

**MINUTES OF THE
NORTH SHORE WATER COMMISSION
MEETING OF WEDNESDAY, AUGUST 14, 2019**

A meeting of the North Shore Water Commission was held at the Filtration Plant, 400 West Bender Road, Glendale, Wisconsin on Wednesday, August 14, 2019.

Meeting was called to order at 8:05 A.M. by Mr. Scott Botcher.

Present: John Edlebeck, Chair (Whitefish Bay) at 8:06 A.M.; Scott Botcher, Secretary (Fox Point); Charlie Imig, Member (Glendale)

Also present: Eric Kiefer, Plant Manager & Recording Secretary

MINUTES

It was moved by Mr. Botcher, seconded by Mr. Imig, and unanimously carried to approve the minutes for the meeting held July 10, 2019.

Mr. Edlebeck was present at this time and chaired the rest of the meeting.

MONTHLY REPORT OF PLANT OPERATIONS

Mr. Kiefer provided the Commission with a report regarding plant operations. Overall, pumpage in July 2019 was very similar to July 2018 except that Glendale received 6 MG less in July 2019 than in July 2018. Mr. Imig said that Glendale is using significantly less water for irrigation. Mr. Kiefer also pointed out that significantly less energy was used because of changes in pump operations and recent pump and VFD improvements. The report was placed on file without any motion.

ANNUAL OPERATING BUDGET

The monthly reports were put on file without motion.

MONTHLY BILLS

It was moved by Mr. Botcher, seconded by Mr. Imig, and unanimously carried that the following payments be approved and authorization was given to the Fiscal Agent to make such payments.

<u>Vendor</u>	<u>Amount</u>
Amazon (cuvette, single board computer, and electrical components)	\$230.91
Clark Dietz (engineering pertaining to raw water main)	\$1,205.00
Concentra (employee pre-employment testing)	\$63.00
CumminsNPower (annual maintenance of generators)	\$2,497.70
Diversified Benefit Services (section 125 plan admin)	\$96.00
Fuchs & Boyle (legal services)	\$39.00
Grainger (plumbing supplies, lamps, envelopes, labels, degreaser, battery charger, lab reagents, first aid supplies, belts, filters, motor oil, tags, and hardware)	\$660.34

Great America (lease payment for copier/printer)	\$100.00
Hach (lamp for DR5000)	\$247.89
Hawkins (treatment chemicals: aqueous ammonia and phosphate)	\$2,046.80
Home Depot (gravel, top soil, and paint)	\$55.24
Idexx (collection vessels)	\$880.64
Inductive Automation (annual software support contract renewal)	\$8,200.20
L&S Electric (replacement motor for exhaust fan)	\$320.00
Liquid Asset Diving Service (intake maintenance)	\$6,335.00
McMaster-Carr (stainless steel screens)	\$30.61
MMSD (sludge testing)	\$707.00
Mulcahy Shaw Water (reagents for SWAN chlorine analyzer)	\$457.75
Northern Lake Service (compliance monitoring and corrosion monitoring)	\$584.75
Office Copying Equipment (maintenance payment for copier)	\$25.88
Process Research Solutions (engineering for lead and copper monitoring)	\$540.00
Retroff Jeanson (accounting services)	\$1,085.00
Securian / Minnesota Life (employee life insurance)	\$176.68
Spectrum Business (internet services and Bender phone)	\$541.40
Starnet Technologies (quarterly data charge for remote metering stations)	\$300.00
USA Bluebook (chemical feed pump roller assembly and tube assembly and lab reagents)	\$895.09
Village Ace Hardware (paint, bracket, adhesive, and sealant)	\$139.57
Village of Fox Point (gasoline for June and July)	\$384.94
WaterStone Bank (credit card - General Fund)	\$276.83
-- AT&T (monthly internet charge): \$61.77	
-- Google (google apps for work): \$54.16	
-- StraightTalk (cell phone): \$45.90	
-- USPS (stamps): \$55.00	
-- Walgreens (gift cards): \$60.00	
We Energies (Bender Electric)	\$14,793.80
We Energies (Bender Gas)	\$330.00
We Energies (Green Tree Electric)	\$16.12
We Energies (Henry Clay Electric)	\$18.15
We Energies (Klode Electric)	\$4,279.75
We Energies (Klode Gas)	\$32.03
Xylem Water Solutions (nitrile caps for filter nozzles)	\$1,259.81
	SUB-TOTAL \$49,852.88
<u>Capital Fund</u>	
	SUB-TOTAL \$0.00
	TOTAL \$49,852.88

REVIEW AND AUTHORIZE CAPITAL EXPENDITURES

Mr. Kiefer provided the Commission with a payment request for the Reservoir Upgrade Project (2019-1) in the amount of \$7,164.62. He explained that the billing is through June and is accurate. In order for the project to advance, the Commission needs to decide on whether or not reservoir 1 and 2 would be covered with membrane and soil or left bare. Mr. Kiefer explained that he would discuss this in more detail during the next agenda item.

Mr. Edlebeck asked how the peer review by Strand Associates was progressing. Mr. Kiefer explained that Strand Associates did not receive any of the documents until last month, so they are just starting the review.

It was moved by Mr. Botcher, seconded by Mr. Imig, and unanimously carried to approve the payment request for project 2019-1 in the amount of \$7,164.62 as described in Mr. Kiefer's memo dated 8/14/2019.

RESERVOIR UPGRADE PROJECT - MEMBRANE OPTION

Mr. Kiefer provided the Commission with copies of emails and reports from SEH.

On August 8, he received one set of documents that included 2 opinions of probable cost (OPCs). The cost of the original plan that included the membrane and soil was \$1,441,338 and the cost of the alternative plan which does not include installation of the membrane and soil was \$1,360,338.

The night of August 13, he received another set of documents from SEH that included 2 OPCs. The cost of the original plan was \$1,629,338 and the cost of the alternative plan was \$1,543,338.

Mr. Kiefer told the Commission that there was at a meeting on Thursday, July 11, 2019; representatives from the Commission, Strand Associates, SEH, and Clark Dietz were in attendance. We learned at this meeting that new stormwater regulations went into effect in March or April. Due to the size of the project, the Commission need to convert the sludge lagoon into a runoff detention pond. If the membrane is removed entirely, the Commission needs to make major modifications to the existing sludge lagoon to convert it to stormwater pond that is sized appropriately. Furthermore, additional engineering effort to determine the size of the pond and to meet all of the new regulations.

Mr. Edlebeck asked if it would be necessary to meet the new requirements since the Commission started the project before they went into effect. Mr. Kiefer explained that he has been told by SEH that it would be necessary to meet the requirements. Mr. Edlebeck asked if he has contacted MMSD to confirm. Mr. Kiefer replied that he did not follow-up with MMSD before the meeting. Mr. Edlebeck explained that he would personally talk with MMSD to get more information. Mr. Kiefer explained that the permit would go through the City of Glendale, and they would have the authority in this project.

Mr. Botcher and Mr. Edlebeck talked about various techniques for budgeting the project.

Mr. Kiefer explained that the project must be completed by December 31, 2020, according to the Wisconsin Department of Natural Resources. Furthermore, the operating and capital budgets need to be adopted at the September Commission meeting. Mr. Kiefer explained that in order for the project to proceed on schedule the Commission must decide if reservoirs 1 and 2 should be covered

at the next Commission meeting.

Mr. Edlebeck asked Mr. Kiefer to use the highest OPC for the Reservoir Upgrade Project for the Capital Budget to be presented at the next meeting. If cost-saving measures can be implemented, and the project comes in under budget, the Commission will request less money from the member utilities.

No action was taken regarding this matter. This topic will be put on next month's agenda.

WHOLESALE WATER RATE UPDATE

Mr. Kiefer provided the Commission with a report regarding its wholesale water activity and how the rate is updated on an annual basis.

Mr. Kiefer went through the report. He explained that the upcoming Reservoir Upgrade Project will cause a relatively large increase in the wholesale water rate. In particular, the capital component will increase.

Milwaukee Water Works (MWW) also sells water to the City of Mequon. Mr. Kiefer compared the rates over time and projected rates through 2022. At the end of 2022, Mr. Kiefer is predicting the Commission's rate will be approximately 26% higher than MWW's rate.

Mr. Kiefer expressed concern that the City of Mequon will not be pleased if the rate increase sharply without warning. Consequently, Mr. Kiefer is seeking direction from the Commission on how to proceed.

All of the Commissioners agreed that it would be in everyone's best interest for Mr. Kiefer to send a letter to the City of Mequon explaining the upcoming projects and how that might affect the wholesale water rate.

Mr. Edlebeck asked Mr. Kiefer if he thinks the agreement should be re-negotiated. Mr. Kiefer says that he would not recommend it at this time.

No action was taken regarding this matter.

CAUSALITY AND PROPERTY INSURANCE RENEWAL

Mr. Kiefer provided the Commission with a proposal from R&R Insurance regarding causality and property insurance. He explained that the property insurance premium is increasing by 8.6% and workers compensation by 5.3%.

However, Mr. Kiefer mentioned there is an opportunity to save money. If the Commission dropped its \$5M umbrella policy with American Alternative and increased its coverage with the League of Wisconsin Municipalities Mutual Insurance (LWMMI) from \$6M to \$10M, it would save \$3,600.

Mr. Botcher asked if it was prudent to drop the umbrella coverage. As it is right now, Mr. Kiefer explained that the first \$6M of loss is covered by LWMMI and the next \$5M of loss would be covered by American Alternative--if there is a loss of \$11M or more (for a liability claim). He is proposing to

drop the umbrella coverage so that there would only be \$10M of coverage with just LWMMI (for a liability claim).

Mr. Botcher and Mr. Edlebeck discussed the advantages and disadvantages of the proposed change.

Mr. Kiefer explained the history of these causality and property insurance at the Commission and stated his recommendation would be to drop the umbrella and increase the limit from \$6M to \$10M of liability insurance with LWMMI.

It was moved by Mr. Botcher, seconded by Mr. Imig, and unanimously carried to accept the proposal from R&R Insurance in the amount of \$55,716 with the condition that the umbrella policy with American Alternative is dropped and the LWMMI limit is raised from \$6M to \$10M.

CAPITAL ALLOCATION RATES FOR 2020

Mr. Kiefer provided the Commission with his best estimate for the new capital allocation rates that are set to update on January 1, 2020 pursuant to Article 8.15 of the Revised and Restated Agreement for Water Supply System. Mr. Kiefer characterized the capital allocation rates as being a 5-year rolling average of the annual delivery percentages.

Mr. Kiefer pointed out that Fox Point's and Whitefish Bay's allocation percentages will go down by approximately the same amount and Glendale's will go up by approximately 3%. Because Glendale is using less water with new irrigation practices, it is possible that in several years the capital allocations rates will end up close to the expiring allocation rates.

Mr. Kiefer explained that he used these percentages in the preliminary capital budget that will be discussed with the next agenda item.

No action was taken regarding this matter.

PRELIMINARY OPERATING AND CAPITAL BUDGET

Mr. Kiefer provided the Commission with a preliminary operating budget and capital budget with a number of different worksheets to justify the budgets.

Mr. Kiefer explained that a serious increase to the operating budget is required due to all of the new scope that has been added to the Commission. At the last meeting, Mr. Kiefer reminded the Commission that it was the consensus of the Commission to coordinate and pay for all of the engineering / consulting work required for compliance with AWIA. This includes all of the work for Fox Point, Glendale, and Whitefish Bay. After getting an estimate from Strand Associates, Mr. Kiefer believes that cost alone to be \$50,000.

Additionally, Mr. Kiefer explained that the Commission wants to take over locating the raw water main (owned by the Commission) and several critical transmission mains (owned by the member communities). The cost of that new scope has been estimated to be \$27,000 for 2020.

Lastly, WDNR required the Commission to do extra lead and copper next year. In addition to that

required testing, the Commission made a commitment to perform voluntary, on-going corrosion monitoring using a monitoring station (MS) located in the Whitefish Bay distribution system. The MS needs to be visited weekly and samples need to be collected and analyzed. All of this additional lead and copper monitoring effort is estimated to cost \$10,000.

In total, the budget needs to increase by \$87,000 (a 6.5% increase) to cover this new scope. Based on the preliminary operating budget, \$23,434 of other increases (a 1.8% increase) would be necessary to keep the plant operating in its current capacity.

The capital budget will be exceptionally high in 2020--as the Commission has known and planned for this over the past several years. As a means to minimize the cash flow impact of the member utilities, and to follow through with its long term strategy on the use of the capital fund, Mr. Kiefer prepared the capital budget with the Commission using fund balance to pay for the first \$1M of expenditures. After that, members need to pay the rest.

Currently, the preliminary capital budget is set for \$1,422,196. Based on earlier discussion, Mr. Kiefer acknowledged that this amount will need to be set to \$1,629,338.

Mr. Edlebeck requested that Mr. Kiefer provide a more detailed written narrative for notes (7) and (10). Mr. Kiefer explained, in more detail, the reasoning for the increases and then committed to expanding the written narrative for the next budget presentation.

Mr. Kiefer asked the Commission if he should reduce other contingencies and safety factors shown in his worksheet. No such requests were made. Mr. Edlebeck reminded the Commission that if cost-saving measures are implemented, and the whole budget is not spent, the surplus would be refunded to the members or transferred to the capital fund. Mr. Kiefer also said he would review all of the accounts and make revisions as necessary before the next meeting.

No action was taken regarding this matter. This topic will be put on next month's agenda.

HEALTH INSURANCE RESOLUTION

Mr. Kiefer provided the Commission with a bulletin from the Wisconsin Department of Employee Trust Funds which states that all participants of the Wisconsin Public Employers Group Health Insurance needs to pass a resolution by October 1, 2020 to continue participation without lapse. The required resolution was on page 4 of the bulletin.

It was moved by Mr. Botcher, seconded by Mr. Imig and unanimously carried to adopt the resolution entitled "Existing Employer Update Resolution: Wisconsin Public Employers Group Health Insurance Program" as shown on page 4 of said bulletin dated 3/15/2019.

MANAGER'S REPORT

1. Plant staff drained, inspected, and cleaned basins #1 and #2. Minor maintenance was performed before putting them back into service.
2. Plant staff made improvements to alum chemical feed pumps to improve reliability and accuracy.

3. Plant staff completed annual filter maintenance.
4. Plant staff trimmed a few trees to improve safety. Larger tree removal projects have been scheduled for Fall.
5. Plant staff performed annual motor maintenance for high service pump #4 and low lift pump #1.
6. Plant staff placed monuments inside or nearby potholes recently created to locate the raw water transmission main.
7. Plant staff replaced the burnt out motor connected to the plant dehumidification system. It is anticipated that the other 2 damaged motors will be replaced by the end of August.
8. Plant staff started removing flocculator equipment in basin #3 and is preparing to replace worn out shafts and paddles.
9. Redford Data Services eliminated a proprietary, outdated touchscreen and moved its capabilities to the new SCADA system.
10. Liquid Asset Diving Service removed mussels that accumulated on the outside bar screens of the intake crib. Capacity was severely reduced prior to cleaning. Additional measures are being taken this year to reduce future accumulation.
11. Plant Manager met with Wendi Unger and Michelle Walter of Baker Tilly regarding the 2019 financial audit. They plan on attending the October meeting to give the Commission an update.
12. Intern Daniel Lyon resigned on August 6, 2019. The internship is being suspended until the program is reviewed and improvements are made.

NEXT MEETING

The next regular meeting was scheduled for Wednesday, September 18, 2019 at 8:00 AM.

ADJOURNMENT

It was moved by Mr. Botcher, seconded by Mr. Imig, and unanimously carried to adjourn at 9:34 A.M.

Submitted by:



Eric Kiefer, Plant Manager and Recording Secretary

8/16/2019

Date