



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Meeting Minutes - Approved WATER UTILITY BOARD

Tuesday, April 28, 2009

4:30 PM

119 E. Olin Ave.
Rooms A&B

CALL TO ORDER / ROLL CALL

Present: 7 -

Lauren Cnare; Dan Melton; George E. Meyer; Jonathan H. Standridge;
Gregory W. Harrington; Bruce Mayer and Michael Schumacher

Excused: 1 -

Thomas Schlenker

APPROVAL OF MINUTES

A motion was made by Harrington, seconded by Meyer, to Approve the Minutes of the March 19 and March 24 meetings. The motion passed by voice vote/other.

PUBLIC COMMENT

Two citizens were present to address the board.

Midge Pfeffer addressed the Board regarding water fluoridation. She introduced herself as the Fluoridation Specialist/ Oral Health Program Coordinator for the State Department of Health Services. She thanked the City of Madison for its leadership in water fluoridation and offered the assistance of the Division of Public Health. She distributed two documents to the Board, the "Division of Public Health Statement on Community Water Fluoridation" and "Statements from Six Leading Health Authorities Regarding Community Water Fluoridation." She was asked for a brief overview of the reasons her organization is so supportive of fluoridation. Ms. Pfeffer said that science has demonstrated that proper fluoridation is an effective way to improve oral health. It is available to people of all income levels, and many studies have verified that it reduces tooth decay and benefits both children and adults. She was asked what kind of service her organization has provided to communities that have debated the issue of fluoridation in the past. Ms. Pfeffer said whatever is requested. She is relatively new in her position, but in the past Dr. Warren Lemay has provided public comment and advice and scientific resources for communities and local leaders. She also suggested the Wisconsin Dental Association as an excellent resource.

Bob Dreps was present to address the Board regarding Open Meetings. Please see agenda item 17 for his comments.

ADMINISTRATION REPORTS

1. [14080](#) General Manager's Report

Attachments: [General Manager Report April 2009.pdf](#)

The attached report was distributed. Tom Heikkinen highlighted several items on the report:

The water treatment filter on Well 29 is online. The dedication is scheduled for July 11 (the date in the report is a typo).

There is good news from the Department of Natural Resources (DNR) regarding stimulus funds. Madison is now eligible to apply for the Safe Drinking Water Loan program, which has a grant component. Ald. Schumacher said he had an opportunity several weeks prior to publicly question the head of the DNR regarding the policy that had previously excluded Madison from applying. Mr. Heikkinen thanked him for his support and said many people lobbied for the change.

The Utility will host its first public hearing on the Capital Improvement Program. Board members had questions about the details (where, time, Board involvement, etc.). TV coverage was suggested for the hearing. Mr. Heikkinen said this was a good idea, and that he would send details to the Board as the date approaches.

The next team-building potluck will be June 18 at the Patterson St. facility and all are welcome.

The Utility received a \$300,000 STAG earmark from the EPA for Drinking Water improvements.

2. [14086](#) Water Supply Report

Attachments: [Water Supply Report April 2009.pdf](#)

The attached report was distributed. Joe Demorett, the Water Supply manager, gave an update on the Sentinel Well. The hole is drilled, and six different sampling levels have been selected that represent high-flow zones. There have been delays in the manufacturing of the final FLUT liner but it is hoped that it will be ready in the next few weeks. If any members of the Board are interested in the borehole logs he can provide them.

He was asked why his average results from the Well 29 testing were different from the numbers on the Engineering Report. Mr. Demorett said his report includes the results from the Rounders' daily testing. They take samples from three different points in the system and analyze them on site using a Hach unit. The average on the report only represents a single week of testing and was skewed by the results from a day when the backwash was late.

He was asked for clarification on the need for a new column at Well 15. Mr. Demorett said the column was 17 years old and not entirely uniform. After his report was completed, the decision was made to also replace the shaft and spiders. (Spiders keep the well shaft centered and stabilized within the column.)

He was asked how the Utility prioritizes which wells receive chlorine detection units. Mr. Demorett said the new SCADA sites are first because they can then be connected to the Operator's room.

He was asked when he expects results from the samplings taken at 4002 Nakoosa Trail and what the next steps are. He said he received a call that afternoon that the results were in. For the next step, the data is submitted to the Department of Natural Resources (DNR), which will determine whether additional investigation is necessary and decide whether the site is closed or remains open. He expects that it will be closed with a restriction (capping), but it would not preclude building on the site. He hopes to have an answer by the end of May.

He was asked whether an energy-efficient pump would be considered for the replacement at Well 15. Mr. DeMorett said that as of that morning, the pump hasn't been taken apart yet. If the pump only needs new bearings, they will not replace the entire part. Purchasing a new pump would further delay the project. Al Larson added that shaft pumps are typically 82-83% efficient. There is some energy-saving technology available like variable speed drives and high efficiency motors, but they are not planned for this project because it is already overdue.

Mr. Heikkinen highlighted the portion of the report about a new hydrological model for the Dane County. This would be a state-of-the-art, dynamic model that includes surface water interactions. It has tremendous capabilities, and could help with analysis and future siting. Madison's share of the cost would be about \$84,000 and this would most likely be shared between the water, stormwater, and landfill utilities.

3. [14085](#) Water Quality Monitoring Report

Attachments: [Water Quality Report April 2009.pdf](#)

The attached report was distributed. Joe Grande said split samples from Well 29 are being sent to the City lab on a daily basis to validate the Utility's results. To date, they have received one result back; it was in the 7 ppb range for manganese and .06 for iron. He will have more results at the next meeting. Many of the residential tap samples this month were from the Well 29 area and will continue next month and be repeated later in the summer. The Utility is also doing tap sampling in the Well 8 area, while the well is off, and will do additional testing when the well is back on. The radionuclide testing for this cycle is completed and the Utility is waiting on two lab results. That data will be ready next month. He was asked how those results are used to update the reports for each well. Mr. Grande said the reports are updated on an annual basis.

4. [14087](#) Operations Report

Attachments: [Operations Report April 2009.pdf](#)

5. [14088](#) Staffing Report

Attachments: [Staffing Report April 2009.pdf](#)

The attached report was distributed. It was noted that the staffing void has been reduced from 10% in the past to less than 2%. Operations Manager Dan Rodefild added that over the last two years, nearly half of the staff members at the Operations Center are promotions, position changes, or new hires.

6. [14122](#) Engineering Report

Attachments: [Engineering Report April 2009.pdf](#)

The attached report was distributed. Principal Engineer Al Larson highlighted several items on the report.

He said there is a training issue with the Rounders as they become accustomed to the new equipment at Well 29. This is one reason split samples are being sent out for testing. He was asked what the requirements are for testing. Mr. Larson said they are acting upon recommendations from Tom Stunkard at the DNR. Initially, they will sample daily, and then move to twice a week, once a week, etc.

He reviewed the Public Participation Process update on his report. At the Well 8 CAP (Citizens Advisory Panel) meeting the night before, it was decided that a public meeting in the area would be planned for May 18.

He highlighted the graduate research project that will be taking place to analyze turbidity during unidirectional flushing. This project should be very interesting because it will provide real time data during summer flushing.

7. [14089](#) Customer Service Report

Attachments: [Customer Service Report April 2009.pdf](#)

The attached report was distributed. There was a request for clarification on the “neighborhood indicators” referenced in the report. Customer Service Manager Ken Key said they are analyzing water consumption data. Coincidentally, he already had a lot of data from his work on the sustainability plan that he was able to share with David Long.

8. [14090](#) Public Information Report

Attachments: [Public Information Officer Report April 2009.pdf](#)

The attached report was distributed. Public information Officer Gail Gawenda said that in addition to the events in the report, she attended the ENACT advisory panel meeting on Friday, April 24. She hopes to attend future meetings as well.

A couple of board members described presentations they had attended that did an excellent job of demonstrating conservation strategies using statistics and simple actions that an average consumer could understand. This included the presentation by Mary Ann Dickinson that the Water Utility hosted on April 23.

Tom Heikkinen said he hopes the board attends the open house on May 9. The Utility is excited about the event, and, if it is successful, hopes to host it on annual basis.

FINANCIAL REPORTS

9. [14123](#) Fund Balance Report

Attachments: [Fund Balance Report April 2009.pdf](#)

The attached report was distributed. Finance/Accounting Manager Robin Piper highlighted two items from the report.

First, the year-end numbers are in, so the short-term loan from the city has increased from \$3.575 million to \$4.55 million. At the end of 2008, \$1.83 million was borrowed from the city to meet cash flow obligations. \$850,000 was repaid in January when the Utility received its portion of the delinquent water bills that were collected on the tax roll. The Utility hopes to pay the loan to below \$4 million at the end of this year.

Second, the Construction Fund is just below \$3 million, so he and Mr. Heikkinen will be meeting with the Comptroller to discuss a Bond Anticipation Loan for funds to continue with construction until revenue bonds are sold in late summer. He was asked how this differed from the debt the Utility already has with the City. Mr. Piper said the difference is the Utility repays the City as soon as the revenue bonds are sold. Revenue bond income can only be used for waterworks construction; it cannot be used to pay for other debt. He was asked how the current economy might affect the sale of bonds. Mr. Piper said municipal utility bonds are a low risk investment that is appealing to investors in this economy. He is not sure what the return will be this year, but it should be a considerably better percentage than a traditional savings account.

He also pointed out that the assessment revolving fund has increased by approximately \$40,000 due to assessments that were collected at tax roll time.

10. [14092](#) Financial Report: Toilet Rebate Program

Attachments: [Toilet Rebate Financial Report April 2009.pdf](#)

The attached report was distributed. There was a question about the high administrative costs in February. Mr. Piper said most of those costs were for radio advertisements. It is currently estimated that a total of \$250,000 will be spent on rebates and approximately \$50,000 will be administrative costs. The advertising was for initial publicity for the program, but the Utility does not plan to continue to spend money on advertising.

11. 14521 Income Statement 2008

Attachments: [Income Statement 2008.pdf](#)

The attached report was distributed. Mr. Piper said that although the net income for 2008 is lower than the net income in 2007, the 2007 income was inflated by an extra \$1 million in non-operating income. When this is taken into consideration, one can see that the Utility is actually in a much better financial situation than it was at the end of 2007.

There was a question about the \$3.3 million tax expense, which is 1/6 of the Utility's operating expenses. Hr. Heikkinen said most of this is the PILOT payment to the city, which is based on the value of the Utility's assets. Mr. Piper added that he has sent a request to the city Assessor to find out the top 10 property tax payers for the city. Mr. Heikkinen added that as the Utility improves its assets, the PILOT increases, and this increase is sometimes higher than the rate of inflation. He would like to pursue options for capping that increase.

12. [14496](#) 2009 Rate Case

Attachments: [Simplified Rate Case Application.pdf](#)
[Rate Case Schedules.pdf](#)

The simplified rate case and several attachments to the actual rate case were distributed. Mr. Piper said that the Utility does not qualify for the simplified rate increase, which would have been 3%. According to the rate case application, the Utility is eligible for an 18% rate increase. This is higher than was previously anticipated because of an increase in costs including salary increases, additional payroll (the Utility is now almost fully staffed), health insurance and benefits, and maintenance of the new filter. The PSC is likely to question why the Utility is not pursuing increased water sales, but due to continuing conservation efforts, fewer new customers, and the closing of the Madison Dairy, revenue estimates are conservative.

There was a question about the different rate schedules on Attachment 3. Mr. Piper said that because the rates were different during the months before new rates were implemented, the Utility had to use 4 schedules.

There was a discussion of rate structures. Currently, the Utility has a declining rate structure for industrial customers but not residential customers. The Utility anticipates that it will eliminate the declining structure for commercial customers, and this set rate will be lower than the current starting rate in the declining structure. The PSC says the Utility cannot have an inclining structure unless it bills more frequently. In the long-term, the Utility anticipates that it will have an inclining structure for residential customers and possibly for commercial customers. The timeframe for discussion of inclining rate structures is probably about three years from now, when Automated Meter Reading (AMR) is implemented and the Utility is billing monthly.

Mr. Piper asked for feedback from the board regarding the 18% increase. There was support for the rate of increase. Several Board members encouraged the Utility to develop an outreach and public information plan to help an average customer understand why the rate increases are necessary. In this economy, customers are especially sensitive to price increases. Mr. Heikkinen said the cost of the increase for the average residential customer is a nickel a day.

Mr. Piper added that the PSC's financial model is a best-case scenario, predicating on the Utility earning a 7% rate of return on its average net investment rate base. The Utility seldom reaches the rate of return it's allowed by the PSC, and last year the rate of return was 2.46%. It was suggested that in communicating with customers, it could perhaps be beneficial to have a comparison of a best-case scenario, a worst-case scenario, and then the anticipated scenario on a single sheet.

He was asked about the Utility's interest expenses for debt and how much is too much. Mr. Piper said the Utility has 72% debt to municipal equity. (This can range from 0 to 286%). The PSC prefers 50%, but sometimes Utilities have to borrow to meet infrastructure replacement needs, especially since the PSC will not allow them to increase rates to pay for the expense up front. Mr. Heikkinen said the average is 46%. An important number, too, is the percentage of the operating budget that is necessary to service the debt. Right now he is comfortable that the Utility's percentage is not too high.

Michael Schumacher moved to approve the staffing reports; Bruce Mayer seconded; the motion passed.

ANNUAL REPORTS

13. [14499](#) Annual Water Quality Report
14. [14503](#) 2008 Annual Report to the Public Service Commission (PSC)

Attachments: [2008 Annual PSC Report.pdf](#)

Mr. Piper pointed out W14, which shows an increase in unaccounted water loss from 8% last year to 12% this year. This schedule was expanded for 2008 and requested new information from Utilities, like gallons consumed for fire protection. Mr. Piper contacted the fire department to try to get an estimated amount but did not receive any information.

Mr. Heikkinen pointed out that in 2008, only 10.9 billion gallons of water were pumped. This is the lowest total pumpage since 1984, when the city's population was 170,000. The estimated per capita residential usage is 68 gallons a day. Ken Key said that according to the presentation by Mary Ann Dickinson, the national average for indoor use was 65 gallons per person per day. Madison is significantly lower than the average since the 68 gallons are for both indoor and outdoor use.

15. 14533 Annual Lead Service Replacement Report

Attachments: [20090324 WDNR Madison Water 2008 Lead Summary.pdf](#)

There was a question about how the Utility can address the issue of individuals who have lead service lines and will not replace them. Al Larson said the Utility can partner with the City Attorney's Office to bring legal action against those individuals who are known to have lead and do not replace it. This has been done with a couple of individuals.

UNFINISHED BUSINESS

16. [14500](#) Near West Side Water Supply Augmentation Project

Attachments: [Near West Side Water Supply Augmentation.pdf](#)

A motion was made by Schumacher, seconded by Meyer, to Refer to the Water Utility for two months. The motion passed by voice vote/other.

17. [14528](#) Discussion of the Board Agenda-setting Process

Attachments: [Meeting Notes Regarding Open Meetings Law.pdf](#)

The attached document was distributed. There was a discussion of the issue of negative quorum and meetings between two Board members. Ald. Cnare said she thought the reason for the Board's expansion was to allow two members to have a conversation, but according to the meeting notes, this was not the case. Ald. Schumacher said general items, like conservation, can be discussed but not specific agenda items. He reviewed the information about negative quorum in the document, as well as public meetings at businesses. He said agenda-setting meetings were particularly problematic because every agenda item is discussed prior to the Board meeting. This was his understanding from his discussion with Roger Allen, Assistant City Attorney, but if there are questions then the Board should consult with him. Mr. Standridge said he had requested that Roger Allen attend this meeting but he had a prior commitment.

A member of the public was present to address the board regarding the issue of open meetings.

Bob Dreps identified himself as a local lawyer representing the news media on these issues. He said that the advice from the City Attorney was cautious, conservative, and theoretical, and that the issue has never been decided in court. The only case that involved negative quorum was not a hindsight application. The board should not take extreme measures or be discouraged from meeting together or with concerned citizens; this was never the intent of the Open Meetings Law. In regard to agenda-setting, there is a relevant case involving a three-member board. The court said two people meeting in advance and agreeing on the items that would be on the agenda is not a violation because agenda-setting is the chair's responsibility, not the Board's. The chair can consult with other individuals in that process. Mr. Meyer asked whether board members could avoid a violation by choosing not to vote on items they had previously discussed with another member. He was concerned about new members who need to learn from their fellow Board members. Mr. Standridge asked whether two members interested in conservation could drive down to Chicago together to meet with Mary Ann Dickinson. Bob Dreps said he did not think discussing a general subject like conservation could be a violation. Mr. Standridge asked if this was the case if the topic discussed was more specific, like Automated Meter Reading, and would likely be on a future agenda. Mr. Dreps said that if it is known that the issue will come before the Board, it is a problem to gather information that will inform that discussion without a notice. However, he does not think the problem is avoidable in the context of that particular scenario. The public cannot be invited to ride along in the car. There have to be practical considerations to be taken into account. If only four board members were present, members who had previously discussed an item could refrain from voting.

It was suggested that this issue be tabled until Roger Allen could be present to address the Board's questions. The Board should abide by rules, especially considering the past and the problems the Utility faced when rules were not properly followed.

Mr. Heikkinen said that at the last meeting he was asked to draft an agenda-setting process for the Board's review. The Board of Commissioners

previously had an operating rules document and he updated it with the new 33.01 ordinance, the board charter ordinance, and information from his meeting with Roger Allen. It is currently at the City Attorney's office for review and could be presented at the next meeting.

A motion was made by Schumacher, seconded by Harrington, to Defer to a future meeting attended by Roger Allen. The motion passed by voice vote/other.

DISCUSSION ITEMS

18. [14502](#) Review of the External Communication Plan

Attachments: [2007 External Communications Plan.pdf](#)

Tom Heikkinen gave a review of the Utility's progress on the External Communication Plan. A great deal of progress has already been made on the plan, including the hiring of a Public Information officer, work on the website, and the development of the Public Participation Plan. The Utility can continue the process by developing a more specific operations procedure to guide communications. He observed that the existing document serves as more of a guideline and includes some non specific language.

It was suggested that the External Communication Plan could be made much more concise in order to facilitate quick review. It was also drafted at a time when there were serious issues, so it would be beneficial to review the suggestions and determine which actions make sense now, and which additional steps should be taken in a moment of crisis.

Mr. Heikkinen said he would like to develop an event-based procedure. It was suggested that the group that drafted the External Communications Plan could reconvene to review the completed procedure and offer input. Mr. Standridge said communications are a top priority for the Board. There is progress that has been made and more work that needs to be done.

19. [14497](#) White Paper for Advanced Metering Infrastructure (AMI)

Attachments: [AMI White Paper.pdf](#)

There was a question about the difference between Automated Meter Reading (AMR) and Advanced Metering Infrastructure (AMI). Mr. Heikkinen said AMI generally refers to a fixed-network system. Board members suggested that the White Paper should demonstrate what the existing system and technology cannot accomplish. It was also suggested that more examples be used and that the benefits section should explain how AMR/AMI accomplishes the benefits. Mr. Heikkinen suggested that Board members send him their comments/suggestions, preferably within the week. The document will then be sent to the Mayor's office and the Council.

CORRESPONDENCE AND SPECIAL INTEREST ITEMS

20. 14519 Water Research Foundation Project Collaboration

Attachments: [Letter to Dr. Noguera April 2009.pdf](#)

- 14536 Letter to Representative Baldwin 4/9/2009

Attachments: [Letter to Representative Baldwin 4-9-09.pdf](#)

FUTURE AGENDA ITEMS

21. [14501](#) Introduction of Future Agenda Items

Water fluoridation was proposed as a future agenda item. It was suggested that, if there were a discussion, it would be beneficial to have a joint meeting with the Water Utility Board and the Board of Public Health.

It was suggested that Utility staff look through old minutes to identify potential agenda items that came up in discussion. The current Future Agenda list is the result of such a process.

It was suggested that, in addition to management efforts, there might be something the Board could do to help staff members see the connection between their work and the strategic plan/mission of the Utility as a whole. At the strategic planning meeting on March 19, there was a noticeable disconnect.

ADJOURNMENT

A motion was made by Schumacher, seconded by Meyer, to Adjourn . The motion passed by voice vote/other.