

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

July 28, 2010

Draft

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 7:30 A.M., with Commissioners Bob Fahrbach, and Don Merkes present on roll call. Also present were Melanie Krause, Co-General Manager/Business Operations; Dick Sturm, Co-General Manager/Engineering and Operations; Kristin Hubertus, Business Operations Accountant; Lonnie Pichler, Electric and Water Distribution Supervisor; Jerry Sturm, Water Plant Supervisor; Mike Malmstead, Energy Services Representative, and the Press. City Attorney Pamela Captain was also present.

In the absence of Commission Secretary Watson, Commission President Allwardt appointed Comm. Merkes as Acting Secretary.

Item II. People from the Gallery to be heard on any topic of public concern to the Utility:

Mary Nebel, 713 First Street, addressed the Business Operations Accountant II job description, the financial stress of the debt burden acquired, pay freezes of City employees and others, and documentation of cutting expenses.

Commission Secretary Watson arrived at 7:35 a.m.

Item III. Motion made by Comm. Fahrbach, seconded by Comm. Watson, was unanimous on roll call to approve the following:

- A. Minutes of the Regular Meeting of June 23, 2010.
- B. Approve and warrant payments summarized by checks dated July 1 - 28, 2010, which includes Net Payroll Voucher Checks, and Operation and Maintenance Voucher Checks for a total of \$777,427.72, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- C. Correspondence, as listed.
 - Copy of Proposed Minutes from May 20 WPPI Energy Executive Committee Meeting
 - Copy of minutes from June 14 and June 28 Town of Menasha Utility District Commission Meetings
 - Copy of letter dated June 21 to Menasha Utilities from Associated Bank, re: FDIC Account Guarantee Program
 - Copy of notice received June 25 to General Permit Holders from Nicole Clayton, WI DNR, re: Total Maximum Daily Load Report
 - Copy of memorandum dated June 25 to WPPI Energy Directors, Alternates, Representatives and Managers, from Roy Thilly, re: Developments
 - Copy of July 6 August PSC Water Currents
 - Copy of Safe Drinking Water Loan Program 2011 Priority List dated July, 2010
 - Copy of State Fiscal Year 2011 Update #1 dated July 16, 2010

Item IV. June Financial and Operations Statement- In response to Comm. Allwardt's question about water usage being down 12% overall, Co-General Manager/Business Operations Krause stated this was mainly due to the industrial customers and the wholesale customer.

Comm. Allwardt also asked about the amount for public fire protection services being down for the month. Mrs. Krause responded that the revenues are off because the rate increase was budgeted to take place in May and the increase did not become effective until the middle of the month.

After discussion, the Commission accepted the June Financial and Operations Statement as presented.

Item V. Claims Against The Utility ó there were no claims discussed at this meeting.

Item VI. Purchase Orders over \$10,000.00 issued since the last Commission meeting were presented for informational purposes.

Item VII. Unfinished Business, Taxroll/Landlord Ad Hoc Committee ó Comm. Fahrback reported there have been some good discussions and there are a number of items brought forward for action. The next meeting is scheduled for August 17.

Review of City Attorney Services ó Mrs. Krause reviewed discussion from the last Commission meeting on whether the City Attorney would be available for all or parts of the upcoming labor contract negotiations.

City Attorney Captain stated she would not have the time to take any lead role with regard to bargaining but would be available to be somewhat involved.

Item VIII. New Business, New Job Description ó Business Operations Accountant II ó Mrs. Krause reviewed the new job description which reflects the change in responsibilities with the organizational changes as well as the degree of responsibility. The position has taken on a lot more oversight as well as training of employees. There is a compression issue that does exist, and comparables were reviewed with MEUW, APPA, and the Institute of Management Accountants for the Midwest region.

Comm. Allwardt added this was a two-fold item; the majority of the work taken on was the result of the Manager of Business Operations moving to Co-General Manager/Business Operations. The second item was the compression issue with management receiving a 1% pay raise in 2010 and the union receiving 3%, coupled with the fact that the last two years there have not been any bonuses granted to the non-exempt employees.

Comm. Merkes suggested a change to the educational requirements to state a four year degree in Accounting is required rather than preferred.

After doing some research, Comm. Merkes added the consensus was that both pay scales were probably within reason. With the state of the economy right now, it was his opinion that it was not appropriate to raise pay scales, and he is not in favor of raising the pay scale at this point and it is sufficient to maintain a quality employee.

Comm. Merkes made a motion to approve the job description with the minor changes discussed at the current pay scale. There was no second to the motion.

Comm. Watson made a motion to approve the job description with the minor changes as discussed and a \$2,000 salary adjustment; Comm. Fahrback seconded the motion. On roll call, Commissioners Allwardt, Fahrback, and Watson voted yes; Commissioner Merkes voted no.

Item IX. Project Reports, UV Certification ó Water Plant Supervisor Jerry Sturm reported Trojan Company has downloaded the changes to the software and they will be doing testing to make sure the software is functioning properly.

Mr. Dick Sturm added one of the issues of the certification not being completed is that we cannot close the Safe Drinking Water Loan and there are a number of projects hinged on getting to that point to complete the project.

WPPI Energy Transaction ó Mrs. Krause reported there are approximately 6 or 7 easements yet to obtain, and the railroad crossing information has been submitted.

Item X. Staff Reports, Co-General Manager/Engineering and Operations ó Mr. Dick Sturm commented on the FEMA Hazard Mitigation Assistance grant to relocate the Water Plant low lift pumps above grade. The DNR has sighted these pumps as a deficiency, and this application process is a new program to Winnebago County and Menasha Utilities.

Comm. Allwardt asked about the tour of the Steam Plant facilities provided for a potentially interested party. Mr. Sturm stated, at the request of the interest party, this is all the information that can be released. He continues to respond to any and all inquiries, and providing a tour if requested.

Comm. Merkes inquired about the review of MU billing practices for station power billed to ATC as compared to the WPPI proposal. There were accounting practices in place for Menasha Utilities to recover the energy costs of maintaining substations. There was some shortfall on the investor owned utilities to recover their energy costs at substations, and those discussions resulted in a method to account for the substation use by tallying up the devices that ATC has at a station. Our practice is that ATC participates in a percentage of the operational and maintenance costs based on their percent of usage at the substation. It is our intent to continue this practice established by our shared facilities agreement rather than go to a device driven program.

Electric and Water Distribution/Safety Report ó Electric and Water Distribution Supervisor Pichler gave an update on the storm damages from July 20, and the water main breaks that have occurred on Seventh Street.

Water Plant ó Mr. Jerry Sturm reported the patches are no longer holding on the fiberglass hypo chloride bulk storage tanks. This is typical of fiberglass tanks and they will have to be replaced very soon.

Project Engineer ó In reply to Comm. Allwardt's question regarding water usage at the Steam Plant, Mr. Dick Sturm stated there was some usage in June to complete the storage mode for the RO system and demineralization system.

Telecommunications & Substations ó there were no additional questions to the report presented.

Co-General Manager/Business Operations ó Mrs. Krause commented on an item included in correspondence with a preliminary listing by priority scores for 2011 Safe Drinking Water Loan applicants. There is also going to be some principal forgiveness with this round of funding as well as some subsidized rates.

Customer and Utility Services ó Comm. Allwardt asked about the metering issue with the Town of Menasha. Mrs. Krause reported the telemetry was not coming back to the Water Plant or the Town, and the issue has since been resolved.

Energy Services Representative/Key Accounts ó there were no additional questions to the report presented.

Item XI. People from the Gallery to be heard on any items discussed at this Meeting

Richard Loehning, 327 Willow Lane, requested a copy of the draft minutes from the Ad Hoc Committee meeting.

City Attorney Captain gave a brief update in open session of the bondholder negotiations. There has been a motion to dismiss the federal lawsuit on behalf of the City and Utilities filed last week, and mediation of bondholders has been scheduled for August 3. There are some appeals pending in the Seventh Circuit Court of Appeals related to the public records request.

Item XII. The motion by Comm. Fahrbach, seconded by Comm. Watson, was unanimously approved on roll call at 8:30 a.m. to convene into Closed Session pursuant to Section 19.85 (1) (g) of the Wisconsin Statutes for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. RE: Litigation

By: MARK L. ALLWARDT
President

CARLA R. WATSON
Secretary

NOTE: THESE MINUTES ARE NOT TO BE CONSIDERED OFFICIAL UNTIL ACTED UPON AT THE NEXT REGULAR MEETING, THEREFORE, ARE SUBJECT TO REVISION.