget Drivers
- Flows and Loads
- 2015 Proposes Expenses
- 2015 O&M Expenses
- 2015 Revenues
- Municipal Rate
- 2015 Budget Summary
- 2015 Budget Summary – O&M
- 2015 Budget Summary – Capital

He stated that staff believes this budget is a reasoned balance of spending to meet its obligations for environmental compliance, maintain its capital assets, and deliver the high level of service expected by its customers. Staff also believes the investment in retaining and developing its highly skilled workforce is appropriate to meet its obligations and respectfully submits the budget duly noticed in the newspaper on November 19, 2014 for consideration and adoption by the Commission.

Commissioner Hasselblad stated this has been a five-month budget process, beginning in August. She asked if the Commissioners had any questions regarding the proposed budget.

Commissioner Hasselblad opened the hearing to those who would like to speak concerning the proposed budget.

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S. VandenAvond, Village of Allouez President, stated that he is on the Allouez Board, which its members are elected. He understands reviewing of budgets and the tough decisions that need to be made. He stated during the past few years the communication from NEW Water has become increasingly efficient and productive. He stated there are still some issues that he feels are problematic. He stated NEW Water was still issuing raises to its employees at a time when most municipalities including Allouez were at zero percent increases. He stated that is only a small part of the budget and it wasn't about the money, but the purpose of NEW Water and its Commission. He stated NEW Water is a government utility, but the Commissioners are appointed and not elected. He stated there is a disconnect between the public and NEW Water, and the municipalities are in the middle. The municipalities have to explain to their residents why their rates are going up and account for the decisions that NEW Water's Commission makes. He strongly believes there needs to be a municipal customer on NEW Water's Commission to get a real sense of what it is like to be in the middle position. He stated NEW Water has an engagement problem, which is not unique to its Commission. One resident attended Allouez's final budget meeting. He stated having meetings at 8:00 or 8:30 a.m. on weekdays is not conducive for people being able to attend. He suggested adding a meeting or changing the meeting time to when people can attend. He strongly recommended that NEW Water add Commissioners' contact information on its website, because the Commission needs to be responsible for the decisions it makes. He stated the impact of BOD and commercial/industrial customers that are pre-treating have an effect on the rates. He asked what can be done to help maintain NEW Water's current customer base or increase the customer base. Thank you.

C. Berndt, Village of Allouez Director of Public Works, stated a letter was submitted in October containing comments from a few Public Works Directors (PWDs). The letter expressed concern that the \$6 - \$7 million that was to be set aside from years 2012, 2013, and 2014 for the R2E2 Project, appears that only half of that money will be set aside due to other factors in the budget. This means the municipalities will have to pay for those funds twice. He asked that NEW Water have a budget workshop next year with the PWDs, so they can have a better understanding of the budget and get their questions answered. Over the last couple of years the PWDs appreciate the improved communication, and involvement in the rate methodology and billing process. The PWDs ask that NEW Water be as thrifty and as cost conscious as it can. He stated the October financials show favorable amounts in operating revenues, operating costs, and net income. Does or should that impact the rate for next year? He stated actual operating performance needs to be an important part of the budget process because it can influence how the rates are set. He stated in budget discussions this year, NEW Water staff indicated the substantial rate increases for the R2E2 Project may be extended over the projected five years. The PWDs asked that the Commission keep the rate increases to five years. He stated extending the rate increase to a sixth year would be a very significant impact to the municipal customers and their residents. Thank you.

Commissioner Hasselblad asked if there is anyone else who would like to speak.

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Commissioner Mainz complimented Allouez staff for the statements they made and having a Director of Public Works that is very active in what Allouez is doing. He stated the Department of Natural Resources (DNR) will be issuing new, stringent regulations. He hopes the communities will support NEW Water in getting reasonable regulations within the state of Wisconsin.

Commissioner Hasselblad asked for any other comments.

B. Dennis, Village of Allouez Elected Trustee, thanked the Commissioners for all that they do. He stated NEW Water needs to improve its public awareness. The R2E2 Project is coming up and people have no concept of what it is, and it is a huge part of NEW Water's budget. NEW Water needs to communicate that better to the average person who is going to be paying for it. Thank you.

Commissioner Hasselblad stated the Commission appreciates your comments. She stated NEW Water is mandated by the DNR and the Environmental Protection Agency to meet regulations for each parameter. She stated technology is becoming increasingly expensive, and there is a direct correlation between the mandates and the rates. NEW Water recognizes the pinch point the municipalities are under and that NEW Water is under as well.

Commissioner Tumpach stated that when he was appointed to the Commission a couple of years ago the topic of an evening meeting was discussed. One of the counter points was that having a meeting during the day would be easier for municipal employees to attend. He asked Allouez staff what would be a good time to attend a meeting. S. VandenAvond replied Allouez staff attends meetings in the evenings. He stated most people work during the day and will not take time off to attend an 8:30 a.m. meeting. He stated if NEW Water is looking to attract more people, an evening meeting would be most convenient.

Commissioner Tumpach stated NEW Water has done a lot of communication outreach, especially during the R2E2 process. People do not show up for the meetings. He stated one of the complaints brought up this morning is that NEW Water could do a better job at outreach. He asked what NEW Water can do better. B. Dennis stated having a press conference on what is going on at NEW Water is great, but it won't be successful. He stated that Allouez has learned through communication in recent years that people are not going to use limited time with their families to attend meetings. Allouez staff goes out to the people, whether it is in the grocery store or nursing home.

Steve VandenAvond stated people don't come out unless it affects them personally. Allouez has trouble engaging people as well. He stated the rates are going to affect people for the next few years so you would expect this room to be full.

T. Sigmund stated NEW Water has held meetings at the Village of Allouez, Village of Ashwaubenon, and various libraries. Sometimes people show up and sometimes they don't.

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Commissioner Hasselblad stated NEW Water's customers are the municipalities, and engagement with the PWDs and Board members is very important. Getting the information out to the general public as you know is very difficult, particularly when things have gone well for a very long time. She stated the approach from the general public has been the less we know the better off we are.

C. Berndt suggested developing a one-page flyer focusing on costs and justifications for the R2E2 Project.

B. Dennis stated that they have sent information to schools, because kids will talk about it and they are the future customers. He stated it is a small way to communicate and build support.

Commissioner Hasselblad stated NEW Water has efforts ongoing in the school system and many students tour NEW Water's facility.

Commissioner Hasselblad asked if there are any other comments. Hearing none, the public hearing closed at 9:13 a.m.

2) **Budget adoption.**

Motion #14-081

It was moved by Blumreich, seconded by Mainz, and unanimously agreed to adopt the 2015 budget as published.

3) **Approval of minutes of Commission meetings held October 22 and November 11, 2014.**

Motion #14-082

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to approve the October 22 and November 11, 2014 minutes as distributed.

4) **Election of Officers.**

T. Sigmund stated that he received one nomination for Kathryn Hasselblad to remain as President and Jim Blumreich as Secretary for 2015.

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Motion #14-083

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to keep the slate of officers the same for 2015.

5) **October financials.**

M. Diaz reported total operating revenues for the month of October were favorable to budget by \$308,000. She stated year to date total operating revenues were favorable to budget by \$2,500,000 due to additional revenue received from septage from the three cheese facilities and more precipitation received than budgeted. She reported total operating expenses for the month of October were favorable to budget by \$83,000 due to less expenditure than budgeted from chemicals, maintenance interceptors, and salaries & benefits. Year to date total operating expenses were favorable to budget by \$1,200,000 or 7%. Leading the favorable results were salaries and benefits, contracted services, maintenance plant, and power.

Commissioner Hasselblad asked staff how the November and December financials will be. M. Diaz replied with contracted services it is the timing of invoices and projects not yet started. She stated depreciation with projects will be factored in at the end of the year. T. Sigmund stated the yearly audit is done in March, which will determine if there is net income above expenses. If there is net revenue over expenses, it will fund the R2E2 Project and any money above that would go into the rate stabilization reserve under Commission direction. He stated no money has gone into the rate stabilization reserve in the last three years.

6) **Request Commission approval to engage CliftonLarsonAllen LLP for the 2014 and 2015 financial audits.**

M. Diaz stated in 2013 staff submitted a Request for Proposal (RFP) to four financial audit firms, and CliftonLarsonAllen LLP was selected with a yearly renewal. She requested Commission approval to retain CliftonLarsonAllen for the 2014 and 2015 audit of financial statements based upon governmental experience, and knowledge and experience with NEW Water.

Commissioner Mainz asked if the Commission had already approved this request. T. Sigmund replied staff requested a three-year price quote from CliftonLarsonAllen, but the Commission only approved the 2013 financial audit.

Commissioner Mainz asked when a new RFP will be sent out. M. Diaz replied a RFP will be sent out in 2016 for the 2016 audit.

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Motion #14-084

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to engage CliftonLarsonAllen LLP for the 2014 Audit of Financial Statements with renewal of audit services for 2015, upon satisfactory approval of services by NEW Water staff, in the amount of \$26,055 with a 10% contingency under the authority of the Executive Director for a total amount of \$28,661.

7) Presentation on the 2014 Silver Creek Watershed Project.

B. Hafs introduced Brent Brown, Manager from CH2M HILL, who will give a progress update and planning for 2015 on the Silver Creek Watershed Project.

B. Brown gave a presentation on the design and implementation of an Adaptive Management Pilot Project for the Silver Creek Watershed, as follows:

- Background
- Purpose
- Example Pilot Project Goals
- Planning for Success
- The Reality of Success
- Accomplishments in 2014
- Plans for 2015 – The Year of Planning
- 2015 Optional Tasks
- Example Considerations for a Full Scale Adaptive Management
- Questions

The Commission thanked Mr. Brown for his presentation.

8) Request Commission approval of Amendment No. 2 to the Agreement for the Design and Implementation of an Adaptive Management Pilot Project for the Silver Creek Watershed.

B. Hafs stated Mr. Brown reviewed the highlights and accomplishments for 2014. He reported two grants were received from the Natural Resources Damage Assessment US Fish and Wildlife Service in the amount of \$100,000 and Ducks Unlimited in the amount \$140,000, which will be applied to the project. He reviewed the proposed work scheduled for 2015 – 2018, and the proposed scope of work for Amendment No. 2. He stated that staff is very pleased with the work performed by CH2M HILL in 2014, and CH2M HILL was effective in all phases of project management. He stated Amendment No. 2 includes an optional task for an Adaptive Management Scale-Up Strategy Review in the amount of \$40,000.

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B. Hafs requested Commission approval of Amendment No. 2 to the Agreement for the Design and Implementation of an Adaptive Management Pilot Project for the Silver Creek Watershed and to include the Adaptive Management Scale-Up Strategy Review for a total amount of \$342,595.

T. Mainz asked if the amount includes the grant money. B. Hafs replied no. He stated there are organizations contributing money and providing staff to this project.

Commissioner Mainz stated that he is very excited and supportive of this project. He asked staff to provide the Commission with an estimated gross cost for the project next year from all involved, including salaries.

Motion #14-085

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to approve Amendment No. 2 to the Agreement for the Design and Implementation of an Adaptive Management Pilot Project for the Silver Creek Watershed in the amount of \$271,450 and Exhibit C (Option 1) Adaptive Management Scale-Up Strategy Review in the amount of \$40,000 and a 10% contingency of \$31,145 under the authority of the Executive Director for a total authorized amount of \$342,595.

9) Request Commission approval of the revisions to the Human Resources and Benefits Manual.

T. Brown distributed copies of an additional change to the manual, which was emailed to the Commission on Wednesday. She stated the documents provided in the Commission packet were: the major policy/procedure changes document that highlighted the significant changes, copy of the updated document with all changes tracked, and a clean copy of the updated 2015 Human Resources and Benefits Manual. She reviewed the major changes, as follows:

- Section 5.0 – Types of Employment
- Section 16.0 – Overtime
- Section 25.0 – Personal Time Off
- Section 42.1 – Emergency Unpaid Leave of Absence
- Section 42.2 – Non-Emergency Unpaid Leave of Absence
- Section 43.0 – Jury Duty
- New Section 21.0 – Telephone Calls While Off Duty (Nonexempt Employees Only)
- New Section 36.0 – Dress Code and Personal Appearance
- New Section 30.5 – Voluntary Vision Insurance
- Section 23.0 – Partial Day Absences (Exempt Employees Only)

T. Brown requested Commission approval of the revisions to the manual as presented.

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Commissioner Hasselblad asked how this information will be disseminated to the employees. T. Brown replied some of the information has already been presented to the employees. She stated the employees will receive the major policy/procedure changes document highlighting the major changes and an employee briefing will be held.

J. Nicks stated Godfrey & Kahn's full time labor lawyer conducted a high level review of the manual. He stated the manual has been around for a long time and over time it has been looked at by Godfrey & Kahn on a policy basis. He stated with respect to this, it has his approval.

Motion #14-086

It was moved by Blumreich, seconded by Hoffmann, and unanimously agreed to approve the revisions to the Human Resources and Benefits Manual. (See Commission File #14-004)

10) Request Commission approval to close out the Pump Station Transformer Relocation and MCC-B7 Replacement Contract No. 13-021-CO and issue final payment to Howard Immel, Inc.

L. Sarau stated this project has been completed in accordance with the contract documents. She stated the contractor and sub-contractor for this project were very easy to work with and responsive. She requested Commission approval to close out the Pump Station Transformer Relocation and MCC-B7 Replacement Contract No. 13-021-CO and issue final payment.

Motion #14-087

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to close out the Pump Station Transformer Relocation and MCC-B7 Replacement Contract 13-021-CO and issue final payment of \$29,368.49 to Howard Immel, Inc.

11) Sewer plan approvals:

a) Village of Ashwaubenon V0034-930475; GBMSD Request 2014-13

B. Angoli reported the Village of Ashwaubenon is requesting 460 ft. of 8-inch sewer for the third addition to Meadow Springs.

b) Town of Ledgeview C-2014; GBMSD Request 2014-14

B. Angoli reported the Town of Ledgeview is requesting 1,300 ft. of 12-inch sewer along CTH GV to CTH X, which would be tributary to the Swan Road Interceptor. He stated both sewer plans would be subject to favorable review by Brown County Planning and final approval by WDNR.

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Motion #14-088

It was moved by Meinz, seconded by Blumreich, and unanimously agreed to approve the Village of Ashwaubenon V0034-930475 and Town of Ledgeview C-2014 sewer plans subject to favorable review by Brown County Planning and final approval by the WDNR.

12) Update of projects:

a) Resource Recovery and Electrical Energy (R2E2)

B. Angoli reported the project is moving along very well. He stated within the next two weeks staff will have the 90% document to review. He stated the DNR should be sending out the construction air permit for public comment within the next few weeks.

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

B. Brown reported construction work for Contract 33 continues to go well. The focus over the last reporting period was to complete as much of the temperature dependent work as possible. He stated the Switchgear Building is nearly finished except for the steel roof. He stated the Storage Building went up fairly quickly. The doors and louvers should be installed within the next month or so. He stated the asphalt paving and site grading were finished in early November and most of the cable pulling is done. The project is in the termination and testing phase for wiring and equipment, and compiling change orders for various project modifications is a priority.

c) Air compliance update

J. Maas reported on the recent series of stack tests on Incinerator No. 1. She stated NEW Water tested for the long standing permit requirement for particulate matter required every two years and included testing related to the new Sewage Sludge Incinerator Rules that established a new set of emission limits for the multiple hearth incinerators. She stated the rule states that NEW Water is able to perform its initial compliance testing within two years before the compliance deadline, which is March 2016. The test results showed that NEW Water did perform within the limits for all pollutants, so NEW Water can expect to be in compliance for those couple of years that overlap while the new incinerators are being installed. She stated Incinerator No. 2 testing is scheduled for next summer.

Commissioner Hasselblad asked if staff is concerned about nitrogen oxides (NOx). J. Maas replied the NOx historical test results show that NEW Water has been very close to the compliance limit. She stated the rule states regulated facilities need to meet specific emission limits, but it does not say how to achieve that. Facilities need to establish their own operating limit for minimum combustion temperature. The limit is set during stack testing, so the stack tests must be run with low incinerator temperatures. She stated NOx levels correlate directly with temperature, and running the incinerator temperatures on the low end during the stack tests resulted in NOx emissions that were below the new limits.

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13) Operation report:

a) Effluent quality for October

P. Wescott reported both facilities were in full compliance with effluent limits for October.

b) Air quality for October

P. Wescott reported there were two bypass damper openings on Incinerator No. 2, resulting in a deviation notification to the WDNR. He stated a positive internal furnace pressure reading occurred due to a plugged line, causing the emergency bypass damper to open for two minutes. He stated the sensing line is scheduled to be cleaned every Monday, but the line plugged on Saturday. The operating staff reset and closed the emergency bypass damper and the sensing line was cleaned out. The second bypass damper opening was caused by corrosion in a gas line. He stated the sensor was replaced about a year ago. Maintenance staff replaced the failed equipment and inspected the instrument lines for air leaks. Staff found a section of stainless piping that was replaced within the last two years that had pinhole air leaks in it. Staff will replace the stainless pipe.

Commissioner Mainz asked what type of stainless steel is used. P. Wescott replied 316 grade of stainless is preferred. Staff will follow up to find out where NEW Water purchased the fitting and the grade of stainless.

Commissioner Mainz stated that staff should look at the true metal or GL.

14) Executive Director's report:

a) Confirm cancellation of December 17, 2014 Commission meeting

There is a Commission meeting scheduled for December 17. Staff does not have any items to put on that agenda and would like to confirm with the Commission that staff can cancel the December 17 meeting. The Commission confirmed the meeting is canceled.

b) January Commission meeting

The January Commission meeting will be held Wednesday, January 28, 2015, beginning at 8:30 a.m.

c) NEW Water's holiday celebrations

The NEW Water internal holiday luncheon is today at 11:30 a.m. and Commissioners were invited. The external holiday party will be held on December 12 at 5:30 p.m. at the Riverside Ballroom.

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d) Draft 2015 Commission meeting schedule

A proposed 2015 Commission meeting schedule was provided in the Commission packet. At the January meeting the Commission can discuss the November and December meeting dates.

e) Disclosure of Related Party Transactions

The Commission is required to sign the Disclosure of Related Party Transactions form per the State Statutes.

f) NACWA's 2015 Winter Conference

NACWA's Winter Conference will be held February 1 – 4, 2015 in Charleston, SC. The theme of the conference is "Heading Upstream: Ushering in an Era of Collaboration for Water Quality Gains." The issue of what NEW Water is doing with Adaptive Management will come up at the conference. The summer meeting will be held July 12 – 15, 2015 in Providence, RI. T. Sigmund encouraged Commissioners to attend one of these meetings.

g) Testimony to Senate Water and Wildlife Subcommittee of the Environment and Public Works Committee

On behalf of NEW Water and NACWA, T. Sigmund provided testimony on December 2 to the U.S. Senate Water and Wildlife Subcommittee on "Innovations and the Utilities of the Future: How Local Water Treatment Facilities are Leading the Way to Better Manage Wastewater and Water Supplies." The hearing went well. Written testimony was also submitted into the record to a Senate Agriculture Nutrition & Forestry Committee hearing held on December 3 and the topic was "Farmers and Fresh Water: Voluntary to Protect our Lands and Water."

h) Wisconsin Section of the Central States Water Environment Association 2014 Operations Award

Bruce Bartel was awarded the 2014 Operations Award for the Wisconsin Section of the Central States Water Environment Association. Congratulations and well deserved.

i) Whole Effluent Toxicity Testing results

E. Wilcox reported on the toxicity testing that was completed this year at the De Pere and Green Bay Facilities. She stated acute and chronic tests were done and all values were acceptable. NEW Water is within compliance and will be testing every year with its permit for the next five years. She stated NEW Water will sample again between July and September 2015.

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Commissioner Mainz asked if this testing is required by NEW Water's permit. E. Wilcox replied yes. Commissioner Mainz suggested that staff develop a spreadsheet containing a list of permit requirements and responsible parties.

j) Staff promotions

Jake Becken was promoted from an Operator to Operations Trainer, and Aaron Eichhorst was promoted from an Operator to Treatment Leader. Congratulations to both individuals.

T. Sigmund acknowledged Trisha Garrison and NACWA staff for their assistance in the written testimony to the U.S. Senate Water and Wildlife Subcommittee.

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

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Secretary