



City of Madison
Proceedings - Final
BOARD OF WATER
COMMISSIONERS

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

Tuesday, June 6, 2006

4:30 PM

Room 356 (Health Dept) City-County Building

SPECIAL MEETING

CALL TO ORDER

ROLL CALL

Present: Ald. Lauren Cnare, Priscilla B. Mather, Larry L. Studesville, Jonathan H. Standridge and Gregory W. Harrington

NEW BUSINESS ITEMS

1. [03533](#) Authorizing and providing for the sale and issuance of \$15,065,000 Water Utility Mortgage Revenue Bonds, Series 2006A, and all related details.

A motion was made by Ald. Cnare, seconded by Standridge, to RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - REPORT OF OFFICER Robin Piper reported that Moody's upheld our Aa1 bond rating for another issue. They didn't see any problems with the way we are running the financial portion of the Utility. The bond sale went well, Robin said. Springsted initially thought we'd get a total interest cost of 4.63% and we came out at 4.43%.

Percy Mather stated this will go to the Board of Estimates, and then the Common Council, tonight. Dave Denig-Chakroff said he was very pleased that we maintained the Aa1 bond rating. He said we told Moody's about the Infrastructure Management Plan, and they were aware that we'd be having increases in capital spending in future years and that didn't seem to impact it.

Lauren Cnare asked how we will be spending this money. Robin provided a summary which included a 2005 and 2006 Capital Budget as adopted by the City. In 2005, \$3.5 million is going to our water mains, new and replacement. We had \$1.8 million into constructing Unit Well 30, \$180,000 for design work on the Felland Road Reservoir, and \$56,000 to drill a test well for the new West Campus Well. Robin said part of it was for the meter program.

In 2006 we have another \$200,000 for the meter program; we increased the water mains in the original budget to \$3.8 million from \$3.55 million. He said we amended that budget by \$1 million and it is going to the Council tonight, too. He said there is \$741,000 in there for Miscellaneous Capital Projects which included \$600,000 for a SCADA upgrade. Robin said we had \$3 million budgeted for the Felland Road Reservoir and \$550,000 to drill the West Campus Well if the test well worked out.

Jon Standridge asked Robin, as chief financial officer for the Utility, if there is anything that he is concerned about. Robin replied no, that the audit is in the mail today and we'll be looking at that at the July board meeting. The Income Statement will show that we are starting to see the results of our rate increase. Jon said some the money we are borrowing has already been spent, and Robin said yes, that we've borrowed to date a little over \$5 million from the City for the 2005 projects which we will repay from this money.

Lauren Cnare made a motion to approve the resolution. Jon Standridge seconded; unanimously passed. The motion passed by acclamation.

Enactment No: RES-06-00526

2. 03838

Authorizing the Mayor and the City Clerk to execute a Professional Services Agreement with EMA, Inc. to facilitate and conduct a utility-wide, participatory self-assessment of organizational issues, communication, work practices, and technology; identify opportunities for improvement; and implement recommendations.

A motion was made to RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER Dave Denig-Chakroff said EMA will be at the June 20 board meeting. He said they had intended to have the resolution for that meeting but the Mayor asked that it be put on the agenda for this meeting. This was a result of the 10-point initiative that the Mayor put out. Dave said if the Board approves this today, it will get introduced to the Common Council tonight, and then come back to the Council on June 20, without being re-referred to the Board.

Larry Studesville asked how EMA was selected. Dave said EMA is a national firm that specializes in doing these planning processes with water and sewer utilities, and public agencies. Dave said he has met staff at various national meetings and talked to water utility managers who have used this firm. They are all extremely impressed with EMA and the results they produce. Dave said the Utility team met with EMA last week and went over in detail the situation we're in and what they would be looking for. A representative from the Mayor's office was also present at this meeting. Larry said these people normally deal with strategic planning processes and not organizational improvement. He thinks strategic planning is different than the issues we've been discussing. Dave said they use the process of participatory input and discussions throughout the Utility to look at areas where the Utility can make improvements. EMA puts that into a strategic and action plan for the Utility to implement. Larry noted there are financial challenges ahead of us and he thinks that should be included in the planning. Dave said the financial aspect will come from Springsted or the consulting firm that did the infrastructure management plan.

Lauren Cnare asked what the leadership of the Utility wants to see improved. Dave said input from the entire Utility is needed. He said there is a lack of communication, a feeling that people in the Utility aren't being listened to. The main initial goal is to set up a process so everyone who wants to participate in this will be able to, and provide input on ways they think the Utility can be improved. Dave said we'll be identifying things we are doing well, things where improvement is needed. We will implement those and do things more efficiently.

Jon asked for examples of things that might improve. Dave said it could be as simple as the way we do a certain procedure in the field, or it could be the way we communicate to customers, those types of things. Jon asked if they have skills in the areas of communication within the agency itself, and Dave said yes. Jon asked if they are going to assess or teach new methods for you to adopt. Dave said this is going to be a facilitated assessment where they will set up a procedure that will facilitate gathering information and getting it into a process. He said he's not sure to what extent they will have examples, but he assumes they will have. Jon said an issue that a lot of organizations struggle with is empowerment of employees, and that is a real issue here. Another is media relations and how you work with public health media. Jon asked if they have expertise in those areas. Dave replied that they do. Jon asked about safety and Dave didn't know what experience they have in safety issues. Jon asked if they deal with leadership and Dave said yes. Jon asked if other consultants were considered other than EMA, and Dave said EMA was the only firm considered. We've seen what EMA has done with other utilities and contacted other utilities to get a feel for how they provided services for them. He said this is an expedited process so we didn't go out for an RFP and solicit proposals. Dave said we think this company has specific qualifications for this type of work. Jon asked if Dave used the Madison area quality improvement network, the City of Madison personnel office, or the American Water Works management group in asking for potential contractors who could help us with specific issues. Dave said he had not. Jon asked if we could change this to not name a specific company but free up \$50,000 and we do a better job of choosing who is going to do the work. Percy

said the Mayor has indicated he wants action on a timely basis. Dave said we've got the \$50,000 in the budget so that is not a problem. Jon said so we're not approving the \$50,000 but we are approving the use of EMA. Dave said correct. Jon said he is not convinced we have the best company because we don't have enough data to make that decision. He doesn't think being in a big hurry is a good reason to choose this company. Dave said if the Board feels they want to explore this, we will go out for bids and get proposals. Larry said he feels the same way, that we need to look further. Jon suggested that someone from the media, City personnel, Madison Area Quality Improvement, a customer, a board member or alder, weigh in on this. He said we have a lot of experts here in the city. Percy said we've all seen media reports showing there is staff discontent, and if we postpone this, it could be fall before it is underway. Jon said it could be a quick process. Dave said if we solicit proposals, it would have to be an open RFP process that would take quite some time, probably two months. Lauren said there are two ways to approach this--getting more background about EMA, or do comparative searching through an RFP. She thinks we have people to develop an RFP, develop a short list and have it turned around in 6 weeks maximum, and in the interim, we need to do something about the problems. Lauren said the Council can have a special meeting if necessary. Jon said this would be an excellent time to include staff. Percy said we need to firm up what needs to be done that is not being done now. Who is going to follow through with this and find out what is missing from the present proposal. Lauren and Jon said they are willing to spend some time looking for a long list to bring back to the Board. Lauren said EMA does have a web site, EMA-inc.com if anyone is interested.

Lauren Cnare moved approval of the resolution. Jon Standridge seconded. Standridge, Cnare and Harrington voted no. Studeville voted yes.

Cnare said they would like to propose to initiate a formal request for a proposal process to seek a professional services firm to facilitate and conduct a search with an anticipated selection date of August 1. Al said it would have to be introduced to the Council on July 11 without name, and with the recommendation from the Water Board on July 18, and it would go for final approval by the Council on the August 1. Jon said we have to be completed with our work by July 18, to be introduced to the Council without a name. Jon asked if we want language in there about who is going to decide. Lauren said she'd recommend a committee of five as the actual selection committee. Greg Harrington said he thinks five is more than enough. Jon suggested a committee of one staff member, two Board members, Dave and one other. Lauren said she thinks the Mayor's office should have a representative. Jeanne Hoffman suggested Janet Parino. Jon asked how the staff member would be selected. Dave said we can ask the Union. Percy said our motion is to move to initiate setting up a five-member selection committee and initiating a process for issuing an RFP with a date of completion, and the amount of money not to exceed \$50,000. Jon asked that Dave would call the meeting of this group and get it going as soon as possible. Dave replied that he would. Jon and Lauren volunteered to be on the selection committee, and they will come up with a short list for the Board.

Lauren made the motion and Larry Studeville seconded; unanimously passed.

Recommend changing the resolution to do an RFP for a Professional Services Agreement. The motion failed by the following vote:

Aye: Studeville

No: Cnare, Standridge and Harrington

Non Voting: Mather

FINANCIAL REPORT

3. Income Statement

Robin Piper presented the statement, saying pumpage is consistent with 2005, but our revenues are up \$600,000 and that gives us a net income of \$520,000 more than 2005. This is a result of the total 10% increase. Robin said he will not be at the June 20 meeting so he wanted to present this informational statement at this meeting.

ADJOURNMENT

Greg Harrington moved adjournment. Larry Studesville seconded. Unanimously passed.