

# GREEN BAY METROPOLITAN SEWERAGE DISTRICT

## PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held August 22, 2012.

**PRESENT:** Commissioners Alesch, Hasselblad, Mainz, Blumreich, and Tumpach

**ALSO PRESENT:** T. Sigmund, P. McCarthy, P. Kaster, P. Wescott, M. Diaz, M. Pierner, W. Angoli, N. Qualls, J. Christ, J. Czynski, M. Urbancic, B. Bartel, J. Kennedy, R. Krause, B. Vander Loop, M. Erschnig, B. Brown, T. Garrison, L. Frisch, J. Nicks–Legal Counsel; M. Deprey–Town of Scott; E. Rakers–City of De Pere; C. Berndt–Village of Allouez; C. Malesky–Red Oak Consulting; S. Dettmann–Carlson Dettmann Consulting

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

**1) Approval of minutes of Commission meetings held July 25 and August 13, 2012.**

**Motion #12-050**

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to approve the July 25 and August 13, 2012 minutes as distributed.

**2) July financials.**

M. Diaz reported operating revenues for the month of July were 11% unfavorable to budget due to less flow received than anticipated. Year to date operating revenues were 9% unfavorable to budget. She reported operating expenses for the month of July were favorable to budget by \$280,000 as a result of less expenditures from contracted services, chemicals, and solid waste disposal. She reported year to date operating expenses were favorable to budget by \$1.8 million as a result of lower than planned expenditures from power, contracted services, and solid waste disposal. Net income for the month of July was \$170,000 as a result of less operating expenditures than budgeted.

Commissioner Hasselblad asked if contracted services will remain favorable at year end. M. Diaz replied staff is projecting yes.

Commissioner Alesch stated that staff is projecting to be unfavorable at year end. M. Diaz replied the projections show unfavorable by \$1 million.

**3) Introduce new employees:**

**a) Bob Brown, Staff Engineer**

W. Angoli introduced Bob Brown, GBMSD's new Staff Engineer. He stated Mr. Brown will be helping with the R2E2 Project as well as other projects.

## GREEN BAY METROPOLITAN SEWERAGE DISTRICT

08/22/12

Cont'd

### PROCEEDINGS OF THE COMMISSION

B. Brown thanked the Commission for approving his position. He stated that he received his Bachelor's of Science Degree in Agricultural Engineering from UW-Madison and his Master's of Science Degree in Engineering Management from the Milwaukee School of Engineering. He previously worked at MSB Corporation in Kaukauna, was the Engineering Manager at Pfeifer Brothers Construction Company, and held several positions at Dean Foods. He stated GBMSD staff has been supportive, is competent, and the orientation process is the best he has seen.

The Commission welcomed him.

#### **b) Tricia Garrison, Communications and Education Coordinator**

P. Kaster introduced Tricia Garrison, GBMSD's new Communications and Education Coordinator.

T. Garrison stated that she is a De Pere native and her grandfather, Bob Deering, worked at GBMSD for many years. She stated that she recently relocated from Budapest, Hungary. She has 20 years of varied and valuable experience in communications. She began her career as a newspaper journalist and moved into public relations and communications for organizations including Habitat for Humanity, the Clinton Foundation, and the Smiling Hospital Foundation. She stated that it is great to be here.

The Commission welcomed her.

#### **4) Performance based pay program.**

J. Christ stated that she has periodically provided the Commission with updates regarding the current pay delivery system. She stated an action plan and timetable was developed to move toward a performance based pay approach. She introduced Scott Dettmann from Carlson Dettmann Consulting to summarize the action taken to date and the steps needed to implement the performance based pay delivery approach effective January 2013.

S. Dettmann stated that he has been involved with GBMSD for 10 years. He stated the intent is to transition the current pay delivery method to one that more closely resembles performance based pay programs found in the private industry.

S. Dettmann stated such programs provide pay increases on the basis of individual employee's merit and the employer's ability to pay. The plan is to first look at the pay structure for exempt salaried employees only. The plan is as follows:

## GREEN BAY METROPOLITAN SEWERAGE DISTRICT

08/22/12

Cont'd

### PROCEEDINGS OF THE COMMISSION

- Maintain the current spread of rates between minimum and midpoint for nonexempt staff at 15%.
- Maintain the current method of providing pay increases for exempt staff paid between the minimum and midpoint of their salary range.
- Expand the range width for all exempt salary ranges an additional five percent above midpoint (from the current 15% to 20%).
- Moving forward, once exempt personnel have achieved the midpoint of their pay range using the current pay progression methodology, they would then switch to the performance based pay model to determine proper positioning of pay thereafter.
- Provide practical limits to pay progression, based on long-term work performance such that the change in pay delivery does not increase the cost of payroll to the organization in the aggregate.

S. Dettmann stated the change(s) will cause a re-allocation of individuals throughout the upper portion of each pay range over time, based on measured work performance, as opposed to time spent in the position. In all cases, pay increases will continue to be predicated on an employee achieving at least a satisfactory level of work performance.

Commissioner Hasselblad asked if it is a step progression. S. Dettmann replied yes, the intent is to keep the step progression until reaching the midpoint.

Commissioner Mainz asked if an employee is eligible for an increase at the beginning of a new year, is there an allotted amount of money available. S. Dettmann replied yes, there is a budgeted amount.

Commissioner Mainz asked if other municipalities use this program. S. Dettmann replied there are several programs that resemble this due to Act 10, but the exact configuration is unique to this organization. He stated the Madison Metropolitan Sewerage District is using a system similar to GBMSD's current system.

Commissioner Alesch asked about the nonexempt staff. J. Christ stated for now their pay system will remain the same.

Commissioner Blumreich commented that NWTC sends out a list of questions to superiors and counterparts asking for a rating on a scale of 1-5, and also receives comments on employee's strengths and areas in need of improvement. He stated this is the most valuable feedback and it shows how the organization values its employees. S. Dettmann stated that he would like to discuss this further with Commissioner Blumreich.

## GREEN BAY METROPOLITAN SEWERAGE DISTRICT

08/22/12

Cont'd

### PROCEEDINGS OF THE COMMISSION

Commissioner Alesch asked if the Commission is comfortable with staff proceeding.

Commissioner Mainz stated that he has questions regarding the extra 5% and would like to schedule another Commission meeting to discuss further.

Commissioner Alesch suggested getting feedback from staff. He congratulated staff for moving forward. He stated that he expects the Commission to receive proposals and samples to review and have further discussions prior to taking action on this matter.

The Commission thanked Mr. Dettmann.

#### 5) **Rate methodology discussion.**

P. Kaster introduced Carol Malesky from Red Oak Consulting.

C. Malesky distributed handouts for the presentation and thanked the Commission for filling out the questionnaire. She stated the primary goal and key objectives of the study are to make sure rates are equitable and defensible, sufficient rate revenue, comply with regulations, community acceptance, and buy-in from stakeholders is important.

C. Malesky gave a brief overview, as follows:

- Project Scope of Services
- Project Schedule
- Key Considerations
- Potential Changes to Achieve Objectives
- Rate Structure – Revenue Stability

Commissioner Alesch stated that he would like to see computer simulations of what other organizations are using. He asked if Red Oak Consulting is equipped to do that. C. Malesky replied yes. She stated that she will be reporting back to the Commission in October and November 2012, and March 2013.

Commissioner Hasselblad commended Ms. Malesky on an excellent presentation.

#### 6) **Request Commission approval of the Risk Based Asset Management Phase II contract.**

## GREEN BAY METROPOLITAN SEWERAGE DISTRICT

08/22/12

Cont'd

### PROCEEDINGS OF THE COMMISSION

P. Kaster stated the Risk Based Asset Management (RBAM) Phase II was presented at the September 2011 Commission meeting and was approved in the GBMSD 2012 budget. In February 2012, the RBAM strategic initiative was transferred to the Operations Division. A contract with Malcolm Pirnie, Inc. was initiated in the amount of \$200,000 based upon the 2012 budgeted amount. He requested Commission approval of the RBAM Phase II contract with Malcolm Pirnie, Inc. in the amount of \$200,000.

Commissioner Alesch asked for clarification on the benefits of RBAM. P. Kaster replied RBAM looks at assets from a conditionality and criticality perspective. RBAM will also assist GBMSD with its short and long-term capital needs.

Commissioner Alesch asked about the process. P. Kaster replied the initial process for RBAM is to use Malcolm Pirnie for Phase I and II and GBMSD staff will look at the process long-term.

T. Sigmund stated RBAM is providing the desired level of service at the lowest cost.

Commissioner Mainz asked if it helps assess the spare parts on hand. M. Erschnig replied yes, it will designate what is critical.

#### **Motion #12-051**

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to approve the Risk Based Asset Management Phase II contract with Malcolm Pirnie, Inc. in the amount of \$200,000.

#### **7) Request Commission approval of the 2012 Interceptor Sewer Cleaning, Televising & Sealing Project 12-011.**

M. Pierner reported the proposal was based on a unit price basis. He stated that since GBMSD acquired the De Pere Facility (DPF) and associated interceptors, the cost to inspect 1/5 of the interceptor system now exceeds the Executive Director's specific line of authorization of \$100,000, thus requiring Commission approval. He requested Commission approval to award the 2012 Interceptor Sewer Cleaning, Televising & Sealing Project 12-011 to Great Lakes TV Seal Inc. in the amount of \$116,369.50.

#### **Motion #12-052**

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to approve the 2012 Interceptor Sewer Cleaning, Televising & Sealing Project 12-011 to Great Lakes TV Seal Inc. in the amount of \$116,369.50.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

08/22/12

Cont'd

**PROCEEDINGS OF THE COMMISSION**

**8) Request Commission approval to award the West Tower Drive Interceptor Relocation Project 10-621 to PTS Contractors, Inc.**

M. Pierner requested approval to award the West Tower Drive Interceptor Relocation Project to PTS Contractors, Inc. in the amount of \$6,678,202.50 and a 10% contingency of \$667,820.50 to be administered under the authority of the Executive Director for a total amount of \$7,346,023 subject to approval by the Wisconsin Department of Natural Resources (WDNR).

Commissioner Mainz asked if GBMSD will get 90% reimbursement from the Wisconsin Department of Transportation (WDOT). M. Pierner replied yes. Commissioner Mainz asked if the WDOT pays in a timely manner. M. Pierner replied yes.

**Motion #12-053**

It was moved by Mainz, seconded by Blumreich, and unanimously agreed to award the West Tower Drive Interceptor Relocation Project 10-621 to PTS Contractors, Inc. in the amount of \$6,678,202.50 and a 10% contingency under the authority of the Executive Director for a total amount of \$7,346,023 subject to approval by the WDNR.

**9) Request Commission approval for Robert E. Lee & Associates, Inc. to provide construction related engineering services for the West Tower Drive Interceptor Relocation Project 10-621.**

M. Pierner requested approval to authorize Robert E. Lee & Associates to provide construction related engineering services for the relocation of the West Tower Drive Interceptor in the amount of \$521,780 and requested approval of a 5% contingency in the amount of \$26,089 to be administered under the authority of the Executive Director.

Commissioner Alesch asked for clarification of the difference between construction observation and administration. M. Pierner replied that observation is the inspection work done on the project and the administration is the office work related to contract details of shop drawing review, specification interpretations, payment processing, change order processing, and other related matters. Commissioner Alesch stated that he would like it to be changed to inspection.

Commissioner Blumreich asked about the insurance limits Robert E. Lee & Associates is required to carry and if the \$1,000,000 liability listed is enough. M. Pierner replied that Robert E. Lee & Associates actually carries a \$5,000,000 umbrella for liability and \$2,000,000 for professional liability. The Commission asked J. Nicks to review this matter further. J. Nicks replied that he would review the agreement language.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

08/22/12

Cont'd

**PROCEEDINGS OF THE COMMISSION**

Commissioner Mainz asked if GBMSD receives certificates of insurance. M. Pierner replied yes, GBMSD receives a certificate of insurance before a draw or payment is made.

Commissioner Alesch would like to have an additional discussion at a future meeting regarding risk and required insurance.

**Motion #12-054**

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to approve Robert E. Lee & Associates to provide construction related engineering services in the amount of \$521,780 and a 5% contingency under the authority of the Executive Director for a total amount of \$547,869 subject to review of agreement review by GBMSD's legal counsel.

**10) Request Commission approval to award the construction contract for the HVAC & Lab Upgrades Project 11-056-CO to Miron Construction Co., Inc.**

N. Qualls reported that five bids were received for the HVAC & Lab Upgrades Project and Miron Construction Co., Inc. was the low bidder. He stated Somerville, Inc. reviewed the bids and recommends the contract be awarded to Miron Construction Co., Inc.

Commissioner Alesch questioned why the cost was so high. N. Qualls replied due to the aging equipment and to become more energy efficient.

Commissioner Mainz asked if agenda items 10 and 11 are within budget. N. Qualls replied yes.

**Motion #12-055**

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to award the construction contract for the HVAC & Lab Upgrades Project 11-056-CO to Miron Construction Co., Inc. in the amount of \$2,331,860 and a 10% contingency under the authority of the Executive Director for a total amount of \$2,564,860.

**11) Request Commission approval to award the construction related services contract for the HVAC & Lab Upgrades Project 11-056-CS to Somerville, Inc.**

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

08/22/12

Cont'd

**PROCEEDINGS OF THE COMMISSION**

**Motion #12-056**

It was moved by Hasselblad, seconded by Mainz, and unanimously agreed to award the construction related services contract for the HVAC & Lab Upgrades Project 11-056-CS to Somerville, Inc. in the amount of \$133,972 and a 10% contingency under the authority of the Executive Director for a total amount of \$147,372.

**12) Disinfection System Facility Plan update.**

N. Qualls reported there are concerns with the age and future direction for the existing disinfection systems at both the Green Bay Facility (GBF) and the DPF. He stated the DPF UV system is a top priority because of the high maintenance costs and reliability concerns of the existing system.

Commissioner Alesch asked if this means there is no disinfection back up at the DPF. N. Qualls replied that is correct. Commissioner Alesch asked if this is a good idea. T. Sigmund replied if both WPS power feeds are lost to the DPF, the primary concern will become influent pumping since all flow is pumped into the facility from the interceptor system. An agreement with Fabco to provide backup power to the facility is in development.

**13) Request Commission approval for CDM Smith, Inc. to provide engineering design services for the De Pere Facility UV Disinfection System Expansion Project 11-050-DS.**

N. Qualls stated that it is important that GBMSD utilizes CDM Smith, Inc. for the design phase to ensure continuity with the Facility Plan and timely construction of the new DPF UV system. The goal is to be up and running by the start of the 2014 disinfection season.

Commissioner Mainz asked if staff looked at more than CDM Smith, Inc. at the time of selection of the consultant for the Facility Plan. N. Qualls replied yes, there were four firms. Commissioner Mainz asked if this is within budget. N. Qualls replied yes. Commissioner Mainz stated that he is concerned with the consultant providing GBMSD with a contract to sign and that GBMSD should develop its own agreement. Discussion ensued regarding consulting contracts. J. Nicks replied the R2E2 Project is a GBMSD contract.

Commissioner Alesch stated that GBMSD contracts need some provisions and characteristics.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

08/22/12

Cont'd

**PROCEEDINGS OF THE COMMISSION**

**Motion #12-057**

It was moved by Blumreich, seconded by Hasselblad, and unanimously agreed to approve CDM Smith, Inc. to provide engineering design services for the De Pere Facility UV Disinfection System Expansion Project 11-050-DS in the amount of \$394,300 and a 10% contingency under the authority of the Executive Director for a total amount of \$433,300.

**14) Update of projects:**

**a) Resource Recovery and Electrical Energy (R2E2)**

W. Angoli reported that a stakeholder meeting was held July 26 to provide an update on the R2E2 Project.

Commissioner Hasselblad asked how many participants attended the July 26 meeting. W. Angoli replied about a dozen.

**b) Air issues update**

J. Kennedy reported on the most recent stack testing on Incinerator #2. He stated that staff believes the stack liner in the vicinity of the sample ports is showing signs of stress, which has resulted in anomalous stack test results. In order to evaluate the situation, the stack was inspected and cleaned. He stated the stack inspection report indicated that the stack liner was generally in good condition, but some areas did show significant wear. He stated this was especially true in the vicinity of the test ports. GBMSD also contracted with a lab in New Berlin to conduct physical testing of the particulate recovered during the stack test, the stack liner material, residual material collected from the bottom of the stack and incinerator ash. Though not fully conclusive, the test results indicated that the material collected during the stack test was a close match to the stack liner material. He stated an additional stack test will be conducted during the second week of September in hopes of resolving the issue.

**15) Operation report:**

**a) Effluent quality for July**

**b) Air quality for July**

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

P. Wescott reported the GBF was in compliance with the air quality limits for the month of July. There were five events throughout the month that resulted in a "Deviation Notification" submittal to the WDNR. Four of the five events were related to a power outage that occurred on July 21, 2012.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

08/22/12

Cont'd

**PROCEEDINGS OF THE COMMISSION**

Commissioner Hasselblad asked if the deviation caused a fine. P. Wescott replied no, the WDNR engineer did not allude to that effect. T. Sigmund stated there was a meeting with WPS and it was recommended to call the Electrical/Instrumentation staff in to troubleshoot all power outages before generators are started.

**16) Executive Director's report:**

**a) September Commission meeting**

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

**18) 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, and under 19.85 (1) (c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility:**

**a) Rock Solid Group Legal Complaint**

**b) Georgia-Pacific billing issues**

**c) Review employee performance evaluation criteria**

**19) Reconvene in open session.**

**Motion #12-058**

It was moved by Hasselblad, seconded by Blumreich, 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, and under 19.85 (1) (c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility.

**15) Reconvene in open session.**

**Motion #12-059**

It was moved by Mainz, seconded by Hasselblad, and unanimously agreed to reconvene in open session.

## GREEN BAY METROPOLITAN SEWERAGE DISTRICT

08/22/12

Cont'd

### PROCEEDINGS OF THE COMMISSION

#### 17) Budget workshop.

T. Sigmund stated this is the first budget workshop and is looking for the Commission's feedback. He gave an overview of the proposed 2013 budget, as follows:

- Clean Water Industry Opportunities and Challenges
- GBMSD Opportunities and Challenges
- 2012 Priorities
- 2012 Highlights
- 2013 Priorities
- GBMSD Budget Drivers
- Flows and Loads
- 2013 Proposed Expenses
- 2013 O&M Expenses
- 2013 O&M Expense Distribution
- Salaries and Benefits
- Contracted Services
- Maintenance
- Proposed Capital Projects
- Proposed Long-Term Capital Projects
- Capital Expenditures for 2014-2017
- 2013 Revenues
- Municipal Rate
- 2013 Revenue Sources
- 2013 Revenue Breakdown by Customer
- Estimated Reserve Status
- 2012 Average Annual Residential Sewer Charges
- Average Annual Residential Sewer Charges – Regional Comparison
- 2013 Budget Summary
- 2013 Budget Summary – O&M
- 2013 Budget Summary – Capital

Commissioner Alesch stated GBMSD needs to find new revenue sources. T. Sigmund stated the Water Research Federation is looking at advancing technology.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

**08/22/12**

**Cont'd**

**PROCEEDINGS OF THE COMMISSION**

Commissioner Alesch stated this is an accountant's budget. He asked staff to provide information on the purpose of expenditures and would also like to see the budget divided by function.

Commissioner Alesch asked if \$95,000 for support of the Household Hazardous Waste Facility is up or down from last year. J. Kennedy replied it is the same as last year.

Commissioner Alesch asked if the capital improvement plan item for tunnel rehabilitation is the De Pere siphon system. M. Pierner replied no, it is lining of the tunnel segments of the Quincy Street, East River, East Fox River, and West Fox River Interceptors originally built in the 1930s.

Commissioner Blumreich asked if the rate stabilization has an impact on forecast. T. Sigmund replied no.

Commissioner Alesch asked if Luxemburg is paying for its sewage. T. Sigmund replied yes.

Commissioner Alesch stated that he would like staff to provide the Commission with what GBMSD has spent and plans to spend in 2012. T. Sigmund stated a projection can be done. Commissioner Alesch also asked for historical rates with inflation in constant dollars to compare to current rates.

Commissioners Alesch and Mainz asked about changing the fiscal year to July – June. T. Sigmund asked Mr. Berndt if the Village of Allouez follows a calendar year. Mr. Berndt replied yes. He stated by GBMSD moving up the schedule from November to October would help because the Village of Allouez finalizes its budget in October.

There being no further business to come before the Commission, the meeting adjourned at 11:37 a.m.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT**

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**Secretary**