

GREEN BAY METROPOLITAN SEWERAGE DISTRICT

PROCEEDINGS OF THE COMMISSION

Regular meeting of the Commission held June 26, 2013.

PRESENT: Commissioners Mainz, Blumreich, Tumpach, and Hoffmann

EXCUSED: Commissioner Hasselblad

ALSO PRESENT: T. Sigmund, P. McCarthy, P. Kaster, P. Wescott, B. Hafs, B. Angoli, N. Qualls, J. Maas, J. Kennedy, M. Urbancic, M. Erschnig, B. Bartel, J. Cypinski, T. Brown, T. Garrison, B. Brown, B. Vander Loop, J. Van Sistine, J. Nicks–Legal Counsel; B. Della–Public Financial Management, Inc.; M. Walter, D. Haen, and C. Blan–Brown County Port & Solid Waste Department

Commission Secretary Blumreich called the meeting to order at 8:30 a.m.

1) Household Hazardous Waste Program update.

J. Maas introduced Mark Walter, Facility Manager of the Household Hazardous Waste Facility (HHWF).

M. Walter introduced Director Dean Haen and Solid Waste Technician Chris Blan from the Port & Solid Waste Department. He reported the HHWF is serving Brown County, Outagamie, and Winnebago counties. In 2011 the HHWF collected just over a million pounds of hazardous waste, which set a record. He stated the HHWF collected somewhat less in 2012 due to a change in policy, which now charges a modest fee for latex paint. The HHWF received \$30,000 in grants last year from the state. The HHWF produced a 2013 Tri-County Recycling Guide, publishes a quarterly e-newsletter, and has given 30 presentations to the public to increase the awareness level of the issues related to proper handling and disposal of household hazardous wastes. The HHWF appreciates the contribution from NEW Water, the brand of the Green Bay Metropolitan Sewerage District.

Commissioner Mainz thanked Mr. Walter for his presentation and the work that the HHWF does. He asked if other counties are paying their fair share. M. Walter replied yes, it is on a cost recovery basis.

- #### 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) Georgia-Pacific litigation
 - b) Fox River Fiber Complaint with Public Service Commission
 - c) Consideration of claim by Duck Creek Golf Center LLC

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Motion #13-040

It was moved by Mainz, 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 #13-041

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

Motion #13-042

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to deny the Duck Creek Golf Center LLC claim.

4) Approval of minutes of Commission meeting held May 29, 2013.

Motion #13-043

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to approve the May 29, 2013 minutes as distributed.

5) May financials.

P. Kaster reported operating revenues for the month of May were unfavorable to budget by (\$209,000) or 9%. He stated operating expenses were favorable to budget by \$279,000 or 17% due to less expenditures than budgeted in contracted services, chemicals, and maintenance plant. Net income for the month of May was \$120,000. Staff distributed the NEW Water 2012 Annual Report.

6) Introduce new Warehouse Technician, Wendy Rogers.

P. Kaster introduced Wendy Rogers, the new Warehouse Technician.

W. Rogers stated that she has seven years of experience in parts and purchasing, and is very happy to be here.

The Commission welcomed Ms. Rogers.

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- 7) **Approve Resolution for acceptance of the Compliance Maintenance Annual Report for 2012 for the Green Bay Facility.**

M. Urbancic requested Commission approval of the Resolution for acceptance of the Compliance Maintenance Annual Report (CMAR) for 2012.

- 8) **Approve Resolution for acceptance of the Compliance Maintenance Annual Report for 2012 for the De Pere Facility.**

Motion #13-044

It was moved by Hoffmann, seconded by Tumpach, and unanimously agreed to consider agenda items 7 and 8 together.

Commissioner Mainz asked if the CMAR is completed each year. M. Urbancic replied yes.

Commissioner Mainz asked if someone is required to sign the report. M. Urbancic replied yes, he is.

Commissioner Mainz asked if the information is accurate. M. Urbancic replied yes.

Motion #13-045

It was moved by Mainz, seconded by Tumpach, and unanimously agreed to approve the Resolutions for acceptance of the Compliance Maintenance Annual Report for 2012 for the Green Bay and De Pere Facilities. (Resolutions #13-006 and #13-007 are on file at the NEW Water offices)

- 9) **Approve Resolution Authorizing the Borrowing of not to Exceed \$20,000,000; and Providing for the Issuance and Sale of General Obligation Sewerage System Improvement Bonds or Promissory Notes Therefor.**

P. Kaster stated that last month Public Financial Management, Inc. (PFM) gave an overview of funding options for revenue requirements associated with the R2E2 Project. He requested Commission approval of a resolution that would allow NEW Water to borrow not more than \$20,000,000 General Obligation Bonds or Promissory Notes. He stated with the market fluctuation, staff is recommending a three-year Note with an interest rate of less than 1%. He stated General Obligation Bonds with a maturity of 25 years currently have a 3.5% interest rate.

B. Della from PFM stated the interest rate information that he will be presenting is current as of June 19, 2013. He reviewed the following:

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- Interest Rate Update
- Tax Exempt Interest Rates (AAA-Rated)
- Thoughts on Interest Rates
- Suggested Changes to the First Borrowing

Commissioner Mainz asked if NEW Water would be eligible for a Clean Water Fund Loan in two years. B. Angoli replied yes.

P. Kaster stated that Commission approval to sell the Note will be required at the end of July. He stated in the interim, staff & PFM will be working with Moody's for a rating process and the money will be received in early August. Staff will provide a conditional market update and confirm Commission direction at the July 10 meeting.

Motion #13-046

It was moved by Mainz, seconded by Tumpach, and approved by roll call vote the Resolution Authorizing the Borrowing of not to Exceed \$20,000,000; and Providing for the Issuance and Sale of General Obligation Sewerage System Improvement Bonds or Promissory Notes Therefor. (Resolution #13-008 is on file at the NEW Water offices)

10) Request Commission approval to award the construction contract for the De Pere Facility UV Disinfection System Expansion Project 11-050-CO to Miron Construction Co., Inc.

N. Qualls requested Commission approval to award the De Pere Facility UV Disinfection System Expansion Project to Miron Construction Co, Inc. He stated Miron Construction was the single bidder. CDM Smith has reviewed the bid and found it to be responsive.

Commissioner Mainz asked how many contractors were contacted by NEW Water. N. Qualls replied six.

Commissioner Blumreich asked how many contractors attended the mandatory pre-bid meeting. N. Qualls replied four.

Motion #13-047

It was moved by Mainz, seconded by Hoffmann, and unanimously agreed to award the construction contract for the De Pere Facility UV Disinfection System Expansion Project 11-050-CO to Miron Construction Co., Inc. in the amount of \$3,304,509 and a 10% contingency under the authority of the Executive Director for a total amount of \$3,634,509.

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- 11) Request Commission approval to enter into an agreement with CDM Smith, Inc. to provide construction related services for the De Pere Facility UV Disinfection System Expansion Project 11-050-CS.

N. Qualls requested Commission approval for CDM Smith, Inc., with its sub-consultant Robert E. Lee & Associates, to perform the construction related services for the De Pere Facility UV Disinfection System Expansion Project. Staff has negotiated the level of effort and cost.

Motion #13-048

It was moved by Hoffmann, seconded by Mainz, and unanimously agreed to enter into an agreement with CDM Smith, Inc. to provide construction related services for the De Pere Facility UV Disinfection System Expansion Project 11-050-CS in the amount of \$336,196 and a 10% contingency under the authority of the Executive Director for a total amount of \$369,796.

- 12) Impact of Fox River Fiber pretreatment on Solids Facility Plan alternatives.

B. Angoli stated the Commission asked staff to revisit the alternatives to determine if the selected alternative would have changed had staff known about Fox River Fiber (FRF) pretreating its wastewater. He stated the three most cost-effective alternatives were reviewed: Alternative 2 – Incineration with Energy Recovery, Alternative 3B – Digestion with Thermal Processing and Electrical Generation, and Alternative 11 – Conventional Composting. He stated FRF's pretreatment of its wastewater would reduce its BOD and suspended solids loading by 85% and would reduce solids to NEW Water by 6.8%. He reported the present worth cost for Alternative 11 decreased by \$6,000,000, Alternative 2 decreased by \$2,000,000, and Alternative 3B increased by \$1,200,000. He stated the Multi-attribute Utility Analysis was rescored using the revised life cycle costs. He stated in conclusion, Alternative 3B – Digestion with Thermal Processing and Electrical Generation would still have been the recommended selected alternative.

Commissioner Mainz asked about the generator sizing due to the 6.8% reduction in fuel. B. Angoli replied the biogas generators range from 1.6 – 2.0 megawatts in size, and staff will determine what is most cost-effective based on co-digested waste and the cost of natural gas for operating the unit by dual fuel. T. Sigmund stated there is not as much impact from less waste activated sludge versus a reduction in primary sludge.

- 13) Update of projects:
a) Resource Recovery and Electrical Energy (R2E2)

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B. Angoli reported that staff and the consultant have reviewed the Value Engineering Team recommendations and selected \$2,000,000 in cost savings. He stated additional cost savings may be recognized in the facility and equipment sizing. Staff has been reviewing the fluid bed incinerator plans and specifications. A meeting was held with Wisconsin Public Service to discuss the new primary electrical substation.

b) Incinerator 2 stack liner update

J. Kennedy stated that in 2012 a problem was encountered during an emissions stack test on Incinerator #2. It was later determined that the stack liner was beginning to erode, biasing the particulate matter test results. NEW Water contracted with Pullman Power LLC to repair the stack liner in May 2013. Following the repairs, the incinerator operated for a full month to ensure that the work had been effective. A confirmatory stack test was conducted on June 25, 2013. Results from the test will be submitted to the Department of Natural Resources within the required 60 day period.

14) Operation report:

- a) Effluent quality for May
- b) Air quality for May

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

15) Executive Director's report:

- a) July Commission meetings

A special Commission meeting will be held on July 10, 2013 beginning at 10:30 a.m. WIPFLI has prepared and will present the benefit survey. The report will be sent to the Commission on Friday or Monday. A second item on the agenda will be a proposal for the reorganization of the Engineering Department for Commission consideration and approval to begin this year. An update on the bond will also be presented at this meeting.

The July Commission meeting will be held July 24 beginning at 8:30 a.m.

b) NEW Water's 2012 Compensation and Benefits Statement

A sample of an employee compensation and benefit statement was included in the Commission packet.

c) Red Oak Consulting meeting with customers regarding new rate methodology

A letter was sent to NEW Water customers on the rate methodology and an offer for Red Oak Consulting to work with their consultant.

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

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Secretary