



City of Madison

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

Meeting Minutes - Approved WATER UTILITY BOARD

Tuesday, April 29, 2008

4:30 PM

119 E. Olin Avenue

CALL TO ORDER / ROLL CALL

Present: 6 -

Dan Melton; Lauren Cnare; George E. Meyer; Jonathan H. Standridge;
Thomas Schlenker and Michael Schumacher

Excused: 1 -

Gregory W. Harrington

1. APPROVAL OF MINUTES

Lauren Cnare moved approval of the minutes with one correction to Item #5, correct the spelling of Alder Clausius's last name. George Meyer seconded; unanimously passed.

PUBLIC COMMENT

Bob Downing of Priscilla Lane asked when the electrical box, snow fence barricades and pipe under the sidewalk are going to be removed from Larkin. He doesn't want to see the park forgotten now that the test well is supposedly capped off; he'd like to see the rest of it gone. Jon Standridge said he'd driven by and noticed the same things. Al Larson said Sam's Well Drilling has been notified. There are deep ruts in the lawn so they are not likely to do it now. Al said he did ask Dan Rodefild's crew to remove the pipes.

REPORTS

2. [08953](#) Water Quality Report

Lauren asked if this information that Joe handed out could go on the website in a prominent place. Joe said the Technical Advisory Committee asked for a fact sheet. It will go on the website when we are done with it. Lauren asked when will the testing list recommendations. When can we expect something and are we actively pursuing it, weighing the pros and cons, etc. Is that a year away? Joe said that is hard to judge as there is no guidance right now. We'll wait for the AWWARF report to come out as we'll probably get more guidance from them than the EPA. Larry said it could be five years before we get guidance from the EPA. Joe said there really isn't information on the significance of the testing results. Joe handed out the Annual Drinking Water Report that will be mailed on

May 1. This report meets the EPA and DNR requirements. Dan Melton asked about the Technical Advisory Committee. Joe said the minutes said, when the meeting broke up, we only addressed the first issue and the following three issues will be addressed in the future. We're trying to schedule another meeting. Dan said we shouldn't go ahead with Well 29 sentinel well nest without getting the advice of the Technical Advisory Committee. Joe said he is supportive of that as well. Larry asked what direction Dan is looking for. Dan said where to put the sentinel well nest and the exact depth; he'd like that to be on record that the Technical Advisory Committee recommends in writing this location etc. Larry said he has no problem getting their advice, but ultimately it is a management decision.

3. [08954](#) Staffing Report

Larry introduced Joe DeMorett as the new Water Supply Manager. Joe came from the Engineering Department where he worked for a number of years. He was a leader on our landfill remediation, and as a part of that, he was involved in the groundwater monitoring of the landfill and the impact on the water. He conducted the first test with respect to the movement of groundwater to Unit Well 16 from the Mineral Point landfill. Larry believes Joe was the one who coined the phrase "the leaking, confining layer." Joe has also conducted pump tests on UW 18 on Park Street as related to the Olin landfill, right behind us, and Unit Well 17 as part of the environmental design for the Monona Terrace Convention Center. Joe will be learning the Utility's pumping system and the big hydraulic engines. Joe is a Certified Hydrogeologist for the State of Wisconsin. Jon said this a new direction for the Utility, having a hydrogeologist on staff, so we are looking forward to it.
Read into Minutes.

4. [08956](#) Operations Report.

Read into Minutes.

5. [08959](#) Engineering Report

Jon said Al mentioned the chlorine demand issue at Well 26 and what that is about. After we put the well back on line in January, Al said we noticed that after a brief period of pumping, the chlorine demand goes up to a .4, so we're investigating that. It starts at .4 or .5 mpl and goes up to 1.5, 1.6 mpl. Larry said when it first happened we thought it was related to the fact that the new well pump is a lot more efficient. We've thought we had it solved two or three times but it hasn't been,

Read into Minutes.

6. [08246](#) Customer Service Report.

Read into Minutes.

FINANCIAL REPORTS

7. [08966](#) Fund Balance Report

Read into Minutes.

8. [10167](#)

Lauren asked where advertising services are. We do some summer water conservation. Larry said he'd like to give a little background on the report. Later on we have a report, Item 17, financial oversight. Larry said the Water Utility accounting system, in the past, has tracked closely as it should, the Wisconsin Public Service Commission uniform system of accounting. In the past, we used the City's record of accounts, which takes you to more of a line item accounting system in preparing the budget, and then we'll look at it again the conclusion of the year. The PSC accounts are pretty valuable when you want to compare your costs for categories such as flushing or pumping water. It is rather difficult to use if you really want to track your expenses and see what you're doing. We need to do both—the City's system of line item accounts and the PSC's for compliance. The financial section led by Robin went through and recoded every expense in the first quarter of 2008. We can then compare them directly with the City's system of accounts. If you go to this report on the cash flow, our cash balance is about \$252,000 as of the first of the year, but we borrowed from the City right now about \$4.2 million. What we considered on this was our actual adopted budget that the City put in, and then our first quarter expenses. Recall that the Water Utility uses an accrual system but to actually track our expenses and see where we're going today, we've got to do it on a cash basis.

We have a couple hundred thousand dollars antenna revenue on there that we think we should get, and we're working with the city to make sure we're properly credited for that. Larry said the PSC expects us to include that in the Water Utility accounts. If we don't, they'll reduce our earnings by that amount. We've been using these funds to pay for the lead service replacement program. So far this year, we have either collected or billed out in March about \$13 million, but we owe some of that to Sewer, to Landfill and Storm Water, so available cash is about \$5 million that we've collected for this year. That is a little less than we'd estimated but our estimate is based on that rate increase we got last year. So available cash, according to our budget to the city, was \$21 million of revenues coming in. Our expenses show we've got \$6.7 million of permanent salaries; our salaries expended so far this year is less than our budget, but we don't have in there any contract increases because we haven't settled with Local 60 yet. Larry said Overtime Pay shows what a tough winter we had. \$154,000 budgeted for overtime for the entire year, we've already paid out \$50,000, and we've got another \$81,000 on the books for Comp Time that could be paid out to the employees, so that's a category to watch. Total salaries are still under our budget projections at this time.

Purchased services were over \$965,000 versus \$869,000. A good share of that is for the cameras and security installations, and we are going to get quite a bit of money back from that so that should bring us within budget. Robin said we're getting \$388,000 back, that we've gotten some back in 2007 already.

Under Supplies, Larry said we're less than budget. Gasoline and diesel fuel

are over budget, but it's not that big a part of the budget. We have a major increase in Chemicals. Interdepartmental Charges, we receive money from Sewer Utility, Storm Utility and Streets Division. Robin said they come from Comptroller's Office for their services, the Treasurer's Office, the Health Lab twice yearly billings, and Streets charges for refuse pick up.

Larry said we highlighted the numbers for Debt Service with Interest and Debt Service with Principal, because they are actually going to be paying based on the sale of bonds. We have not made a Payment in Lieu of Taxes nor Interest Charge of \$74,000. Robin said January and February are done and March will follow shortly.

Larry said that Robin prepared a Cash Analysis paper that Larry found quite helpful. We have a net income from 2007 through 2003. The CIAC (Contributions in Aid of Construction) issue didn't rear its ugly head until 2004 when the PSC introduced it into our accounting system.. Larry said what it is, with a new subdivision, the developer provides all of the water mains and service to them. The important part here is the net income less the CIAC and in 2007, it was negative \$2 million and in 2003, plus \$4 million. Larry said this shows that even though we have an aggressive replacement plan, we are not raising enough money out of our rate structure to keep us in good financial shape. Michael Schumacher asked about Cash after Depreciation. Robin said that does not include the CIAC.

Larry said we propose to have the same analysis monthly for the previous month. Robin and his people have done all the hard work, recoding all those entries, with the exception of some expenditures we have not made. Larry said he intends to meet with all of our employees and do the same review. He thinks it would be helpful for everyone in the Utility to know where we're at financially. Larry said our goal and part of our rate increase is to pay off the City in three years. In answer to a question from Michael, Larry said what is happening is the Water Utility is just like every other City agency; when you pass the City's budget, for most agencies you are increasing the revenue for that and the Water Utility has a one-year lag, and we have to work on that. The Storm Sewer and Sanitary Utility are only regulated upon complaint, so as part of the budget approval, the Council approves a rate structure for those utilities so then the rates are incorporated right away starting with January, and that is not true with the Water Utility.

Michael asked about how we communicate the rate increase and asked if we should go to the Council or not. George Meyer said he has the same issue Michael does about communication. Jon said this is a great document that really helps the Board get the idea of what is going on. He'd call this a traditional accounting ledger sheet, and budget has been itemized and things we can look at. will be very helpful by getting this monthly. Jon asked the Board if there is anything that is not in it that they'd like to see. Michael said he would like a report on inter-departmental charges, what other departments charge us for services every six months. Robin said it would not be a problem to do it every six months. Larry said we were planning to use that advertising for the Annual Report. that there was too great a delay between printing the annual report and the advertisement we had. So we used that money for spring cleanup, advertising with the Streets Division and we are planning on billing a part of that cost to the Storm Water Utility. Jon asked about the money to Montgomery, if it would be on the operating budget. Robin said it is in here; it's part of that Other Services – General, budgeted \$335,000 budget and we've spent \$253,000; that is where Montgomery's payment would have gone also, along with the camera/security item. Jon asked if there are many of these things or just a few, as he gets this question from ratepayers. Larry said a lot of the expenses for that

are handled out of your Capital Budget funds, but you're seeing it when it's coming through accounting in the Construction Fund transfers. Robin said we can provide a breakdown for that.

Read into Minutes.

OLD BUSINESS

9. [09681](#) Site Selection for New Water Utility Facilities

Jon said the last comment was to refer this item to the May 27 meeting. There is a meeting scheduled for Thursday with the people who have been working on that SOP, and he expects that the document will be significantly changed after that meeting. Michael Schumacher made a motion to refer this to the May meeting. Lauren Cnare seconded; unanimously passed.

Reconsider at May meeting.

10. [09663](#) Internal Communication Plan

Robin asked for comments, saying there was no change from the document that was presented last month. No one commented. The design team that worked on this thinks it's a pretty good product and they'd like to see it approved by the board and move forward with implementing the recommendations made for the product. Lauren Cnare moved approval. Michael Schmacher seconded it. Dan Melton said it was mentioned that communication between here and Paterson Street is an issue. He asked if Robin would say some of the items in the plan are designed to bridge that. Robin said he believes there are some items in there to that effect. He said they offered all 125 or so employees the opportunity to complete the survey, and 101 of them did. We got feedback from employees at both locations, and we've tried to incorporate increased communication into the plan because we know there is a chasm of sorts between the two places and we've tried to address some of those things in the plan. He said we're always looking for ways to increase communication. Michael said he'd like a one-year evaluation of the plan as to what did and didn't work and the effectiveness of the plan.

Robin said we recommended on #5 on the plan that every six months the Water Utility General Manager should provide an update to the Water Utility Board on the effectiveness of the internal communications plan and any modifications we plan to make to the plan. The design team wanted to make sure it was being reviewed for effectiveness. We didn't want to put out a plan that would gather dust on the shelf. Jon agreed with Michael that this will be a working document, constantly changing. Lauren asked how this gets immortalized and how do people find it. Does it rise to the level of an SOP, where does it live and who is responsible for making it happen? Robin said he doesn't think it has been figured out yet, that the Design Team was charged with creating a plan. It went back to the steering team and was then forwarded to the Water Board. He doesn't think those questions have been answered. Jon said he read that there is a strong leadership component to making this work and you've identified that is the case. The steering team and General Manager are going to be responsible for the success of this. Robin said we're waiting for a new

General Manager to start. Michael said this should be deployed through the management structure. The Steering Team has done its job and should still be part of the evaluation. If he were in charge he'd say every manager spends X amount of time on this and take the extra time to focus on how we can communicate. It will also give management ownership.

Larry said he never leaves home without his external communication plan, saying this is actually an ad hoc draft plan. His goal was when a PIO is hired, the first job will be to rewrite the external communication plan into an SOP and follow it up from there. Regarding communication between the two buildings, he thinks it's working pretty well. He asked the employees and got two responses. If he said do we have communication problems with regard to work and the answer was no, not really. Do we have communication problems between the two cultures? Yes, but it's not work related. The first things we want to find are those communication issues that are detrimental to their doing a good job. Larry reviewed this carefully and thinks it's a good step.

The motion was passed unanimously.

Read into Minutes.

11. [09695](#) Draft Groundwater Sustainability Plan

George Meyer made a motion for approval. Lauren Cnare said she would second it for purposes of discussion. Larry understood Jon wanted to introduce some changes. Jon said he and a Water Utility employee attended the one-day water conservation Wisconsin Water Association meeting in Oconomowoc. Jon said it was wonderful, and there were a number of things brought up there that are new and not in this plan. EPA has this thing like Energy Star but it's for water appliances and is called Water Sense. The Madison Water Utility can join Water Sense and encourage plumbers and retailers in the area to sell Water Sense labeled products. AWE in Chicago has the goal of educating the world on water conservation, and they'd be willing to send that person up here. They would want us to join their organization, which is \$200, and they have an amazing amount of resources that we haven't tapped into as far as he can tell. Jon thinks these things could beef the plan up and he's willing to summarize all of the information and the contacts and even do some of the writing work if that would help. He thinks the document could go a little further than it has. He would like a motion for referral until he gets a chance to work on it.

The other side would be, if we don't want to do that, we could pass it as it is and have it be a working document, have Version 2 done in the near future that would include these things. He sees this being attached to rate increases and our PIO will use it to communicate in a better fashion than he can communicate this. That is what is motivating the possibility for referral. George asked if this will be going to the Council. Larry said it would be his goal, when the Water Board approves this plan, to do a resolution and send that to the Council with the support of the Water Utility Board. George said if the Water Board approves, it could be a working document and modifications could be done to it. As for going to the Council, maybe we should firm it up first. Michael said when it goes to the Council, it's not a strict mandate.

Larry said one of the suggestions is to offer a rebate for low flow toilets, and we put that into the suggested rate structure. He hopes that the Council will approve the plan, and then when we will actually have a rebate program, we'll probably eventually take that back as well, just like the lead service replacement rebate. George asked if the referral will go back to the Design Team. Larry said

he was hoping it was referred to the Board next month and we could get these components into it. George and Lauren withdrew their motions. Robin said if we're going to refer it, he wants to make sure we deal with it at the next board meeting. He would like it to go back to the design team to review any major changes. He would like to forward this approved plan to the PSC during our rate increase application process. He wouldn't want to extend it beyond the next board meeting as the PSC is telling us that within about 30 days, they'll have a revenue requirement for us. We'll talk more about this when we update the rate application. We're going to talk with staff and have an approved version. Robin would like to put a quick time frame on additional comments. Larry distributed a letter to the PSC that he wanted input on before mailing it. He thinks we talk about this issue in the last paragraph and if we refer this item to those folks, it could be helpful in a rate increase.

Lauren said, to be clear, you need an approved plan. Is it sufficient to have a plan in place that is only approved by the Water Board? Robin said yes, that is our governing board in the PSC's eyes. If you approve it, that is sufficient for our Rate Case application. Robin said he talked to Jeff Ripp on Monday, and he said he didn't notice that we had any highlights about water conservation included on the rate case application. He asked that I prepare something about beginning a water conservation report.

Michael Schumacher made a motion to refer this to the May meeting. George Meyer seconded; unanimously passed. Michael said the last paragraph of the letter, does toilet rebate require Common Council approval? Larry said ultimately we'll get Council approval. Jon said his understanding of it is if we send this to the PSC and they approve it, we can spend the money. We're an enterprise fund so the Council doesn't have to approve it. The Lead Service rebate program is different and the PSC didn't approve that, so it had to be accepted by the City Council. Lauren said Parking Division is an enterprise fund, and parking rate increases go through the council. Lauren said so PSC approval supersedes and perhaps nullifies the Common County.. Robin said we won't have money for this until 2009 anyway. Lauren asked about the toilet rebate; Larry said it wouldn't apply to new construction. We're hoping if you get a rebate for one and have a plumber come out to do it, you'll do all of your toilets. Robin said we're stating greater than 1.6 gallons per flush and the plumbing standard is 1.6 is maximum. The toilets with Water Sense approval have been tested and do work. Ken said he knows that Home Depot carries Water Sense approval toilets.

George made a motion that we authorize and support sending a letter to the Public Service Commission. Michael Schumacher seconded; unanimously passed. Robin said we'll meet as a design team, review it and have it ready to go out by May 10.

NEW BUSINESS

12. [08381](#) Requiring all City agencies and departments, in cooperation with the Facilities and Sustainability Manager, to estimate their current water consumption and to come up with a comprehensive list of steps to reduce their water consumption.

George mentioned that the seventh whereas in this resolution should read "... transport and treating.." not heating. Lauren suggested Larry's staff go through this and make sure everything is correct as she thinks there is a lot of excess language in this resolution. Jon asked if it was written by Facilities and Sustainability and Jeanne Hoffman, or was it written by the Water Utility. Larry

said it was written by Alder sponsors. Michael said this has budgetary impacts, that implementing conservation costs money. How do we address that? Lauren asked if it's possible for this to all come together by June 1, 2008 and what would be reasonable. Larry said October 1.

Lauren said she'd like to move an amendment to the resolution that the due date in the last paragraph "Be It Finally Resolved" be changed from June 1 to October 1, 2008. Jon asked what our action is supposed to be here. Lauren said we can approve it, we cannot approve it, approve it with comments. Michael said he'd like to refer it to staff to look at individual items. George said he thinks it is factually accurate. Lauren said she'd like to see more balanced language, and a tighter resolution.

Jon said it's coming from the Sustainable Design and Energy Committee. Are these issues that can be handled on the Council floor or is the Utility to weigh in since it was referred to us. Jon's suggestion was that we give it to staff for suggestions to clean up the language. Lauren moved referral to the Water Utility staff just to check for factual information in the whereas clauses, and bring it back to this board again at the next meeting for approval or amendment. Michael seconded. Dan Melton and George Meyer voted no. Jon asked why they were voting no. George said he thought it was factually accurate. Dan said he's looking at the Council debate, and it would be easier if it were cleaned up first. Dan said the whereas clauses aren't material to the action being called for. Jon said we're dumping a lot of stuff on staff already so he is voting no and let the Council deal with it.

The final motion was made by George Meyer to reconsider and have staff look at this. Michael Schumacher seconded. Dan Melton abstained from voting. Motion passed.

13. [10088](#) Expressing thanks and appreciation to Katherine M. Cryan, Engineering Operations Manager for her assistance to the Madison Water Utility from May 25, 2007 through April 6, 2008.

Larry said Kathy made her mark in the Water Supply Division and she is proud of getting people pulling in the right direction. Joe DeMorett has been hired to fill the position of Water Supply Manager. Kathy Cryan is back in Engineering as Operations Manager. George Meyer made a motion to approve the resolution. Michael Schumacher seconded; unanimously passed.

14. [10160](#) See attachments for Major Material Bids

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

15. [10161](#) See attachment for Annual Report.

This item is for discussion only. Lauren asked where people will have access to this if they want to read through it. Robin said there will be a link on the website but you can also find it in the Public Service Commission's website. All annual reports are out there. Lauren suggested putting a link on our website also. Jon mentioned the 96-page document from PSC for our rate increase. In addition to that document, Robin said there was a letter that went to the PSC; we talked to

staff before we submitted it. They said the best thing we could do is include a letter that once the revenue requirements were completed by the PSC staff, we would meet with PSC staff and talk about the type of rate structure we'd like to see enacted as a result of this rate increase. They suggested we not include it in our initial application.

Read into Minutes.

- 15B. [10162](#) See attachment for Ap to Increase Water Rates.

Read into Minutes.

16. [10163](#) See attachment for WU Inventory and Replacement for Gas-powered Vehicles.

Larry said the Water Utility has a fleet of gasoline-powered vehicles and a fleet of heavy-duty vehicles including large dump trucks and tractors. He noted that we have a lot of vehicles. Working with Dan Rodefeld and Robin Piper, we went through and did an analysis of the cost of the vehicles using 2007 as the base year. We've come up with some recommendations. We think that, not immediately but with some planning, we could reduce the consumption of gasoline in vehicles by 20% or about 10,000 gallons per year. That would mean we would have our own Water Utility standards. We'd like to strive for a people mover vehicle of about 28 mpg; that's the Honda Fit or Toyota. It's a small car but it's just to move people in the city. Currently our people mover vehicles are getting 23 mpg, which isn't bad but that includes three Toyota Prius's that are being retired. Our light maintenance vehicle is a van and apparently we're getting 12.5 mpg. With medium maintenance vehicles where people are going out to wells, we don't see much change on that. Larry said the biggest change would probably be in the way we operate, just making sure we're not over-idling, is this trip necessary, and those kinds of things. The big heavy-duty maintenance vehicles are vehicles that we put out on the street to fix main breaks, and they basically idle. They are warming houses for our crews; they haul a lot of gear. Practically we don't see much change on that. It's surprising, based on the analysis and the spreadsheet we've attached, we can achieve those if we work on it every day. We would like to go back to paying mileage for short-term seasonal workers rather than retaining 10-year old vehicles in the fleet.

One recommendation is that we investigate training for employees with regards to economical driving techniques. The City or the Water Utility doesn't have a training program like that. According to Bill Vanderbrook, our fleet manager, it's his opinion that you can take the same vehicle, the same type of job, and the mileage varies up to 35% between the drivers. That is something we should look at as well. We have recommended that the supervisors review the mileage of particular vehicles and the best value for vehicle purchases in light size vehicles. Larry said he can assure you that most of our folks think that at some point in the work day, particularly after this long winter, that most of them should have a heavier 4-wheel drive vehicle. But do you need it every day, no. You have to practice a little discipline on that. Some days we shouldn't have light vehicles out as we sent a couple out and had to pull them out of snowdrifts. We try to get our average fleet to 5-years old. Larry thinks these are achievable goals. He's been working with Dan Rodefeld and his mechanic staff. We have reassigned some of the vehicles. The larger vehicles that our construction

inspectors have been using, the Ford 350 Utility Masters, get about 6 mpg. We want to retire that and we've already taken three of those units out of service and are working on one more. All of this will be done as part of an annual replacement plan

George asked how you analyze a vehicle. Larry said we have 11 people mover vehicles, 36 light duty, 17 medium duty, 8 other heavy-duty vehicles. Some of those people mover vehicles are actually larger than we think is needed. We have to get the support of the employees on this. We're going to recommend getting rid of old vehicles, around 5 years old. Larry said we have three Prius's but they cost about twice as much as a Honda Fit.

Michael Schumacher made a motion to approve this document. Lauren Cnare seconded; unanimously passed.

17. [10164](#)

See attachment for WU Board Financial Oversight and Accounting System.

Larry said the City has put funds in the 2008 and 2009 budget for a new accounting system. Systems go for 8 to 10 years and are then retired. Robin is on the selection committee and has been working with Dean Brasser and Patty Brill. We're proposing, for your consideration, that we merge the two as there are advantages to doing that with the software, and you get more people who are knowledgeable about the software so there is a lot of cross pollinating that you do. The system would track the required PSC system accounts and the City's system accounts. We will track the expenses and have a report at each Water Board meeting. Larry said he understands that the Water Board has never formally approved the Capital Budget or the Operating Budget of the Water Utility. Larry says the Water Utility has gotten little scrutiny by the City because it was a separate enterprise. That has changed in the last two or three years because of other issues. We've closed the Water Board review and approved the annual Capital Budget in May, which is when the City requires it. Then we've done the Operating Budget in July before it's formally submitted to the Mayor. The Water Board has its schedule and the Comptroller is already working on it, so we thought we could submit working papers and budget papers to the Comptroller's Office to get it into the queue with the understanding that it has not been formally approved by the Water Board. That will be something new.

Larry said the last one is also suggested by Jon for Water Utility Board review and approve any proposed increases before they go to the Wisconsin Public Service Commission. George said we're in a situation where we have to make major expenditures to improve infrastructure. He said we have to do an education program for citizens. He said we have to lay the framework in a detailed way in the papers as to why we are doing it. There is a backlog on infrastructure in every city in the United States. George said we have cheap water and we need a protracted long-term education program on that issue. He said like every other city in the nation, there is a tremendous backlog. There are many reasons for that. Michael thinks people are willing to pay for the value of clean water. We need to build up conserving; most people don't understand why education programs are necessary. Look at the major anti-smoking and drunk-driving campaigns, it took education to make people aware. This is where we need a Public Information Officer. Jon said the people he talks to understand the need for conserving water, but there is a lot of opposition to the need to charge more and ask them to use less. Jon said the oil industry pumps liquid out of the ground and charges \$119 a barrel; we charge 6.5 cents for that same barrel of liquid pumped out of the ground. Jothinks when we get our new PIO and Conservation person on board, it's something we will take on and get everyone

to support paying a higher price for good quality water. Larry said he thinks we didn't have the financial data that we needed. We had set a goal of having a rate increase in February, and we weren't able to pull all the paperwork together and complete our 2007-year until early this month. Actually, we have to submit the final plan to the PSC on April 1. Then we finish that with the rate increase. With the financial analysis we can provide you now, it's going to be a lot more obvious a lot sooner. You're going to know by July what it's going to look like. We'll be able to show that our expenses are under control. Lauren asked about going forward with this, moving to the different accounting methods. She asked if we're talking double digit rate increases for the next five years, three years, or is it too unpredictable to predict. Because these only happen every six to twelve months, she sees 9, 10, 15% with a questionable future for 5,6, 7 years; would we be able to make predictions? Larry said we submitted our annual report for 2007 and closed the books on 2007. We submitted our rate increase. We've got this parallel system going and the next step is exactly what you are talking about, where we actually take this data and do some cross projections. Larry said he doesn't know the answer right now. He thinks that the barely 18% catches us up,

Robin said we have a financial model that we have used but we need to get that going again and see what it tells us. The last time we ran it in early 2007, it was telling us we need 8% for the next few years. We have updated information to plug into that and we'll see what that tells us. Michael mentioned the impact on the budget on conservation, and would like it to show the scenario if we don't conserve. It may mean more water wells. Jon said infrastructure delay should be a huge part of the conversation on conservation. Michael said there is a 50-year life cycle to the infrastructure in cities and asked where we are in that. Robin said different components have different life cycles. Mains are depreciated over 80 to 100 year life, whereas wells have a 60-year life, and a different life on treatment equipment. Larry said the city has embarked on a program to replace sewer and water mains nearing the end of their lives. The downtown area is essentially complete. The Water Utility was started in 1882 and the sewer started about 1890 and was just discharged into the lake. Paved streets weren't started until about 1920. Michael thinks there is a lack of information out there.

Jon said he thinks this financial document is a good one and sets down for the first time a formal oversight role for the board of not only tracking budgets and rate increases. Jon said everyone seems comfortable with the new accounting system as it will give us the information we need to make informed decisions.

Michael made a motion to approve this item. George seconded it.

Unanimously passed

George asked Larry when education about this system can be done to get ahead of the curve.

Read into Minutes.

18. [10165](#) See attachment Response to DNR Inspection Report.

Lauren asked if the DNR regulates reservoir painting and why. Larry said yes they do because they regulate the water utilities and reservoir painting; it's an elevated tank and if it fails it's not a good thing. Jon said if you paint the inside and fill it too soon, you put volatiles into the water. Lauren asked about buried deep well discharge piping. Al Larson said water goes into the pipe, goes across the yard into the reservoir. If that pipe leaks, we don't know it and it could be a source of contamination and that's why it's not allowed by our codes. Al is guessing these were done around 1950ish. Al said the pipes aren't buried any

more. Lauren said it's really expensive to dig them up and repipe; you'd have to shut everything down for that period of time. Al said we wouldn't dig them up. Read into Minutes.

19. [10020](#) Authorizing execution of a Municipal Revenue Sharing Agreement Between the City of Fitchburg and the City of Madison.

Larry said this is in the area of US Hwy 14 . Fitchburg found it very expensive to provide water service to this area. The City of Madison has agreed to allow Tri-North Builders to connect their property to the City water main and we did it in exchange for them paying to the City payment in lieu of taxes, much like the City pays towns as part of jurisdiction boundaries. This is the final phase of that. We will sell the water and if the water main is extended as it is anticipated, it will be done whereby Fitchburg will be the developer. They'll put it in, give it to us, we'll maintain it and the City Attorney has made sure this is not a precedent where we would serve other towns around us. Larry said we think it's a pretty good deal for the Water Utility. We get more customers, most of which will come out of the existing plat and it's a good deal for Fitchburg because they won't have to pay to put in water mains. It's a good deal for the City because we'll get a modest amount of money for that. Dan asked what well we're talking about. Larry said Well 18 will be supplying the water. Al said Wells 18 and 30. Dan asked if the volume of water we're supplying them will have any effect on us. Larry said it's a very small area of two houses and six lots.

Lauren moved approval. Michael Schumacher seconded; unanimously passed.

A motion was made by Cnare, seconded by Schumacher, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by the following vote:

Excused: 1 -

Gregory W. Harrington

CORRESPONDENCE AND SPECIAL INTEREST ITEMS

20. [10166](#) See attachment Letter of Appreciation from Citizen

Read into Minutes.

NEXT MEETING DATE

21. Approval of next meeting date of May 27, 2008.

Approved next meeting date of May 27, 2008.

Read into Minutes

ADJOURNMENT

At 7:05 p.m., Lauren Cnare made a motion to adjourn the meeting. George Meyer seconded; unanimously passed.

FUTURE AGENDA ITEMS

Review the Accomplishments in the Major Focus Areas identified at the Special Meeting on March 8, 2007.

Demonstration of the Capabilities of the Water Utility Hydraulic Model including potential improvements.

A Report regarding AMR (Automatic Meter Reading). It was Staff's intent to have this report available for the April 29, 2008 Board Meeting. However, the report is still being drafted.