



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved WATER UTILITY BOARD

Tuesday, October 27, 2009

4:30 PM

119 E. Olin Ave. Rooms A & B

CALL TO ORDER / ROLL CALL

Gregory Harrington called the meeting to order at 4:31 p.m. and welcomed new Board member Madeline Gotkowitz.

Present: 6 -

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

Excused: 2 -

Thomas Schlenker and Michael Schumacher

APPROVAL OF MINUTES

A motion was made by Melton, seconded by Cnare, to Approve the Minutes of the September 29 and October 12 meetings. The motion passed by voice vote.

PUBLIC COMMENT

No members of the public were registered to speak.

ELECTION OF OFFICERS

Harrington proposed that the terms for these offices be effective until September 30, 2010. A motion was made by Melton, seconded by Cnare, to elect Greg Harrington President, George Meyer Vice President, and Dan Melton Secretary. The motion passed by voice vote. It was suggested that the election date and terms should be codified in the Board's Operating Rules.

ADMINISTRATION REPORTS

A motion was made by Cnare, seconded by Melton, to take the Engineering Report out of order. The motion passed by voice vote.

8. [14122](#) Engineering Report

Attachments: [Engineering Report October 2009.pdf](#)
[Fireflow Availability at Madison Public Schools for Property Protection-2009.r](#)

The Engineering Report and Fire Flow Availability Report were distributed (see attached). Principal Engineer Al Larson said he discussed the Fire Flow Availability Report with Ed Ruckriegel and Bill Sullivan in the Fire Department and Ken Syke and Doug Pearson at the Madison Metropolitan School District. The model was run with three wells out of service and includes summer system demand levels and maximum month demand, which is usually July. The "Ideal Fire Flow Goal" does not take into account the specifics of each school (type of construction, size, sprinkler systems, etc.). If the goal was calculated on a school-by-school basis, it could be lower for some. Crestwood Elementary has the largest deficiency; it is located at the boundary of Zone 8 on a long dead end. As indicated on the report, the Master Plan includes a pump station for that area.

Fire Marshall Ed Ruckriegel said this is not a life or safety issue for the children in the schools. Monthly drills are required, there is a high staff to student ratio, and the schools are efficient and prompt in evacuating the building before the Fire Department arrives. In addition, the schools are primarily made of noncombustible materials, and the Fire Department has worked with them to further limit fuel load and combustible content.

Ruckriegel said a typical fire attack would include a 1-3/4" attack line and a 2-1/4" backup line with maximum flows of about 400 gpm and the goal of confining the fire to the room of origin. All of the schools have sufficient fire flow for this initial line of attack, and a foam additive can be used to further assist in controlling the fire. If the fire extends beyond the room of origin, there are contingency plans in place. In most cases, the Fire Department can ask the Water Utility to increase pressure and flow in the area, or communicate with them about options for laying longer hose to access a higher pressure zone. There is also the option of calling on the Mutual Aid Box Alarm System in the county to bring in tankers and portable tanks of water.

Ruckriegel said 3500 gpm is a good target, but according to the calculation method some schools might not require that amount and some might require more. However, if 4-5000 gpm are actually being used, they are not really saving lives or property at that point because the fire has extended beyond their capabilities.

Ruckriegel said there is some level of concern at the Fire Department, especially because the 900 gallons per minute (gpm) in the model for Crestwood School is the same for the neighborhood. However, there are improvements in the plan and that plan has to be fiscally responsible.

Larson was asked when the improvements are scheduled to be completed. Larson said Booster Pump Station 114 for the Crestwood School area is scheduled to be completed in 2016, and Booster Pump Station 118 for the Leopold School area will be completed in 2010 or 2011. He was asked why Booster 118 is prioritized ahead of Booster 114 when the fire flow deficiency is greater in the Crestwood area. Larson said fire flow is not the only consideration; there is also reliability and redundancy. The Arbor Hills area

also has more commercial buildings and development along the Beltline. However, the priorities could be rearranged. Heikkinen said it is important to remember when studying fire flow deficiencies for schools that child safety is not the concern; it is property protection.

Ruckriegel was asked how fire flow impacts insurance premiums. He said fire flow is approximately 25% of what determines the ISO rating. ISO looks at using ground water as a deficiency to begin with. He was asked if it was a concern that some of the improvements might not be completed for 8-9 years. He said he would not presume to set the master planning priorities for the Water Utility.

Larson highlighted a few of the other items in the Engineering Report:

The go-live date for the Zone 6 to Zone 3 conversion was changed to November 11 due to weather-related delays.

A Citizen Advisory Panel meeting is scheduled for the Zone 4 Water Supply Augmentation Project. The public hearing before the Board to evaluate alternatives is planned for December.

A public meeting was held at Stephens Elementary for the Zones 7 and 8 Water Supply Augmentation Project (also known as the Near West Side Project). The hearing before the Board to establish the project is planned for November.

On Thursday, the Utility will do an Emergency Response Exercise to simulate tracing the movement of a contaminant in the system. For the simulation, fluoride was turned off at Well 20 and, on Thursday morning, it will be turned back on and traced. He was asked if the Utility received Homeland Security funds for the exercise. He said no, but the costs would be minimal. He was asked to describe the purpose of the exercise. He said in a scenario like this, the first step would be to trace the movement of the contaminant and isolate it in the system. This exercise will help to raise awareness and familiarity with field sampling techniques.

1. [14080](#)

General Manager's Report

Attachments: [General Manager Report October 2009.pdf](#)

General Manager Tom Heikkinen highlighted one item from the report. Last month, the Board approved a proposal from Granicus for webcasting and transparency solutions. City Channel and Information Technology have contacted him and are preparing a proposal to meet the Utility's needs internally. The Utility will review the proposal and schedule and either accept it or proceed with the Granicus solution the Board voted to approve.

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

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

The attached report was distributed. Water Quality Manager Joseph Grande said the EPA-required unregulated contaminant testing has been completed. The Utility tested for 25 unregulated contaminants and none were detected at any of the wells.

He highlighted the discussion of the Well 8 pilot study in the Water Quality Technical Advisory Committee Meeting minutes. A report from that study will be presented at the next Board meeting. The report for the virus study is planned to be completed December 1.

Grande was asked if the 18 calls in District 12 were from a single event. He said it was one event, the opening of a valve for the East Washington project.

Grande was asked if the Board could be educated on contaminant transport and what GE and the consultant are learning from the remediation; perhaps this could be a future agenda item. Water Supply Manager Joe DeMorett said the contaminant is in the Tunnel City formation, which is the reason for the lateral movement. The test well is screened at Tunnel City, but the private wells are probably not that deep. Grande said GE's primary interest is minimizing future releases from the site. The consultant's work is focused on creating a kind of treatment wall on the property boundary; there are no plans for off-site remediation. Their pilot study involved injecting a vegetable oil emulsion inoculated with bacteria into the ground to promote the growth of microbes to break down the TCE. Initial results from this study were positive. He was asked for the status of the Utility's interest in the Femrite property. Grande said it is probably worthless. Heikkinen said it is not under strong consideration. It was deeded to the city by the World Dairy Center, and if it is not used for a well it might have to be given back.

Grande was asked what the contingency plan is for Well 15. Grande said it is included in the East Side RFP. 3.4 ppb is consistent with trends from the late 80s and 90s for PCE. He was asked if it was one of the Utility's highest producing wells. Larson said it is, but now that Well 29 is online the reliance on 15 has been reduced. The contingency plan is for if, or when, the well exceeds the MCL of 5. He was asked if the responsible party was gone. Larson said the source has not been identified. Grande was asked if pumping the well at a reduced rate successfully reduced the level. He said it was somewhat successful; it reduced the level by 15-20% and brought projections back to the previous trajectory.

3. [14086](#) Water Supply Report

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

The attached report was distributed. DeMorett said the installation of the new FLUTe liner at Sentinel Well 29 was scheduled for the next day. He was asked if the Utility could tell if contaminants were moving from the Sycamore Landfill without the sentinel well. DeMorett said there is a possibility that contaminants could be at the sentinel well but not at the production well. There is a shallow monitoring well, but it is only in the upper three levels of the aquifer.

He was asked if the reduction in pumpage by 10.4% against the ten-year average was due to weather or conservation. DeMorett said it is probably both; this year has been wetter and cooler. Heikkinen said the Utility's largest customer, the University of Wisconsin, has reduced its demand by 20%. Per capita water consumption has been declining nationwide. Larson said the impacts of weather on water use should be considered; there has not been a long dry spell since 2005. The economy has also impacted developments and growth has slowed down; the Utility is not installing as many new services. There was a question about how conservation affects updates to the Master Plan. Larson said the Master Plan is revised every 5-7 years. Heikkinen said the facilities in the Master Plan are sized for instantaneous demand and peak demands are considered. Unlike yearly averages, peak demands are affected very little by conservation.

4. [14087](#) Operations Report

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

The attached report was distributed.

5. [14088](#) Staffing Report

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

The attached report was distributed. Heikkinen was asked how the City's voluntary furlough or Absence Without Pay Policy would affect the Utility. He said it is a Department or Division Head decision, and he does not see much applicability because of the overtime expenses required to fill in for the absences.

6. [14089](#) Customer Service Report

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

The attached report was distributed. Customer Service Manager Ken Key said the RFP for consultant services for the Advanced Metering Infrastructure (AMI) Project should go out to interested parties by the end of the week.

Key was asked what Professor Arenas wanted to know. He said everything; she wanted more information on the business of the Water Utility. Heikkinen said she is working with a South African student on environmental justice issues and determining the best way to deal with the distribution of water there.

7. [14090](#) Public Information Report

Attachments: [Public Information Report October 2009.pdf](#)

The attached report was distributed. Public Information Officer Gail Gawenda said the Utility took a small group of students from Sennett Middle School on a tour of Well 30. She is working with the Science Curriculum coordinator for the Madison Metropolitan School District to develop a partnership.

She was asked what the potential joint programs were with the University. Gawenda said she had a preliminary meeting with We Conserve, and they discussed collaboration on future projects that could include a promotion of tap water over bottled water and getting on the agenda for the We Conserve new student orientation.

FINANCIAL REPORTS

9. [14092](#) Financial Report: Toilet Rebate Program

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

The attached report was distributed. Piper said the Utility is currently on schedule to distribute 1800 rebates this year.

10. [14123](#) Fund Balance Report

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

The attached report was distributed. Piper said a line was added to this report for the short-term construction fund loan. These are the funds that have been borrowed from the City for construction expenses until the revenue bond sale in November.

11. [16370](#) Year-to-date Budget Expense Detail Report

Attachments: [YTD Expense Detail Report October 2009.pdf](#)

The attached report was distributed. Piper said as of the end of August, the Utility's total expenses are within the budget even though a few accounts are over. When the budget was done, he underestimated additional expenses for supervision. A couple of maintenance categories are also over due to a high number of main leaks and repairs that were made when an elevated tank was repainted. He was asked about the expense categories that had \$0. Piper said they might have a large expense at the end of the year. He was asked if the Utility had budgeted for a 14% increase in operating expenses over the previous year. Piper said he would have to look at last year's budget. Some items like chemicals and electricity were budgeted to increase, and no tanks were repainted in 2008. Heikkinen added that if salaries were budgeted for his position and others, those supervision categories would have been under budget last year.

12. [16371](#) Consultant Payments Report

Attachments: [Consultant Payments Report October 2009.pdf](#)

The attached report was distributed.

13. [16372](#) Public Participation Process Financial Report

Attachments: [Public Participation Process Financial Report October 2009.pdf](#)

The attached report was distributed. Piper said the report is for direct expenses; it does not include labor. He was asked about the variance in costs between the projects and how the Utility could budget for them. Piper said the cost mostly depends on the size of the notification area for a project. He was asked if the postcards were sent first class. He said they are sent at a reduced rate; "first class" on the report refers to the name of the company that does the mailers.

14. [15697](#)

Other Financial Updates

RATE CASE

Piper said that in a previous meeting with the Public Service Commission, the Utility was able to convince them to allow the submission of lower pumpage numbers and further information on increased expenses like health insurance. They accepted an 8% rate of return, and currently the rate increase could be 21% instead of the 18% originally submitted. The revenue requirements portion of the case is completed, and the PSC is now doing the cost of service study. The public hearing could take place as late as January. He will be providing the PSC with information on the Automated Meter Reading (AMR) plan and the expanded toilet rebate program. Heikkinen said the Utility would have a public information plan and fact sheet ready for the rate increase before the hearing. It is estimated that a 21% rate increase would increase the average 6-month residential bill by \$22, or \$3.66 a month. He was asked if the Board could review the public information plan before it goes out. Heikkinen said it could be sent to the Board first.

Piper was asked what Clean Wisconsin's role was in the rate case. He said their role has been to support the Utility's plan to go to monthly billing. Clean Wisconsin met with the Mayor and requested that the AMR funds in the Capital Budget be reinstated; he declined that request. They are not contesting this rate case because that would just prolong it. He was asked if they had been provided with the information on reduced pumpage. Key said they were given that information and other statistics at an initial meeting.

CAPITAL BUDGET

Piper said the budget will go before the Common Council on November 4. The \$250,000 amendment to begin AMR was accepted by the Board of Estimates.

OPERATING BUDGET

Piper said the Mayor instituted an additional 1% salary savings, so the Utility will wait longer to fill any vacant positions in 2010. This budget will also go before the Council on November 4 and he does not anticipate any changes.

REVENUE BOND SALE NOVEMBER 17

Piper said there would be two bond sales. One will be a taxable \$1.5 million and the other portion of the sale will be refunding and new money totaling \$49 million. There will be \$11 million for the 2009 Capital plan, and the Utility will repay the short-term construction loan that was highlighted on the Fund Balance Report.

The Utility will refund the 2001, 2002a, 2003a, and 2006a issue bonds at the old 1.4 coverages. This will take advantage of the favorable interest rates, modernize the 1978 bond ordinance, and get the Utility in a more firm financial position to repay the city as soon as possible. He was asked if the refunding would save money. Piper said there would be a net present value loss. Depending on the interest rates, the loss will be \$1-2 million over 20 years. He has discussed this with the Comptroller and the Utility's financial advisor, and they agree that this is a favorable time to change the coverage test. There is a cost, but it will be outweighed by the benefits.

The special Board Meeting was scheduled for 5:30 p.m. on November 17 in Room 103A at the City-County-Building.

NEW BUSINESS

15. [16034](#) Accepting a Public Water Main Easement from Sherman Terrace Association, Inc., across property located at 1 Sherman Terrace.

Attachments: [9245 EXHIBIT A.pdf](#)
 [9245 Exhibits B-1 and B-2.pdf](#)

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

16. [16364](#) Policy Regarding Unrestricted Operating Reserve

Heikkinen said he would draft a formal written policy for the next meeting. His proposal is to set a goal to develop a reserve of 3 months operating cash, or \$3.6 million. It would be a cushion to protect against revenue failure, and bond rating agencies view these reserves favorably. He was asked how the Utility would get the funds. He said they would work with the PSC to get the rates needed to pay back the city and build up the reserve. It has been programmed into the financial model, and this could happen in as little as three years. He was asked what “unrestricted” meant. He said all of the Utility’s reserves are currently earmarked according to ordinance requirements. Piper said the 1978 bond ordinance requires funds to stay in special accounts. This reserve would be an undesignated or working cash fund. He was asked if restricted funds would increase with the revision to the bond ordinance. He said he has been told they are not changing, except that the Special Redemption Reserve fund might decrease.

A motion was made by Melton, seconded by Cnare, to Refer to the next meeting. The motion passed by voice vote.

17. [16362](#) Appointment of the Water Utility Board Representative for the Committee on the Environment

A motion was made by Meyer, seconded by Cnare, to nominate Dan Melton as the Water Board’s representative for the Committee on the Environment. The motion passed by voice vote.

18. [16363](#) Discussion of Future Strategic Planning

Attachments: [Points for Strategic Planning Discussion October 2009.pdf](#)

The attached handout was distributed and reviewed by Harrington.

It was suggested that the employee teams working in these focus areas could be involved in those discussions.

Finances were suggested as a strategic topic for the end of the year.

It was suggested that a facilitated Board retreat could be scheduled to evaluate and develop the strategic focus areas and also include a team-building component. It could be held in an alternative location. December 1 from 4:30-7:30 was set as the date and time for this facilitated retreat.

19. [16360](#) 2010 Meeting Schedule

Attachments: [Proposed 2010 Water Board Meeting Dates.pdf](#)

The attached schedule was distributed.

20. [14501](#) Introduction of Future Agenda Items

The following future agenda items were previously suggested:

- Report on Well 8 Disinfection Pilot Study
- Board of Health Review of Fluoridation Policy
- Forecasting Future Rates to Support Capital Programs
- Collaboration with Dane County Water Utilities
- Discussion of Relationship with Municipalities that are Wholesale Customers
- Developing a Greenhouse Gas Emissions Strategy

The following items were suggested for a future meeting:

- Extending Bruce Mayer's term to 2013, if Board action is required
- Education on Contaminant Transport

ADJOURNMENT

A motion was made by Cnare, seconded by Meyer, to Adjourn at 6:42 p.m. The motion passed by voice vote.