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April XX 2017

Mayor Paul R. Soglin
City of Madison Mayor's Office
210 MLK Jr Blvd, Room 403
City-County Building
Madison, WI 53703
DRAFT

Dear Mayor Soglin,

This letter provides results of the Madison Water Utility Board's 2016 annual review of the Water Utility General Manager, Tom Heikkinen. We undertake this evaluation to assess the Utility's progress in meeting the Board's goals in fourteen aspects of utility management.

The board's mission is to ensure that Madison residents, businesses and visitors receive an adequate volume of high quality water for consumption and fire protection, at a reasonable financial and environmental cost. The general manager informs the Board on the Utility's progress in fulfilling this mission by providing updates on these topics:

- Water quality
- Water quantity
- Reliability of service
- Affordability
- Sustainability
- Treatment of consumers
- Treatment of staff
- Financial planning and budgeting
- Financial condition and activities
- Emergency succession
- Asset protection
- Infrastructure
- Communication and support to the board
- Quality and performance improvement

In 2016, Mr. Heikkinen fully met the Board's policies in 12 of the 14 areas. Under Tom's leadership, the Water Utility continues to make significant progress with infrastructure repair and replacement. Reconstruction of the Lakeview Reservoir is complete, as is the first phase of renovation at the Paterson Street Operations Center. Planning and public outreach activities began for the Blackhawk water tower which will serve the City's far west side.

Mr. Heikkinen continues to provide leadership in the areas of water conservation, aquifer sustainability, and water quality. In response to rising chloride levels in several wells, Utility staff joined other City departments, Dane County, and the Madison metropolitan Sewerage District to improve road salt application practices. In 2016, Tom initiated the Water House Project to educate about, and demonstrate, water and energy efficient residential building practices.

As in previous years, two conditions of Board policies were not met in 2016. The first of these relates to needed improvements in fire flow and pressure at customer taps at several locations in the service area. The Utility continues to make progress on several infrastructure improvements to address this problem. The second area of concern is lack of a Utility reserve fund. The Board supports Mr. Heikkinen's decision to prioritize repayment of a loan from the City, and we expect that he will be able to establish a reserve fund in 2019.

An additional concern identified in 2016 relates to the Utility's financial record keeping. In addition to being unable to provide timely financial statements to the Board during the year, Mr. Heikkinen received several recommendations as part of the 2015 Independent Financial Audit of the Utility, which was performed in 2016. Tom and his staff have put great effort into addressing these challenges and have kept the Board apprised of progress. Recent staffing changes promise additional success in addressing these concerns. The Board anticipates that the 2016 financial audit will indicate significant progress has been made on these issues.

In summary, Mr. Heikkinen has continued to make excellent progress in several key areas of utility management. The Board appreciates the dedication and leadership Mr. Heikkinen brings to the Water Utility, and we look forward to his success in solving several problems noted in the financial audit.

Please feel free to contact me if you have any questions about this review.

Sincerely,



Madeline Gotkowitz

President

Madison Water Utility Board