



City of Madison

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

Meeting Minutes - Approved WATER UTILITY BOARD

Tuesday, July 27, 2010

4:30 PM

Water Utility Conference Room A&B
119 E. Olin Ave.

CALL TO ORDER / ROLL CALL

Gregory Harrington called the meeting to order at 4:33 p.m.

Present: 4 -

Gregory W. Harrington; Dan Melton; Bruce Mayer and Madeline B. Gotkowitz

Excused: 3 -

Lauren Cnare; Thomas Schlenker and Larry Palm

APPROVAL OF MINUTES

A motion was made by Gotkowitz, seconded by Mayer, to Approve the Minutes of the June 29 meeting. The motion passed by voice vote.

PUBLIC COMMENT

There were no citizens present to address the board.

ADMINISTRATION REPORTS

1. [17152](#) General Manager's Report

Attachments: [General Manager's Report July 2010.pdf](#)

General Manager Tom Heikkinen highlighted a couple of items from his report:

- There was a successful kick-off meeting for the East Side Water Supply Project. A major component is the public participation effort. He is hoping the public participation process for this project can be used as a model for future improvement.
- The utility will host a meeting on August 25 with area utilities to explain the AMI project and explore opportunities for collaboration.

There was a brief discussion of the utility's next bond sale, which will likely be in October. The magnitude is expected to be roughly \$12 million, the Capital Improvement Budget for this year. Last year new money was approximately \$11 million.

NEW BUSINESS

Lauren Cnare arrived at 4:41 p.m.

Present: 5 -

Gregory W. Harrington; Lauren Cnare; Dan Melton; Bruce Mayer and Madeline B. Gotkowitz

Excused: 2 -

Thomas Schlenker and Larry Palm

2. [19215](#)

Accepting the terms and conditions outlined within a Letter of Intent ("LOI"), authorizing the execution of a Purchase and Sale Agreement ("Agreement"), and adopting the final Legally Binding Agreement ("LBA") to accommodate Porchlight Inc. ("Porchlight") at 4002 Nakoosa Trail; and, amending the City's previously submitted Redevelopment Plan, Homeless Assistance Submission, and Public Comment documents regarding the Truman Olson United States Army Reserve Center (1402 S. Park Street) property accordingly, authorizing submission by the Community Development Authority of said revised documents to the Federal Government, and execution of the LBA by the Community Development Authority upon acceptance by the United States Department of Housing and Urban Development.

Attachments: [Porchlight LOI 7-2-10.pdf](#)
[Porchlight LBA 7-20-10.pdf](#)

Heikkinen said the utility owns the property at Nakoosa Trail; it was used as a site for storing fill. The utility is selling the property to the city, which will provide it to Porchlight, a homeless advocacy organization. The benefit to the utility will be about \$225,000, plus any amount that remains from the \$210,000 allowance for site remediation.

Matt Mikolajewski from the Economic Development Division was present to address the board and explained the history of project. Mikolajewski was asked for the assessed value of the property. He said it is \$435,000, which is the origination of the two amounts. Heikkinen was asked where the utility would store fill. Water Supply Manager Joe DeMorett said the city has a site for clean fill, and dirty fill is taken to the landfill.

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

3. [14501](#)

Introduction of Future Agenda Items

No future agenda items were introduced.

INFORMATIONAL ITEMS

4. [15698](#) Audit Report

Attachments: [2009 MWU Mang. Letter Final.pdf](#)
[2009 MWU Financial Statements.pdf](#)

Heikkinen said the exit conference with the auditors was attended by Harrington and Mayer. Everything is in good shape.

There was a question about the auditors' comment on the low staffing ratio in the accounting office. Heikkinen said the situation is short-term, since there were two retirements in that section and the utility is in the process of filling those positions. The utility also relies on the auditors to prepare its financial statements, which is very common.

Mayer said the audit is an opportunity for the board to monitor the organization. During the exit conference they went into a great deal of detail with the auditor and, as a group, were satisfied with how the audit went. The auditor was satisfied with the accounting system, did not have any significant journal entries, and the management letter did not highlight any unusual issues. There was a useful comment about using benchmarking as a tool, which is something for the board to consider. At the audit he saw a graph that illustrated the sharp decline in pumpage volumes over the last several years. This is the challenge; the utility charges by the gallon but the system is not getting less expensive.

Mayer was asked if the auditors commented on the amount of debt the utility carries. He said there was discussion, but there were no red flags in that area. The rating agencies and borrowers look at this more closely than auditors. The utility is nearing some of its limits, but the debt restructuring helped with that. Mayer was asked if was typical to be paying off more in interest than principal. He said it was fairly typical. The utility will continue to build up that debt before, according the model, it catches up and has the rates in place to start paying principal.

5. [18212](#) Water Quality Technical Advisory Committee Meeting Minutes

Attachments: [WQTAC Draft Minutes 6-8-10.pdf](#)

BOARD EDUCATION SESSION

A motion was made by Cnare, seconded by Gotkowitz, to Take A 10-minute Recess at 4:54 p.m. The motion passed by voice vote.

6. [19310](#)

Session Four: Creating Board-Executive Delegation Policies, Beginning to Frame Outcomes Policies, and Preparing for the Transition

Attachments: [Board Education Session Four Documents.pdf](#)

The board participated in an education session facilitated by A.B. Orlik and Don Percy.

Dr. Schlenker arrived at 5:27 p.m.

The Executive Limitations Policies (Document 4.1) were provisionally approved.

The board discussed the Board-Executive Delegation policies (Document 4.2), the temporary outcomes policy, and the transition process for becoming a policy board.

Dr. Schlenker left at 6:45 p.m.

ADJOURNMENT

A motion was made by Cnare, seconded by Mayer, to Adjourn at 6:59 p.m. The motion passed by voice vote.