



City of Madison

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

Meeting Minutes - Approved WATER UTILITY BOARD

Tuesday, March 24, 2009

4:30 PM

119 E. Olin Ave., Rooms A & B

CALL TO ORDER / ROLL CALL

Present: 6 -

Lauren Cnare; Dan Melton; Gregory W. Harrington; Thomas Schlenker;
Bruce Mayer and Michael Schumacher

Excused: 2 -

George E. Meyer and Jonathan H. Standridge

APPROVAL OF MINUTES

A motion was made by Schumacher, seconded by Mayer, to Approve the Minutes with minor revisions. The motion passed by voice vote/other.

PUBLIC COMMENTS - Limited to three minutes each.

Three citizens were present to address the Board regarding water fluoridation.

Jason Lowery was concerned about the fluoride levels in Madison water. The benefits are too negligible to justify the potential health risks of fluoride ingestion like impaired thyroid, brain, and reproductive function. Compulsory medication is a moral issue. He would send the Board a copy of the Juneau Fluoride Study Commission's report that recommended against continued fluoridation. He was asked what role he thought the Board should play in reviewing the issue. Mr. Lowery said he would like a panel of scientists and doctors appointed to review fluoridation.

Carson Young said he was a victim of fluoridation. He came to Madison in 1948 in good health, but soon started having problems including nausea, declining vision, and granulated eyelids. He learned through research that the Russians were the first to fluoridate water because they discovered that it made political prisoners more manageable.

Bruce Rideout said he was concerned that the benefits of fluoride are mostly topical but the risks are systemic, so ingesting fluoride is an unreasonable risk. Fluoride is a cumulative poison that does little to prevent pit and fissure tooth decay. He cited several studies that opposed fluoridation and questioned the positive claims in the Department of Public Health's report. He was asked for a response to the argument that stopping fluoridation would hurt lower-income children. Mr. Rideout said resources would be better served directly approaching that small percentage of the total population. He was asked how he thought a review should take place. Mr. Rideout said the expense of an additional study was unnecessary; a review of the many existing studies would be preferable.

ADMINISTRATION REPORT

1. [14080](#) General Manager's Report

Attachments: [GM Report March 2009.pdf](#)

The attached report was distributed. General Manager Tom Heikkinen highlighted a couple of items on the report:

- His meeting with Ed Morse. Madison may feature prominently in his book because of all the historical material the Utility shared and the past innovations at the Utility.
- His attendance at the annual Utility Legislative Rally and contact with Rep. Spencer Black, Chair of the Natural Resources Committee. He was encouraged by Ald. Cnare and Ald. Schumacher to continue to pursue opportunities like this one. Ald. Schumacher suggested partnering with Kurt Witynski of the League of Wisconsin Municipalities, which is very active in statewide public infrastructure issues. Mr. Heikkinen said the Utility has a three-pronged approach: Membership in the Municipal Environmental Group Water Division, a lobbyist with the city of Madison, and the direct approach.

There was a question about unused funds on a 2007 purchase order for manager training and if they could be used now. Robin Piper said the funds were carried over in 2008 but not used because the new general manager had not been hired yet. The purchase order has now expired.

STAFF REPORTS

2. [14085](#) Water Quality Monitoring Report

Attachments: [Water Quality Report March 2009.pdf](#)

The attached report was distributed.

3. [14086](#) Water Supply Report

Attachments: [Water Supply Report March 2009.pdf](#)

The attached report was distributed. There was a request for an update on the Sycamore Sentinel Well. Principal Engineer Al Larson said the hole has been drilled, logged, and the well has been pump tested. Montgomery had initial concerns so the Utility is now waiting on additional pump testing to ensure there is lower-aquifer water. Mr. Larson said it is projected that it will be completed in May.

4. [14087](#) Operations Report

Attachments: [Operations Report March 2009.pdf](#)

The attached report was distributed.

5. [14088](#) Staffing Report

Attachments: [Staffing Report March 2009.pdf](#)

The attached report was distributed.

6. [14122](#) Engineering Report

Attachments: [Engineering Report March 2009.pdf](#)

The attached report was distributed.

7. [14089](#) Customer Service Report

Attachments: [Customer Service Report March 2009.pdf](#)

The attached report was distributed. There was a request for clarification on the municipal merchant account status that reduces bank charges for payment processing. Customer Service Manager Ken Key said eligibility is determined by type of city agency. It is possible other city agencies could be eligible for the same savings.

8. [14090](#) Public Information Report

The attached report was distributed. There was a question about the timeframe on the new website design. Public Information Officer Gail Gawenda said it is expected to be the end of May. There was also a question about how Board Members should be involved in the May 9 Open House. Ms. Gawenda said any contribution in promoting the event would be appreciated and Board Members were also welcome to attend.

9. [14123](#) Fund Balance Report

Attachments: [Fund Balance Report March 2009.pdf](#)

The attached report was distributed. Finance Manager Robin Piper said the report does not reflect the year-end advance from the city and some of the numbers are not final. The Annual Report will be completed on April 1. Bruce Mayer said a pre-audit planning meeting is planned for April 15 at 2:00 p.m. It was suggested that public notice be given for this meeting since even two members could constitute a negative quorum, and that Mr. Heikkinen contact Roger Allen in the City Attorney's Office for further advice on this issue.

10. [14509](#) Preliminary 2008 Cash Flow Statement

Attachments: [Preliminary Cash Flow Statement 2008.pdf](#)

The Preliminary Cash Flow Statement was distributed (see addendum). Mr. Piper highlighted several items from the statement:

- The estimated antennae revenue was \$200,000 but the actual was \$500,000.
- Approximately \$6-700,000 in the Other Services-General category is actually miscoded capital expenses. Once this is corrected that category will not be so over budget.
- Salary expenses were under budget even though overtime was over budget.
- Overall, the Utility's finances for 2008 were better than anticipated. Next month, when the final numbers are received for categories like interest income, the budget will look even better.

It was asked why the Adopted Budget was approximately -\$3 million but the Actual was approximately -\$6.7 million. Mr. Piper said the Adopted Budget does not reflect the \$4 million debt carried over from the previous year.

There was a question about the increase in both cellular and regular phone expenses. Mr. Piper said the cellular overrun was because GPS was not figured into the budget. He was not sure why the regular telephone expense was over budget.

It was asked when the Utility anticipates the complete repayment of its debt to the city. Mr. Piper anticipates that it will all be paid at the end of 2011.

Mr. Piper said next month's agenda should include the rate case so that it can be presented to the Board and filed by the end of April. There was a discussion about how communication about the rate cases could emphasize that they are to maintain the integrity of the system. There was a question about how Madison's rates compare to surrounding cities. Mr. Piper and Mr. Heikkinen said Madison's rates are in the middle for Dane County and in the lower third for the state. The Public Service Commission (PSC) publishes a chart ranking the rates of all the state Water Utilities.

There was a question about simplified rate cases. Mr. Piper said they are 3 or 3.5% rate increases available to Utilities who have had their rates in place for at least a year and meet a couple of other requirements. Madison has only been eligible once; the Utility uses a 6-month billing cycle so it rarely has rates in place for a year at the time of application. The simplified rate case is approved very quickly; however, the increase granted is really only an adjustment for inflation and would not be high enough for the Utility in its current situation.

It was asked how often the Utility could request rate increases. Mr. Heikkinen said that at minimum, the previous rate increase needs to be implemented and with a 6-month billing cycle this takes longer. Mr. Piper added that once the Utility receives the PSC's decision about the pending rate case it can begin work on the next one. However, the Utility has to demonstrate, based on financial reporting, an increase in costs that makes the current rates insufficient to meet the Utility's needs for the test year. Applications to increase rates filed before August 1 of the current year use the current year as the test year, while applications filed after August 1 would use the next year as

the test year.

11. [14092](#) Financial Report: Toilet Rebate Program

Attachments: [Toilet Rebate Financial Report March 2009.pdf](#)

The attached report was distributed.

Michael Schumacher moved to approve the staffing reports; Lauren Cnare seconded; the motion passed.

NEW BUSINESS

12. [13903](#) Authorizing the Mayor and the City Clerk to execute Amendment No. 3 to the Professional Services Agreement with Black and Veatch Corporation for the preparation of the Utilities Water Master Plan and the Infrastructure Management Plan to include ongoing specialized work required by the Water Utility. (City Wide ADs)

Mr. Heikkinen and Mr. Larson said this is an amendment to an existing contract. It is to have Black and Veatch do additional work to update the web application that allows customers to see which well serves their address and obtain water quality data for that well. It also allocates system-wide demands to various pressure zones. Part of the funds allocated is for training so that Utility staff can update and calibrate the model to adjust for dry vs. wet years. There are also funds that are not designated so the Utility can receive additional assistance on an as-needed basis.

A motion was made by Mr. Melton, seconded by Cnare, to Recommend to Council to Adopt - Report Of Officer. The motion passed by voice vote/other.

13. [14093](#) Major Materials Bids.

Attachments: [2009 Major Materials.pdf](#)

Mr. Heikkinen said this is an annual item and the usual practice is to approve the lowest bid. It was asked if this process works well for the Utility and if the Utility would alert the Board in a situation when the lowest bid would not be best. Dennis Cawley, Engineer, said one benefit is it locks prices in for the year. He also explained that the Utility has a materials evaluation committee that tests and uses materials and develops an Approved Materials List. Every item in these bids is on that list, and the Utility will not accept bids for materials that have not been through the evaluation process. Because all the materials have been thoroughly evaluated and deemed up to standards, he felt it was an ethical obligation to accept the lowest bid.

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

14. Discussion of the Board agenda setting process.

Ald Cnare said that currently, the president occasionally sends an e-mail soliciting agenda items, and there is no standing piece at the end of the current agenda that indicates what might carry over into the next agenda. It is also difficult to quickly identify the action items in the minutes. There is also the potential issue of quorum for agenda-setting meetings. She suggested taking time at the end of Board Meetings to discuss what should be carried over to the next agenda. She also said the public comments could be more productive if the topics that individuals chose to speak about were part of the agenda so the Board could discuss them, too.

It was suggested that the chair e-mail Board members asking for agenda items 10 days before his agenda-setting meeting with the General Manager. Board members could send items to either the chair or Mr. Heikkinen and respect the prerogative of the chair in setting the agenda and ensuring there is adequate time to discuss each item. The e-mails should only be one way and should not become a meeting through "reply-all" or discussion.

Mr. Heikkinen said it is in the ordinances that the Board shall make rules to govern its procedures. He suggested that he would draft a procedure for review at the next Board Meeting. It was also suggested that this could include the state and local ordinances that govern the Board's operations.

15. [14094](#)

Resolution to Establish the Project: Well 8 Iron and Manganese Mitigation

Attachments: [Resolution to Establish the Well 8 Iron and Manganese Mitigation Project.pdf](#)

A motion was made by Schumacher, seconded by Mr. Melton, to Refer to the Water Utility for two months. The motion passed by voice vote/other.

UNFINISHED BUSINESS**16. [12838](#)**

Introduction and Referral of Pressure Zone 4 Water Supply Augmentation Project

Attachments: [11-25-08 Pressure Zone 4 Augmnt.pdf](#)

Once citizen was present to address the Board at the Public Hearing on the Establishment of Pressure Zone 4 Water Supply Augmentation Project.

Ron Shutvet expressed concern that the proposed well location is less than one mile from the Rodefild landfill and there is potential for contamination. He suggested a more regional approach to water sourcing by locating wells in Dane County and creating protected water resource areas so future projects are not located near pollution.

Mr. Heikkinen said the Citizens Advisory Panel has agreed with a resolution to establish the project, which is not yet sited. Al Larson introduced Dennis Cawley, the Engineer for the project, and said some members of the Citizen Advisory Panel were present to answer questions.

Michael Schumacher moved to establish the project; Lauren Cnare seconded; the motion passed.

17. [14510](#) Public Participation Process Update- March 2009

Attachments: [Public Participation Process Update 3-2009.pdf](#)

Al Larson distributed a chart of six projects and their status in the Public Participation Process (see Addendum), along with a list of volunteers on the Citizens Advisory Panel for each project. He is overseeing Arbor Hills and Well 8 projects, Joe Demorett is overseeing the East Isthmus Well Site, and Dennis Cawley is overseeing the Zone 4 and Near West Side Water Supply Augmentation projects. There is also an upcoming project, Zone 9 Water Storage, which does not have a scoping document. The projects have general names because they are not yet sited. The chart is not exhaustive; there are additional steps later in the public participation process that did not fit on the page.

It was asked if there was a projected timeframe for how long the public participation project takes, and how it affects the project schedule. Mr. Larson said the current best-case scenario estimate is 13 or 14 months. He expects that it probably adds a year to every project. Each step in the process has built-in timelines and pauses and this adds up. However, many steps can occur simultaneously and each project is different so it may not add so much time.

It was asked how and when Mr. Larson thought an initial evaluation of the process should be made? He recommended an initial evaluation of the first steps this summer, and at the end of the year a more thorough evaluation could take place.

There was a question about how much the process costs. Mr. Heikkinen said the primary expenses are printing, postage, and overtime for evening meetings. Currently an additional \$50,000 is budgeted for the public participation process for each capital project. Mr. Larson said the number is based on Montgomery's work on Well 3. Ald Cnare asked if Well 3 was a unique situation since it was the first one and there was pressure to change the situation. Mr. Larson said it might not be that unique. The real issue is always the site selection process, because this rouses neighborhood and individual interests.

Mr. Melton said he wanted to remind everyone that the process was designed to enable projects not to stop them, and the language was negotiated carefully. This process allows the Utility to demonstrate that a group of citizens has agreed with the establishment of a project.

18. [14099](#) Update on Stimulus Funds for Water Utility Projects.

Attachments: [MWU-SDWLP Variance Request 11MAR09.pdf](#)

Mr. Heikkinen said the latest update from the Department of Natural Resources (DNR) was that the Utility was ineligible for stimulus grants. If a Utility did not have an intent to apply for a loan filed by December 31, 2008 it would not be considered for a grant. The stimulus funds would not have been very much money. It could possibly change, but that would require action at the political level.

Ald. Schumacher said he believes the DNR is not accomplishing its mission. He proposed that the Board write a letter in protest of this unfair policy. He has had other negative experiences with the DNR and does not think the Board should accept this unfair decision without protest. He would like an action item on the next agenda on this issue. He asked if other Board members were interested in this action. Mr. Mayer, Ald. Cnare, and Mr. Harrington made comments in favor of the idea.

ADJOURNMENT

The meeting was adjourned at 6:42 p.m.

FUTURE AGENDA ITEMS

- *Annual Lead Service Replacement Report.
- *Funding Options for Private Well Abandonment.
- *Board approval of application to increase water rates/change rate structure.
- *Forecasting future rates to support capital program.
- *Collaboration with Dane County water utilities.
- *Policy regarding unrestricted operating reserve.
- *Assessment of External Communication Plan.
- *Automatic Meter Reading/Advanced Metering Infrastructure.
- *Decision on testing for endocrine disrupting compounds and pharmaceuticals.