



City of Madison
Meeting Minutes - Final
BOARD OF WATER
COMMISSIONERS

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

Tuesday, August 16, 2005

4:35 PM

119 E. Olin Avenue

CALL TO ORDER

The meeting was called to order at 4:45 p.m. by Vice President Jon Standridge.

ROLL CALL

Present: Ald. Lauren Cnare, Jonathan H. Standridge and Gregory W. Harrington

Absent: Larry L. Studesville

Excused: Priscilla B. Mather

PUBLIC COMMENT

Jim McCormick, Water Utility Leadworker in the Distribution System, requested to speak. He stated his concern is that, during the last couple of years, we've spent a lot of money for street patching, with this year's total being \$383,000. This is for patching streets where there have been leaks and where we are opening up the street for the lead service replacement program. He said all of that money goes to City Engineering, and they get 15% right off the top, which goes for marking the utilities. Jim said he is wondering if there was some other way of doing this, such as piggy-backing, or contracting out to one of the asphalt plants so we wouldn't lose that 15%. Jon Standridge said, so \$383,000 goes from the Water Utility to Streets? Robin Piper said they contract through Public Works with private companies to do the patching and resurfacing, and they make the payments to those companies via the contract and bill us for the payments that were made. Robin said City Engineering also add a 15% contract administration fee. Jon said that, because Utility workers don't do the jobs, your concern is that Engineering skims off 15% to manage this work. Greg Harrington said it sounds like it would have been \$60,000 last year. Jim said he doesn't know how they decide what ditches to give them, but it's much easier for us-we're out there doing the ditches now. It's much easier if we do the lead service replacement ditches, because we do two to three blocks at a time so we're in one area, and we have five employees who do that. Jim said with five people, it's much easier to go right down the street. He said the main leak ditches would be scattered. Doug Grueneberg, Operations Manager, said the reason we give it to them is that it saves us money because they are doing more than one street. He said it's cheaper for us to jump around than to have them jump around. Jim said he thinks it would be easier for us to stay on one street. Doug said it's cheaper to have the contractor do 30 in one area rather than him driving around and pulling a grinder around and loading and unloading. Jim asked if there is some other way to look at this. Jon asked Jim if he doesn't think we are getting our money's worth. Jim said no, he doesn't think so.

Dave said since this isn't an agenda item, the Board shouldn't get into a detailed discussion of it, but we could put this on the next agenda for further discussion. Jon asked Jim what he would like the Board to do. Jim said we should look into hiring a contractor ourselves and not lose that 15% off the top. Jim would like the Engineering Section to look at this issue. Jim said he's talked with Dave Denig-Chakroff about this, and he said he'd talk to Al Larson, Principal Engineer, about this.

Jon said he wanted to make the observation that those types of management decisions of operating the utility usually don't come to the Board. Since Jim brought this to the Board, the Board will have to make a decision if we want to put this on the next agenda and have it become a Board issue.

APPROVAL OF MINUTES

1. Approval of the minutes of the July 19, 2005 meeting.

Lauren Cnare made a motion to accept the minutes of the meeting of July 19.
Greg Harrington seconded; unanimously passed.

INFORMATIONAL REPORTING

2. July 2005 Water Quality Report.

John Marchewka, Water Quality & Supply Supervisor, reported everything is normal. Annual Disinfection By-product monitoring was completed, as well as our annual round of VOC monitoring. There were no violations. John said we continue to monitor some positive coliform results for the unmetered water at Unit Well 15. He has had contact with the DNR so they are aware of it, and currently, we are just keeping an eye on it. Jon Standridge asked if these positives show up before disinfection of the well, but once it's disinfected, it's gone. John said yes. Jon asked the location of UW 15. John said it is off of East Washington Avenue, on Lien Road.

3. August Staffing Report.

Gail Glasser stated that the eligible list for Administrative Clerk has been generated and we will be interviewing within the next 10 days or so. The Public Works Maintenance Worker 2 announcement is current, and the request to fill the Engineering Aide position is in process. Lauren asked Gail what "the position is being reviewed" means. Gail said it means we haven't decided what to do with the vacant position.

4. Operations Report.

Doug Grueneberg said pumpage is up again for the month of July. He said we are busy with lead service replacements, maintenance work, painting hydrants, etc. Jon asked if the lead service replacement program is still on track. Doug said yes, he thinks we are a little ahead of last year at this time.

5. Engineering Report.

Al Larson reported that Unit Well 29 is complete and operational, and it has been running since July 1. They are hoping to pour the concrete slab for the base of the reservoir for UW 30 this week. It should be completed in February or March of 2006. Test pumping was started at UW 10 yesterday, and a packer was installed to isolate the lower aquifer. Once testing is complete, a new permanent pump will be installed. Al said Black & Veatch have calibrated and updated the distribution system computer model. They are working on the future demand projections and pipe extensions. Al said he met with Black & Veatch and Strand to go over the project, review progress and discuss the completion schedule.

Regarding the Mandan Crescent water quality issue, we are sampling 28 sites around UW 10 and this should be completed by the week of August 22. Doug DeMaster is coordinating and planning the unidirectional flushing of the area. Since flushing District 3 contains approximately 66 miles of pipe, it could take two to three months to fully flush. Dave mentioned that we implemented a gratuity of \$30 for customers who go through the process of providing the samples that require a stagnation period. He said he learned about this in workshops, that other utilities have done this successfully.

6. New Building Report.

Al said this is probably the last building report; it will be changed to the Paterson Street report. The building is complete and it was accepted by this Board at their last meeting, by the Board of Public Works at their July 19 meeting, and the Common Council on August 2. This building will be under warranty until July 12, 2006, so if anyone notices any issues, let Al know so he can get them corrected. He said he hasn't heard anything on the art project lately.

Al said we continue to work on final design for the Paterson Street site and plan to have the design completed by September. We hope to have the approvals by the middle of October and move into the bidding process. We'd like to have a contractor on board by January, 2006, and possibly complete it by the end of 2006.

7. Customer Service/Billing Report.

In Ken Key's absence, Robin Piper reported that they are working with the software vendor to complete the final tax roll process so that, on October 1, water bills can be transferred to the tax rolls. Customer Service has been busy with 450 special reads that were done between Friday and Monday due to students moving in and out.

FINANCE

8. Fund Balance Report.

Robin Piper said the Principal and Interest Account is a little lower than announced on June 30 due to the July 1 interest payments on all of our debt service. There is no money in our construction fund at present.

9. Capital Project Report.

Robin said we spent \$860,893 in June. The Common Council approved the resolution to do short-term borrowing from the City and we'll have to borrow some money in August to help make payments on some of the capital projects in progress. Robin plans to meet with the Comptroller's Office later this week.

10. Income Statement.

Robin reported that on this six-month statement ending June 30, we are showing a loss of \$400,000. This doesn't include any revenues from the reported increase in pumpage yet because of the six-month billing cycle. We haven't included any dollars for the 3% rate increase that will start to show up on October 1 bills. Robin said it has been three years since we've had a rate increase and this just points to the fact that we need to get that rate case filed. He said our operating revenue is down from last year by almost 3%, which is due to pumpage being down 1.1%. The pumpage that was picked up in June will start showing in our revenues. Jon asked if Robin has calculated that, by the end of July, what percentage pumpage is up compared with last year. Robin said pumpage is up 8 ½ %. Jon asked if this translates to revenues and if it does, that is \$500,000, which will wipe out the \$409,000 you are in the hole. Robin said it could but some of the pumpage is from our larger customers who get a cheaper rate. Jon said it doesn't appear that we are in bad shape. Other Interest is down because we don't have the money earning interest that we did before. Robin also noted that power costs are up 5%. Jon said we knew we were going to be stretched thin with our aggressive building projects, so he asked Robin if we about where he thought we'd be, or are we in deeper debt than he anticipated. Robin said we're probably not quite as bad off as he thought we'd be, with the increased pumpage.

11. Audit Report.

Robin said the report is in generally accepted accounting principals, language that the bond people like to look at. The letter from the auditors, Virchow Krause & Company, indicated that we needed to improve our physical inventory and we've done that, as this letter indicates. This new letter has no deficiencies and they don't see anything we should be improving structurally. The rest of the audit report highlights 2004 finances. The letter didn't indicate anything that needed improvement. Jon said Robin should be commended for having no new deficiencies show up under his management.

Robin said we're almost finished with the Operating Budget, and we are working on the Rate Case at the same time. Preliminary figures show that we will be looking at between 13% and 15% rate increase when we submit it. Jon asked if there is a percentile of where we rate compared to the U.S. or Wisconsin utilities. Robin said Wisconsin's are on the PSC website. He said we are still the 5th lowest in large utilities in the state. In the county, we are 2nd lowest. Robin said we are 5th lowest out of 80 utilities. Jon said we're stilling giving Madison a good deal. The PSC is saying that we are still giving our customers very low rates. Greg asked how much our last rate increase was and Robin said it was not quite 12% in August of 2002.

Greg Harrington made a motion to accept the informational reports. Lauren Cnare seconded; unanimously passed.

ADMINISTRATION

12. General Manager's Report.

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Greg Harrington made a motion to accept the informational reports. Lauren Cnare seconded; unanimously passed.

Dave Denig-Chakroff reported that last month there was a petition representing 11 households, with 20 or so signatures, submitted to the DNR under WI NR80961 where customers can submit a petition to insure the safety and aesthetic acceptability of their water quality. They submitted a petition stating their concern, which is pretty much repeating the issues that you've heard about. Dave said yesterday we got a copy of the response the DNR sent back to the petitioners, saying that they feel that Madison Water Utility, based on how we have responded to this issue, are implementing a program to insure the public attains the highest water quality practicably attainable. He said they are basically saying they don't think, based on the petition, that there is any action that DNR needs to take other than to continue to monitor what we are doing, and that we are doing pretty much everything we can to resolve this issue. Dave said he'll make sure this letter goes on the agenda for September.

Dave said we just received our annual inspection report and that will be put on September's agenda also. He said it looks very good, that we got glowing marks for our operations.

Jon said his observation in talking many times about communication within the Utility, and having had city personnel talk about this issue makes him think this is another symptom-Jim McCormick coming to the meeting and bringing a fairly small issue to the Board. He can't help but think that Jim thought he wasn't being listened to elsewhere. He said he's not going to ask if that is the case, but he is still interested in those issues of communication with staff. Lauren asked if there is any update on the sale of the Vondron Road property. Dave said we haven't heard anything new, that they are still looking at it and are still considering our property, having narrowed it down to two, and this property is one of the two.

OLD BUSINESS ITEMS

NEW BUSINESS ITEMS

13. [01782](#) Authorizing the Mayor and the City Clerk to execute Amendment No. 1 to the Professional Services Agreement with Black and Veatch Corporation for the preparation of the Water Utility's Master Plan and the Infrastructure Management Plan to include additional work, costs due to project time extension, and revisions and modifications to the Utility's system computer model.

Sponsors: Lauren Cnare and Common Council By Request

RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - REPORT OF OFFICER Resolution No. 01782. Authorizing the Mayor and the City Clerk to execute Amendment No. 1 to the Professional Services Agreement with Black & Veatch Corporation for the preparation of the Utility's Water Master Plan and the Infrastructure Plan to include additional work, costs due to project time extension, and revisions and modifications to the Utility's system computer model.

Al said we hired Black & Veatch two years ago and as with any major project, we ran into snags and delays. One of the big snags was getting the population estimates, which were delayed as much as nine or 10 months. This put a lot of the work they were going to do in 2004 into 2005, and the subsequent inflation that goes along with that. When they got our computer model, they found a lot of little bugs and inconsistencies they had to deal with. They spent a lot more time recalibrating the computer model and making it work. Al said this amendment is justified. Jon asked how much it is and Al said \$52,000, that the original contract was \$300,000. Jon asked if, when we put these things together for the \$300,000, we always figure that there is going to be some glitch or something unusual? He said it seems like it has become normal procedure, to come up with extra money at the end of these projects. Al said we're always optimistic going in, and the biggest problem they run into is delays. He said he remembers discussing this whole issue with Black & Veatch, saying we don't want any delays. Al said City Planning couldn't get the population estimates out in a timely manner and that has impacted the whole project. Jon asked what happens if we don't pass this. Al said we can't get to where we want to be as far as the Master Plan goes, that we'd have to cut something out of the scope and he doesn't know what that would be. They couldn't finish the report without this. Jon asked if Black & Veatch couldn't foresee this, and Al said we went round and round with them during contract negotiations. There is a lot of language in the scope of work such as, assuming a population estimate will be available in a timely manner. When this is delayed outside of our control, it results in increased costs. The contract says this budget and scope is based on the fact that the Utility will provide Black & Veatch with an operating computer model, which we thought we did, but there were problems with it. Al said, having been a consultant for over 20 years, he knows the thing that kills the budget is delays. Jon said the delays were on our side but things that were out of our control. Al agreed and said delays cause costs to increase due to inflation, raises, and starting and stopping work.

Greg Harrington made a motion to approve the resolution. Lauren Cnare seconded; unanimously passed.
Unanimously passed.

RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2

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Greg Harrington made a motion to approve the resolution. Lauren Cnare seconded; unanimously passed.
Unanimously passed.

Enactment No: RES-05-00728

CORRESPONDENCE AND SPECIAL INTEREST ITEMS

Confirmed the next regular meeting date of September 20.

ADJOURNMENT

At 5:30 p.m. Greg Harrington made a motion to adjourn the meeting. Lauren Cnare seconded, unanimously passed.