



## Minutes of May 5, 2015

A meeting of the Wausau Water Works Commission was called to order at 1:30 p.m. in City Hall on May 5, 2015. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on April 30, 2015.

### 1) **Roll Call**

Members present: President Tipple, Commissioners Force, Gehin, Gisselman, Rebman.

Others present: Eric Lindman, Anne Jacobson, Maryanne Groat, Scott Boers, Dave Erickson, Deb Geier, Valeria Swanborg, Tonia Speener, Clark Dietz; Ken Ligman, Becher Hoppe.

### 2) **Approve Minutes of the April 7, 2015 meeting**

Motion by Mr. Rebman to approve the minutes of the April 7, 2015 meeting. Seconded by Mr. Force. Motion carried unanimously 5-0.

### 3) **Director's Report on Utility Operations**

Lindman indicated that annual hydrant flushing began this week. This year flushing is being performed during the day. In prior years flushing was completed overnight. Among the reasons for the change are employee safety and being able to better observe the quality of water coming out of the hydrants. Boers stated the process has been moving along well. There have been no complaints and no issue calls.

The crews have been working on turning valves as required by the DNR. This also means that we have been breaking some valves as well, which are being repaired by the Utility. Exercising now will be valuable as we begin uni-directional flushing.

Staff met with Hydro Corp. regarding our cross connection program. Boers is providing information on the number of commercial and industrial buildings. Hydro Corp. will be providing a cost for inspection of the non-residential buildings and administration of the program, which will be brought back to the Commission. We are behind in compliance and this program is a huge administrative burden. 50% of the non-residential buildings need to be done this year.

Mr. Gehin and Geier completed a radio interview regarding lead. This was a positive interview and hopefully will get us more publicity on the program. As of April 27, we had 230 lateral tests taken with 131 passing, 14 failures, and 83 tests awaiting results. We are still short on approximately 8 compliance tests. Boers will be contacting the DNR about additional sites and will confirm with homeowners that they are willing to participate before having the sites approved by the DNR. Geier indicated the DNR rep did authorize the Utility to take a compliance sample at the same time as when a lateral test is taken. Therefore we now have enough sites to meet the required 60. We are still waiting for results on some samples. At this point there are 3 exceedances, which is still on target for where we need to be. Geier explained that the DNR is allowing the Utility to test laterals rather than replacing. 244 tests have been completed with 23 that have exceeded 50 parts per billion. Those 23 cannot be used towards the total of 424 needed to satisfy the DNR this year for tests or lateral replacement. Geier indicated approximately 100 to

125 more tests are needed. Mr. Force questioned if there are plans to keep publicizing the need. Geier stated it was in the newsletter again and will be in the next newsletter as well. They may have to send out more letters. Mayor Tipple suggested checking with Public Access to reach another segment of the population. Mr. Force questioned the end date for compliance and Geier responded September 30. Mr. Force suggested other radio interviews. Geier will try to schedule TV interviews.

Geier attended a class at UW-Madison on Control of Water Quality in Municipal Distribution Systems. The class offered insight to some of the issues utilities face regarding lead and copper, as well as providing insight of what could be affecting homeowner's plumbing. The course was taught by Professor Greg Harrington and Abigail Cantor, both of whom are experts in their field. The City needs to offer replacement of the homeowner's lateral at their expense. Clarification needs to be obtained from the DNR on whether the homeowner would pay the City or the contractor directly. Additionally, when a water line is replaced, the City hires a utility contractor. A master plumber is required to replace the lateral on the homeowner's side. That would be above and beyond what we ask for in our contracts. Groat questioned if any communities are currently doing this and if the cost is done as a special assessment allowing the homeowner to pay for it over time. Geier is unsure but will be attending another meeting where she can ask. Lindman indicated there has not been a lot of interest from homeowners to replace their line until this year.

Mr. Force questioned if there is an existing contract with Hydro Corp. Lindman replied no. There have only been conversations with Hydro Corp to see what services they could provide and budgetary numbers, but this would be bid out. Mr. Force questioned if the Utility has a regular valve turning program. Lindman feels turning a set number of valves each year and having a maintenance plan is a good idea. Staff fell behind last year due to the number of freeze ups and resulting breaks. Prior to 2014, staff had been turning 1/5 of the City.

We are on track to meet permit discharge limits for April. BOD results have improved with the rain and warmer temperatures and the effluent has been looking good.

Wausau hosted a training session on jetter operations in April. The presentation was given by Ken Rye and representatives from Enz Nozzle. There were approximately 25 people in attendance.

Digester mixing compressor #2 seized up on April 24. It is essential that we are able to mix the digesters in order to process the sludge and keep the plant operating. We have spent quite a bit of time cleaning and replacing gas lines, monitoring temperatures, and maintaining the digester mixing compressors. The new digester heating and mixing system equipment is expected in late August and most likely will not be operational until October. This project is under contract, but the equipment has a long lead time.

Sludge was hauled to the Gruling farm on April 16 and 17. DPW hauled to the Kowalski farm the week of April 27. Erickson indicated there is a little more sludge left than there are fields for, but he is hoping the DNR will approve another field. Every month the discharge water is tested. The sludge is required to be tested every three months for metals among other things. The last test showed the arsenic level was 55 and the high quality limit is 41. The ceiling limit is 82. If it gets higher than 82, sludge cannot be spread on fields.

Proposals for the MCC1 equipment were opened by the Board of Public Works on April 28, with the cost just over \$14,000. The costs for the Electrical Crew will be \$5,500 to \$6,000.

The wastewater division is generally within the approved operating budget through the end of April. A budget amendment to reallocate funds to cover costs for the intern program was approved by Finance and then by Council on April 28. We will also have to address the amount budgeted for pretreatment testing. Erickson explained that the industries in the pretreatment program are required to test twice every 6 months. One test is paid for by the industry. Wastewater

does the testing and charges the industry. During the budget process an error was made by accounting for revenues and not expenses.

Staff has been working with Finance to determine what CIP's have been approved. Staff is also starting to look at proposed projects for 2016. Finance did complete a monthly cash flow for the utilities. There is a significant deficit on the water side. Borrowing may have to occur for the remainder of 2015 and into 2016.

Motion by Mr. Gehin to approve the Director's Report as presented and place on file. Seconded by Mr. Force. Motion carried unanimously 5-0.

**4) Discussion and possible action on approval of contract agreement for Professional Services between AECOM and City of Wausau.**

Jacobson stated this agreement has not been approved by the Commission, but was signed in January. Pursuant to the memo she wrote last month she asked for the agreement to be ratified. Mr. Gehin questioned the cost, which is not to exceed \$3,000.

Mr. Gehin moved to approve the contract agreement for Professional Services between AECOM and City of Wausau. Seconded by Mr. Rebman. Motion carried unanimously 5-0.

**5) Approve annual report to the Public Service Commission.**

Geier stated the net income for 2014 is negative \$196,829. Mr. Gehin believes this is partly a reflection of expenses incurred associated with the bad winter. He expects it to bounce back nicely with the rate increase; however, the full impact of the rate increase will be in 2016. Groat noted that at the end of 2014 the water utility was in a negative cash position, approximately \$720,000. Years ago when the sewer utility was struggling financially, the sewer borrowed from the water. Typically, there will be a written agreement specifying repayment terms and the Commission could authorize an interest rate. Groat explained that the utility lost \$196,000 and the cash went down \$720,000. This is because for the last number of years the utility has been paying cash for all of their capital improvements, which depletes the reserves. The utility may borrow money through a revenue bond. Mr. Force questioned if either utility is required to maintain a reserve. Groat responded replacement funds are required on the sewer side. Often revenue bonds will carry replacement reserve obligations. The last number of years the utility has been using the City's borrowing capacity so then it is general obligation debt. The benefits to the utility are a lower interest rate and there are no reserve requirements under general obligation. The bond holder is relying on the City's unlimited taxing power to pay them back. When it is a revenue bond, the bond holder is concerned about the ability to maintain reserves, so there will most likely be reserve requirements built into the debt issue. That is one of the reasons why she is suggesting the borrowing take place on the sewer side. The water utility would get a relatively poor interest rate. She can work with the financial advisor to see if there are other options but at this point she does not think so. The City does not have the capacity to share with the utility this year due to regular borrowing, pool renovations and the riverfront redevelopment. Mr. Gehin suggested that staff work out a plan for borrowing and transfer of funds for the Commission's consideration at the next meeting. Mr. Force questioned if the funds spent out of cash was to avoid borrowing costs. Groat believes that the utility is accustomed to having excess cash. If you can pay cash for capital it does reduce cost because you are not paying interest. Geier noted that there was a million dollar winter last year. Groat added that when the City applied for a rate increase from the PSC, they did not allow the high costs for the winter to be part of the rate structure and prevented the City from passing those costs onto the consumers on a long term basis. Therefore we are prevented from recovering those costs going forward. We can only normalize it and then get the rate of return they are allowing. Mr. Force believes because of the rate increase we should be in a better situation going forward but it needs to be managed carefully. Groat stated that is why the monthly financial statements will be included on future agendas.

Mr. Gehin noted that the report reflects 13% water loss, which is great as the goal is to be under 15%. Mr. Force questioned the amount of water loss during hydrant flushing. This depends upon the length of the line and the amount is kept track of.

Motion by Mr. Gisselman to approve the annual report to the Public Service Commission. Seconded by Mr. Force. Motion carried unanimously 5-0.

**6) Discussion and possible action to increase the budget of the 2015 Brown Street Water Tower Painting Project.**

Lindman explained that \$112,000 was budgeted for the painting and repair of the Brown Street water tower. The lowest bid received was \$118,000. Quality control for coating inspection was not included in the RFP. Staff is requesting a \$12,000 increase on the budget to cover the additional \$6,000 for the project and costs for quality control. Discussion followed on rebidding the project.

Mr. Gehin asked if the project could be delayed for a year. Boers would have to check the report to see if the DNR requires the work this year.

Motion by Mr. Gehin to rebid the painting project and include third party coating inspection services. Seconded by Mr. Force. Motion carried unanimously 5-0.

**7) Discussion and possible action awarding the 2015 Brown Street Water Tower Painting Project.**

There was no discussion on this item as the project will be rebid.

**8) Discussion and possible action on possible contract for cross-connection control inspection and administration.**

Lindman questioned if the Commission would like to pursue going out for RFP's for non-residential units. Mayor Tipple asked if any associated costs could be billed back. Boers believes some cities offer this through Engineering. If this moves forward, staff will check with the PSC to see if industrial and commercial brackets could be billed accordingly. Lindman stated this may be a large cost as there are 1,800 to 1,900 facilities. The City does require that each unit complete their own inspection. If this is implemented, it is possible the City could offer it to the businesses at a lower cost than if it was done privately. The inspection reports would then be consistent and administration for billings would be done by the consultant.

Motion by Mr. Force to move forward with the RFP process for cross-connection control inspection and administration. Seconded by Mr. Gehin. Motion carried unanimously 5-0.

**9) Discussion and possible action for preparing and implementing requirements for restricting access to septic haulers who are behind on their payments.**

Lindman stated according to the Wausau Municipal Code, septic haulers not in compliance with policies, codes and current with dumping charges are subject to revocation of dumping privileges at the wastewater plant. Currently there are some septic haulers that are significantly behind in payments. Staff is requesting consideration of adding language to the code that if haulers are behind by a certain dollar amount one notice is provided giving 15 or 30 days to come into compliance. If they do not comply, their key card access would be restricted. There are three haulers that are behind for a total of approximately \$13,000. Mr. Gisselman questioned who enforces this part of the ordinance. Erickson stated he can turn off the hauler's key card access. He would like to have a policy so there is less discussion. Mr. Gisselman believes the ordinance already provides that. Erickson feels a letter should be sent to provide an opportunity for the hauler to make payment. Groat noted that a statement is sent every month so the hauler is aware they are behind on payment. Mr. Gehin suggested checking with other plants. Groat explained that one year Burgoyne fell behind. The City of Wausau does the accounting for Wausau Events and Wausau Events pays for porta potties. Their payment to Burgoyne is significant in the summer and we were

able to get Burgoyne to allow us to apply payments from Wausau Events to the utility until they were caught up. Mayor Tipple suggested having a policy and enforcing it. No action was taken.

**10) Discussion and possible action to prepare bid documents for bidding two RAS pumps.**

The two RAS pumps at the wastewater plant are proposed for replacement this year. Staff is requesting permission to pursue RFP's

Motion by Mr. Force to move forward with preparing bid documents for the RAS pumps. Seconded by Mr. Gisselman. Motion carried unanimously 5-0.

**11) Discussion and possible action regarding the RFP process.**

Mr. Force explained that there have been a couple of incidents regarding RFP's. One was for the purchase of meters. Two bids were received and the higher bid was accepted. The rationale explained to the Commission was that the lower bid was not compatible with the system. This raises the question of why are we going out for bids on something that will not be compatible with the system. If we are using the Neptune infrastructure and will always have to use the Neptune meter that is compatible with it, we should try to negotiate a long term contract with Neptune. The other issue was regarding the Water Model. There were three bids and the low bid was not accepted. The reason explained to the Commission was the higher bid included items that were valuable. If those were valuable items, Force questioned why they were not a part of the RFP to begin with. It seems like the process needs to be tightened up. The Commission could possibly review RFP's or at least be assured that when contracts are awarded we are comparing apples to apples. Mayor Tipple explained that with the meters we knew going in that Neptune was the only compatible meter. There was a lot of time and effort spent by internal staff trying to prove something we already knew. Staff had tried to purchase the meters through a sole source request; however, the Finance Committee requested the RFP process. Lindman explained that the procurement policy has been changed and hopefully moving forward that process will be smoother. Mr. Gisselman agreed with Mr. Force that negotiating a longer contract with Neptune may save the City some money in the long run. Mr. Force said that the basic idea is when a recommendation is received from staff on a bid, we know what the specification is calling for and approval can be made on knowledge rather than staff recommendation alone. Mr. Force feels that as Commissioners they need to have confidence in the purchasing process. Mr. Gehin pointed out that some requests are proposals rather than bids. For bids the low bid should be accepted. Professional services should be proposals. Supplies and chemicals should be quotes.

**12) Discussion and possible action regarding the need for possible budget modifications for the water and sewer shortfalls for 2015 Capital Improvement Projects.**

Spreadsheets were provided for the street improvement projects that have been bid out. The spreadsheets break down the costs for street, storm sewer, sanitary sewer and water. For some 2015 projects, there are budget shortfalls for sewer and water or no budget included. From this point forward, the departments will be getting together during the budget process to determine priorities and ensure proper budgets are included. Mr. Gehin indicated the need to proceed with the utility replacements while the street is open but in future years we need to make sure the budget is covered. Wesolowski stated the budget was not completed until November and projects should be bid out in March. This does not leave a lot of time. When the budget for Project A (22<sup>nd</sup> Avenue) was put together, staff did not think the sewer would have to be replaced as it had been slip lined and the water line was newer. When design began, the sewer line was televised and found there were significant sags in the line. It was then decided that a block and a half of sewer line would be replaced. The cost for Project B came in significantly higher than expected. From Groat's experience the water and sewer lines are more vulnerable to change orders because contractors can run into considerably more rock than expected. Staff will work together to develop better budgets.

**13) Discussion and possible action regarding the process of offering the property owner to have their lead service line replaced using the City's contractor with expense billed to the property owner.**

Lindman stated staff will get a better interpretation from the DNR on the regulation to offer lead service line replacement. We need to know if the City will be held responsible for the coordination of the replacement or if the homeowner will work with the contractor on an agreement. Mr. Gehin noted that administratively, the City would not want to go into private homes. Wesolowski added that the contractors hired for street projects are not equipped to go into homes and are not master plumbers. This will be placed on a future agenda.

**14) Adjourn**

There being no further business to discuss, motion was made by Mr. Gisselman to adjourn the meeting. Seconded by Mr. Rebman. Motion carried unanimously 5-0.