



Minutes of May 3, 2016

A meeting of the Wausau Water Works Commission was called to order at 1:30 p.m. in City Hall on May 3, 2016. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on April 27, 2016.

1) **Roll Call**

Members present: President Mielke, Commissioners Abitz, Force, Gehin.

Others present: Eric Lindman, Scott Boers, Dave Erickson, Deb Geier, Maryanne Groat, Valerie Swanborg, Steve Schultz, Becher Hoppe.

2) **Approve Minutes of the April 5, 2016 meeting**

Motion by Force to approve the minutes of the April 5, 2016 meeting. Seconded by Gehin. Motion carried unanimously 4-0.

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

Staff is working on the Capital Improvement Projects, which are due to Finance the beginning of June.

The Utility is gathering quotes for the purchase of a new commercial van to replace a vehicle. Boers stated the van was purchased today for a cost of \$19,427. Three quotes were obtained with the Dodge van being the lowest cost by about \$1,200.

Staff has been working on receiving quotes for the rehab of high service pump #1 in the clear well. Boers indicated the lowest quote as of now is approximately \$17,000. There will be additional costs for asbestos removal. The insulation that was originally installed in the plant in 1964 was asbestos insulation. Staff is receiving quotes for the asbestos removal before the pump can be replaced. The pump itself has been in operation since 1964.

Crews worked at the Airport to relocate a water main. The work has been completed. Some storm sewer work needs to be finished along with patching of the blacktop.

Currently about 75% of the meters are read remotely through the Gateway system. The next step would be to install approximately six more antennas. This would pick up approximately 3,000 more customers and eliminate the need to drive by for the meter readings. The antennas were budgeted for. The quotes for the antennas have been forwarded to the Electrical Inspector to see if some of the installation work can be done in-house.

Disconnect notices have been sent to two properties who had not made appointments for cross connection inspections. The two have since made appointments.

Annual hydrant flushing began on May 2. Abitz questioned the public outreach. Geier said this was included in the spring newsletter and on the website. It has been found that better coverage is received by using the newsletter as many people do not get the paper anymore.

Staff continues to work on inspections of private wells. Several disconnect notices have been sent out.

Lead and copper testing will take place in June. Boers and Geier will be meeting with the DNR on changes in testing. Many of the changes are due to the Flint, MI incident. Abitz asked if

any cities in Wisconsin have had the same situation as Flint. Staff is not aware of any, but there are other cities in Wisconsin with lead piping in the ground. She questioned Brokaw. Gehin replied testing in Brokaw is not our responsibility. Force explained there are no other cities where the water source has been switched without installing anticorrosion equipment over and above the plant manager recommendations, which is what happened in Flint.

The large meter change out program is continuing. Depending upon the meter size, there is a one to four year change out cycle on meters. There is a \$300,000 budget this year for meter replacement throughout the City.

Staff is unsure if the Wastewater Plant affluent limits for April will meet the phosphorus limit. Staff has been using less alum and saving money. When the phosphorus levels increased, the alum was bumped up. We will have to wait and see how the numbers come back.

Utility staff met with Clark Dietz to review design of the lift stations on Cleveland Ave and 72nd Ave. The project is on schedule and moving forward. Gehin indicated that at one time there was talk about improving the intersection with turning lanes. If it is relocated to the north side we may have to obtain additional right-of-way. Lindman does not believe the north side will work for relocation, but staff will keep this in mind.

Sludge spreading was delayed due to wet weather but has been going fairly well. There has been some trouble with fields as farmers have nutrient management plans. If phosphorus is over 50 it restricts what the farmer should be putting on the field for phosphorus. Force questioned if this was limiting the ability to spread. Erickson said historically they base how much they spread upon the nitrogen need for the ground. Farms with dairy operations are typically already high on phosphorus and we need to be more selective of fields. Force asked if staff was looking at this as a long range issue as he feels the nutrient management will not go away. He added that it is a good thing as it protects our stream and river water quality. Lindman stated staff is trying to look for additional farms. Erickson stated they are using some of the farms less heavy. He went on to explain their spring routine of spreading. Abitz questioned the number of farms that are used for spreading. Erickson replied five to six farms which have a number of fields. He noted that some areas are a long trucking distance, but the alternative to haul to the landfill is also a long distance and involves tipping fees. Abitz asked if staff works with Marathon County to find sites. Erickson replied no and indicated the need is to find interested farmers. He added that the field has to be 500 feet from residences or 250 feet with permission. Force asked if we are a Class B. Erickson confirmed and added that Becher Hoppe did a study some time ago regarding Class A and maybe this should be revisited. Becoming a Class A would involve process changes.

The UV lights were operating by May 1. The intensity meters were low. Staff is still diagnosing the issue.

There has been difficulty in finding an intern for summer/fall and tests may have to be sent outside of the lab. Force recently spoke with intern representatives from Stevens Point. Erickson said that is where we have gotten interns from in the past. But after six months they are well trained and go elsewhere. Lindman indicated that hiring a lab technician is proposed in the organization plan.

The north secondary digester roof leaks sludge and there has been difficulty in getting that removed.

Staff is looking at replacing the compressors as part of the ongoing project with Becher Hoppe. Staff would like to replace with the same compressors as existing. While they are a little more expensive, they are heavy industrial. Staff will be meeting with Becher Hoppe.

Mayor Mielke asked that any CIP projects for 2017 be brought forward for next month. Groat explained that the Utility is not funded through the levy so their CIP projects do not go through the ranking process. The Commission's recommendations are considered for the budget.

Motion by Force to approve the Director's Report as presented and place on file. Seconded by Gehin. Motion carried unanimously 4-0.

4) Discussion and possible action on the annual report to the Public Service Commission.

Swanborg stated the full report is available through the PSC website. She noted that the income statement and the water revenue and expense sheets provide a more detailed look at how much revenue comes from the sale of water, rent of towers, and forfeited discounts. She stated a significant change to 2015 was the booking of pension liability. The balance sheet shows the assets and liabilities at year end. Lindman indicated the total long term debt includes the amount borrowed from the Sewer Utility. Swanborg said the authorized rate of return is 5.75, which does not include a full year of rate increase. The net income is divided by fixed asset capital, which gives the calculated rate. This will help us decide whether we need to look at a quick rate increase. She feels the numbers are strong at this point and does not know if we would be successful in getting a quick rate increase. The expense of the lead lateral abatement impacts the want for a quick rate increase. At the time the rate increase was sought, they could not quantify taking lead lateral abatement into account with the rate increase that was granted. Force stated there was little response at the rate increase public hearing. He personally as a rate payer would favor small increases over time to make sure the Water Utility is sound and the water is safe and plentiful as opposed to a big increase every five to seven years. Swanborg pointed out that the lost water was at 5%, gallons pumped were 1.5 billion and customers served is 16,367 of those 77 were to Brokaw.

Motion by Gehin to accept the annual report to the Public Service Commission and place on file. Seconded by Force.

Gehin noted that the report indicates there is 6" diameter lead pipe, which he does not believe is accurate. Swanborg will reconcile this with GIS information. Lindman explained that staff has been working on the inventory with GIS over the last six to nine months. While it is not perfect, it is slowly improving.

There being a motion and a second, motion to accept the annual report to the Public Service Commission and place on file carried unanimously 4-0.

5) Discussion and possible action on merit wage increases for water and sewer maintainer positions.

Lindman provided 2015 statewide survey results from Wisconsin Rural Water regarding wages. For operators and laborers the low side is \$22 per hour and averages around \$26. We are hiring quite a bit lower than that. Staff would like support from the Commission to move forward to work with HR to establish market rate pay for the Utility by setting a base rate similar to what was recently done for DPW. The results would be brought back to the Commission and considered by the HR Committee. Gehin indicated he would be in support of this but he does not want it to change the balance between staff at DPW. Lindman explained all divisions are being looked at to make sure there is not an unbalance.

Motion by Gehin to allow staff to work with HR to evaluate merit wage increases. Seconded by Force. Motion carried unanimously 4-0.

6) Discussion and possible action on water and sewer increased costs related to 2016 Street Construction Projects.

Lindman said the street projects of Kent Street, Chicago Avenue and 2nd Avenue have been bid out. The bids for water on Kent Street came in over the budget by \$30,000. Chicago was in the good by \$6,000 and 2nd Avenue by \$74,000, for a total of \$50,000 to the good. The sewer side is in the red by \$28,000. The \$28,000 could be taken out of the miscellaneous sewer extensions. Bids will be received for the Westwood Drive project where we had anticipated having to run sewer through that subdivision, but that is not the case. The bids are not back yet, but we anticipate having significant funds remaining that could be used to cover the street projects.

Motion by Gehin to allow staff to adjust funds within the budget to cover the street projects. Seconded by Force. Motion carried unanimously 4-0.

7) Discussion and possible action on budget policy modifications approved at Finance in April.

Lindman explained that the Finance Committee reviewed the ordinance regarding the authority of the Commission regarding the budget policy as there has been discussion on what should be approved by the Commission as far as budget amendments and modifications. The ordinance shows the Commission has the authority to let bids and approve contracts and financially make decisions on the budget for operation of the Utility. The budget policy restricts the amount of money that the Commission can move between projects. He would recommend removing the limit of \$15,000 from the budget policy.

Groat stated when it was presented to the Finance Committee the goal was to have everyone have the same expectations and have clear communication. Both the State statutes and the Wausau Municipal Code gives the Utility Commission quite a bit of authority as far as financial management. The objective was to verify that the Finance Committee still agreed with this. Staff was surprised by the pushback received from Finance and a compromise was established that would allow the Commission to do anything under \$25,000 but over \$25,000 would go to Council for approval. The process of first taking budget amendments to Commission, then Finance and then Council was explained to Finance. Also explained to Finance was that projects can change when the underground is opened and a ton of rock is discovered that was not anticipated, or the GIS information used to draw plans was inaccurate. This is not something that can necessarily wait 45 days for committee action. However, the Finance Committee still recommended anything over \$25,000 would require Council approval. Lindman would like this to go back to Finance for reconsideration.

Lindman explained a whole budget is set and approved by Council. He would like the Commission to have the authority to shift money between projects but within the budget. The Commission does have this authority with the way the statute and ordinance is currently written. To keep projects moving he would like this authority to stay with the Commission. Otherwise, he feels the ordinance would have to be rewritten.

Abitz said the previous Council would analyze every dollar that was spent. She is unsure of how the new Council would react to this. She added that if work on a project is taking place in September and a change occurs, it would be 45 days waiting for committee action. By then there could be snow and the project would not move forward.

Motion by Force to accept Lindman's recommendation and take this item back to Finance for reconsideration. Seconded by Gehin. Motion carried unanimously 4-0.

8) Discussion and possible action to purchase UV bulbs and associated parts for Wastewater Plant Disinfection system.

Lindman explained there are banks of UV lights for disinfection on the affluent side of the Wastewater Treatment Plant. There have been low intensity indicators, which puts us at risk on whether they are being effective. Erickson stated the UV system has to run from May 1st to the end of September. Last summer there was some trouble with coliform testing high. When this happens the sleeves need to be cleaned but it also depends on the water quality. The system was installed in 2012 and the bulbs were warranted for three years or a partial warranty up to 12,000 hours. The existing bulbs are at 9,000 hours. Replacing the bulbs with the sleeves and the wiping system will be approximately \$100,000. When the system was placed back in the water this spring, the intensity meter on two banks was reading low. Staff cleaned the sleeves and replaced the bulb that was closest to the intensity meter, which made a difference. Last week Monday the system was running and tests were taken, which came out fine. Sooner or later new bulbs will have to be purchased. If the bulbs are purchased from Trojan, the warranty begins when the bulbs are installed

not when they are purchased. Therefore it would not hurt to purchase the bulbs ahead of time. The bulbs are \$300 each and there are 224 bulbs. If the sleeves and seals are also replaced, the total cost would be over \$100,000. Erickson also noted that the Trojan system has a lifetime warranty as long as Trojan bulbs are used. Discussion followed on the budget.

Motion by Gehin to allow staff to proceed with purchasing approximately 1/3 of the bulbs as necessary. Seconded by Abitz.

Gehin indicated that staff should talk with other communities to see if they have considered using other bulbs. Erickson stated that Rib Mountain is using Trojan bulbs.

There being a motion and a second, motion to allow staff to proceed with purchasing approximately 1/3 of the bulbs as necessary carried unanimously 4-0.

9) Discussion and possible action on bulk water supply systems.

Lindman stated this is regarding having locations throughout the City for contractors to pull water. In the past construction meters were handed out and contractors would pay for the water usage when the meter was returned. However, this is non-compliant because the meters do not have backflow protection. To order those would cost approximately \$5,000 to \$6,000 each and there would still be the risk of getting the meter back damaged. An alternative to this is to establish different water points throughout the City. The units are card read and are accurate for billing. He believes this would also help with water loss. Boers stated that staff feels three locations would be sufficient for contractors. Currently a system is located at the meter shop. This system is getting toward the end of its life and will have to be replaced in the next couple of years. One could be placed on Well 11 on the northwest side of town. The building is there already and is piped for water supply. There is enough extra supply in that building that would support one of these systems. It would be accessible for contractors and there are not many residences in the area. Another unit could be placed on the northeast side of town and one the south side. Another option would be to have the same system as at the meter shop, but that requires power. John Chmiel has authorized use of some of the land at the airport but power would have to be run across the parking lot and a building built. Boers provided information on a solar and mobile unit for \$18,000. Boers would like approval for \$30,000, which would include everything needed for two units. He noted that there is \$50,000 remaining in the street reconstruction budget that could be reallocated.

Gehin moved to approve spending \$30,000 for the water supply systems with using remaining funds from the street reconstruction budget.

Abitz questioned if the contractor would provide coverage for using the mobile unit. Boers explained that the contractor would not pick it up. The Utility will place the unit and connect it to a hydrant.

The motion on the floor to approve spending \$30,000 for the water supply systems with using remaining funds from the street reconstruction budget was seconded by Force. Motion carried unanimously 4-0.

At this time Gehin left the meeting.

10) Discussion on the 2015 NR 101 Wastewater Report.

Lindman provided the report and indicated an invoice from the DNR will be forthcoming for pounds of phosphorus and BOD. This is an annual expense.

11) Monthly Financial Reports and ongoing tracking of the budget.

Lindman stated the graph provided by Swanborg has been helpful. The balance sheet statements have been somewhat difficult to interpret. Groat stated there are key components of the financial reports that should be tracked to see how the budget is and to compare to prior years. The balance sheets track cash and debts to evaluate the impact of the operation to cash. If you look historically at the Water Utility, the rate structure was not supporting all of the activity and then

there was some substantial investment in assets, which were paid for with cash. Now the Water Utility is in a \$1.4 million cash deficit and relying on the Sewer Utility. She feels review of the full financial statements is a good practice, but it may not need to be done monthly. In the past there were a lot of transactions that got booked at the end of the year. This practice is hard to determine where the Utility is financially as there were changes of millions of dollars taking place at the end of year. This is now being done monthly so there is a placeholder. She does not want to step backwards on that but could move to a quarterly statement.

Force favors the monthly graph and can see at a glance how the Utility is doing. Abitz feels it is good to be up to speed on a monthly basis.

12) Adjourn

There being no further business to discuss, motion was made by Abitz to adjourn the meeting. Seconded by Force. Motion carried unanimously 3-0.

Lori Wunsch, Recording Secretary

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