



March XX, 2014

DRAFT

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

Dear Mayor Soglin,

This letter provides results of the Madison Water Utility Board's 2013 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 2013, Mr. Heikkinen fully met the Board's policies in twelve of these areas. This is consistent with last year's evaluation, and it speaks to Tom's continued success in maintaining excellence on issues ranging from financial and personnel management to water and energy conservation. Of particular note this year was the need for Water Utility staff to respond to an extraordinary number of main breaks and frozen lines resulting from extreme cold.

As in 2012, two conditions of Board policies were not met in 2013. The Board recognizes that mitigation projects are in progress to address condition in two areas of the City which lack ideal fire flow pressure. The Utility also fell short on a financial goal—to establish an unrestricted reserve fund. The Board fully supports Mr. Heikkinen's decision to prioritize repayment of a loan from the City prior to funding a reserve. We expect that this reserve may not be established until 2019, following final repayment to the City.

As you are aware, several issues currently of interest to the Water Utility and the Board involve significant economic, development, and environmental interests in Madison. These include:

- Structure of the Utility's PILOT payment to the City
- ~~Development of a parking ramp near~~Reconstruction of the Patterson Street Utility Operations Center
- Complex operational issues related to groundwater contamination near Unit Well 8
- Implementation of monthly billing

These problems will require Mr. Heikkinen to balance the interests of the Water Utility, instructions from the Board, and your vision for the City. The Board anticipates that Tom will continue to work cooperatively with other City departments, the Common Council, and you, to resolve each of these issues. We'd like to take this opportunity to encourage flexibility and openness from all offices in the City to reach the best solution possible for residents and rate payers.

In summary, Mr. Heikkinen met all but two of the Board's many expectations for the General Manager in 2013. Good progress is underway on both deficiencies. The Board appreciates the dedication and leadership Mr. Heikkinen brings to the Water Utility, and we look forward to his success in negotiating issues currently of concern.

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

Sincerely,

Madeline Gotkowitz
President
Madison Water Utility Board