



City of Madison

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

Tuesday, July 28, 2009

4:30 PM

119 E. Olin Ave., Rooms A & B

CALL TO ORDER / ROLL CALL

Standridge called the meeting to order at 4:30 p.m.

Present: 5 -

Dan Melton; Jonathan H. Standridge; Thomas Schlenker; Bruce Mayer and Michael Schumacher

Excused: 3 -

Lauren Cnare; George E. Meyer and Gregory W. Harrington

APPROVAL OF MINUTES

A motion was made by Melton, seconded by Mayer, to Approve the Minutes of the June 23 meeting. The motion passed by voice vote.

PUBLIC COMMENT

One citizen was present to address the board regarding the Resolution to Establish Water Treatment Policies for Iron and Manganese (Agenda Item 11).

Lynn Williamson, 4137 Mandan Crescent, said the proposed policy addresses consumer concerns and costly impacts on the Utility and its customers. Studies like Abigail Cantor's demonstrate that other heavy metals bind to manganese, therefore increasing the importance of its reduction. She was glad the question is no longer, "Should manganese and iron be reduced?" but how to maintain the same quality goals throughout the entire distribution system. She was concerned that the term "not sufficient" in item 2 of the resolution and the period of time before action is triggered are not really defined. A sampling and testing program and Standard Operating Procedure are important in order to clearly establish the trigger and outline the steps to follow. Clear documentation is also necessary for support of a Capital Improvement request and to build public information and support of rate increases. The burden should never be placed solely on consumer complaints.

She was asked if she thought the same standard should apply to both new and existing wells. She said the current resolution sets much lower standards for new wells. What is unclear is how a problem is established for existing wells. She used Well 19 as an example: it has manganese levels just below 50, and the water is sold to Shorewood and the University. She asked how the Utility determines public demand for iron and manganese reduction and establishes that a problem exists with a well like 19, and how the Utility would work with large users and municipalities that are customers. It is also important to talk to these municipalities about unidirectional flushing, because the source is the same.

ADMINISTRATION REPORTS

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

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

The attached report was distributed. In the absence of General Manager Tom Heikkinen, Customer Service Manager Ken Key was present to answer questions. Standridge had discussed many of topics on the report with Heikkinen, so he reviewed the information and highlighted the following:

-Prioritization of Capital Projects.

Schumacher suggested that Heikkinen contact Kevin Briski in the Parks Department. He has developed a similar prioritization for capital budget requests using software or a modeling system.

-Public Participation and Engagement Professional Development Program.

Cassandra Garcia, a concerned citizen, sent Standridge information about this class and he forwarded it to Heikkinen. The class is free. Key was not sure if Heikkinen had decided which three managers will attend.

-Presentation from Granicus.

This software package will make audio or video of meetings available online. This will also allow minutes to be less cumbersome.

-Meeting with Clean Wisconsin.

Key said the meeting was primarily for Clean Wisconsin to gather information. An informal meeting was scheduled for Thursday to answer more of their questions. Finance/Accounting Manager Robin Piper added that the Public Service Commission (PSC) asked Clean Wisconsin to get involved sooner in the ratemaking process and submit their proposal earlier than in the Waukesha case. He was asked if he thought they were pulling in the same direction. Piper said yes, but the issue seems to be how quickly the Utility implements the conservation plan. For example, even if AMR is approved in the budget, Clean Wisconsin thinks two years is too long and would like the Utility to bill more frequently in the interim. He was asked if there had been any written communications; Board members would like to be copied. Key had sent an information sheet in response to their questions, and Piper had only received an e-mail setting the date for their next meeting. There was a question about when, how, and if it might hit the news media that Clean Wisconsin is intervening in the rate case. Key said the communication would likely come from the PSC, as in the Waukesha case. Public Information Officer Gail Gawenda agreed and said it is still not certain they will intervene. The PSC would not have much comment until the decision is made. Piper said it would likely be after the PSC begins the ratemaking process, which is in about four to six weeks.

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

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

The attached report was distributed. Water Quality Manager Joseph Grande drew attention to the Annual Inorganic Report. There were not many significant changes; new contaminants detected reflect the lower level of detection limits. Of significance was that sodium and chloride levels continue to increase, as they have over the last few decades. This is likely due to the application of road salt. Dr. Schlenker said the health department tests sodium and chloride in local lakes and has also seen increases every year.

A discussion followed of road salt use. Standridge was concerned that streets, engineering, and the mayor's office were not concerned enough and sodium levels continue to rise in lakes and the aquifer. He suggested that the Water Utility write a letter to the Mayor's office and include it with the salt report that is submitted by the Commission on the Environment. Schumacher said Madison has decreased salt use tremendously, and there was a report to that effect, but surrounding communities have not. Alders receive complaints from individuals who notice the difference between the streets in Madison and surrounding areas. Road salt reduction should be a regional effort. Grande said new units have been put on trucks to reduce salt application, and at the end of this winter there was a salt shortage so the city was using alternatives. Standridge said more should be done.

There was a question about the public health effects of drinking water with higher sodium and chloride. Grande said Dr. Schlenker could better address the health effects; he could only present the data. The two wells with the highest levels of sodium, Well 17 and 23, exceed the American Heart Association recommendation of 20 mg/L for those on sodium-restricted diets. There are also wells in the 15-20 range. For chloride, the highest well has 103 mg/L, less than half of the secondary standard of 250 mg/L.

It was suggested that customers in the Well 17 and 23 areas should be notified of the sodium levels. Grande said the information was already included in the annual report, is on the website, and the results come through the Public Health Department and they are aware of them. His experience is health professionals advise patients with certain conditions to consult with the Utility. This information is available to the public, but if the Board feels that there is a need for additional communication specific to these contaminants, he would take that directive. Melton was concerned that many people in Madison don't know their water comes from a well; even fewer know which well serves their address. If he or a family member were on a low-sodium diet he would want to know about the levels in the water. It shouldn't be citywide notification but well by well. Dr. Schlenker said Public Health could review the data and give a recommendation about the sodium levels in drinking water, if there was a need for additional public information or notification, and if so, what kind. As part of the review, Public Health will consult with local physicians and find out what they advise patients on sodium-restricted diets.

3. [14086](#) Water Supply Report

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

The attached report was distributed. Water Supply Manager Joe DeMorett was asked if the new FLUT will cost more money. DeMorett said he hoped not; he has been given no indication it will. They are no longer repairing the FLUT but making a new one, which will take approximately four weeks. He was asked if four weeks was acceptable because migration of contaminants is measured in years not weeks. DeMorett said it is not a huge concern; the Utility is monitoring at the well itself. He would not say it is measured in years but on a case-by-case basis.

4. [14087](#) Operations Report

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

The attached report was distributed.

5. [14088](#) Staffing Report

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

The attached report was distributed.

6. [14089](#) Customer Service Report

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

The attached report was distributed.

7. [14090](#) Public Information Report

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

The attached report was distributed.

8. [14122](#) Engineering Report

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

The attached report was distributed. In the absence of Al Larson, Dennis Cawley was present to answer questions. He was asked for the estimated timeframe for the Well 8 RFP. Cawley said probably about a month; Al Larson is writing it.

FINANCIAL REPORTS

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

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

The attached report was distributed. Piper said currently 1,057 rebates have been distributed. The PSC authorized a total of 2,500 this year but the Utility will generate about \$180,000 for rebates based on the implementation percentage of the rates. The Utility is receiving about 200 applications a month.

10. [14123](#) Fund Balance Report

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

The attached report was distributed. Piper said the Utility might need a bond anticipation loan for the construction fund depending on the circumstances with the rate case. The audit report should be done in the next week and will help determine whether the Utility should wait for a rate increase or sell bonds now.

A motion was made by Melton, seconded by Mayer, to approve the Administration and Financial Reports. The motion passed by voice vote.

UNFINISHED BUSINESS

11. [15129](#) Resolution Establishing Water Treatment Policies for Iron and Manganese

Attachments: [Resolution Establishing Water Treatment Policies for Iron and Manganese.pc](#)

The attached document was distributed. A motion was made by Schumacher, seconded by Melton, to Defer to the August meeting. The motion passed by voice vote.

NEW BUSINESS

12. [15220](#) Amending Section 13.21(1), creating Section 13.21(9) and renumbering current Sections 13.21(9) and (10) of the Madison General Ordinances to create a well abandonment rebate of fifty percent (50%) of the cost of abandoning private wells up to one thousand dollars (\$1,000), and amending Section 35.025(1) of the Madison General Ordinances to provide for funding of this rebate through the landfill remediation fee.

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

Grande said without such a program, there is no incentive for people to approach the Utility about the likely presence of a well on their property. It was suggested that they might not understand the significance. Grande said an even bigger issue is those who own private wells and are unaware they have them. He is currently looking for creative ways to find additional staff for this program; it would be very difficult to administer with the current level of staff.

13. [15494](#) Capital Improvement Budget Update

Attachments: [Submitted 2010-2015 Capital Improvement Budget.pdf](#)

The attached document was distributed. Piper said he and Tom Heikkinen met with the Mayor's committee Friday morning. The Comptroller's office had recommended an \$8.3 million cut in the capital budget request, \$5.3 million for AMR and \$3 million for main replacement. Mains were chosen instead of specific projects to avoid the appearance of preferring a particular neighborhood/area to another. When the Mayor asked why that number was chosen, the Comptroller responded that he had not discussed borrowing and repayment capacity and impacts on rates with the Utility. Piper told the Mayor that the Utility has an updated financial model that demonstrates it has the capacity to borrow the funds and can get the rates to repay them. He has a meeting scheduled with the Comptroller and Betsy York, the Utility's new budget analyst, to demonstrate the financial model. At that point, the Comptroller may revise his recommendation. The Mayor seemed fully supportive of most of the initiatives including AMR/AMI. Piper hoped main replacement would be reinstated and at least part of AMR. According to the model, the Utility will not require a rate increase in 2010 and will need 20% in 2011; this will probably be divided so there is a smaller 10% increase both years.

There were questions about the process and who makes the final decision. Piper and Schumacher said the Mayor releases his Capital Budget at the end of August. It goes before the Board of Estimates (BOE) in September and then the Common Council makes the final decision in November.

There was a discussion of how the Board should be involved in the process. Melton asked if it would be useful for Board members to be out in the community generating support for AMR, main replacement, and the Capital Budget. Schumacher recommended waiting until after the staff meeting with the Comptroller. If it does not go well, then the Board should mobilize. There are several opportunities for public input at public hearings and the BOE meetings. When the Mayor puts the budget together, the department head usually takes the Mayor's line. An individual or Board member, however, can go before the BOE and Common Council to express concerns or disagree with the budget proposal and potentially influence those decisions. It would be best, though, to have the funds reinstated before the Mayor submits his proposal. Standridge asked how much reinstating the \$8.3 million would impact the average water bill. Piper said he would e-mail the formula for determining how much each million in capital spending impacts the average customer bill. He will also update the Board on the status of the budget after his meeting with the Comptroller.

Schumacher asked about the \$50,000 lines in the budget for the Public Participation Process (PPP); an alder had asked him about it. Piper said it is an estimate until the Utility has gone through the entire process and has a better idea of the actual cost. It is a number Al Larson came up with and is intended to capture the cost for printing, postage, notifications, etc. Some of it is based on the amount spent on the Unit Well 3 process. Standridge said the total for the PPP for five projects is \$250,000, the equivalent of three full-time employees doing nothing but facilitating public participation. It didn't seem to be that much of an effort at this point. Cawley said it might not be. Arbor Hills,

for example, may not cost the full \$50,000. Grande said some of the estimate was based on the Well 3 experience. That was a facilitated process, and there was a lot of involvement. Standridge suggested that the number be downsized. Schumacher said his comment was not intended to artificially lower the estimate. Instead, there should be figures to support it including an estimated number of mailings, FTEs, etc.

There was a discussion of whether the cost for the PPP should be a separate budget item. Schumacher said when the resolution for the PPP passed, the alders did not realize it would become a line item for \$50,000. The fiscal note for the resolution was "no appropriation required." The assumption was that this would be covered by regular staff costs. Standridge said other city agencies don't have a separate budget line for postcards and public meetings; it seems like a regular cost of doing business. Piper said one reason for budgeting it separately is that until the Utility has gone through the entire process, the project has not been established. Other city agencies don't usually have to go through the same process to establish a project. For example, the city does not have to convince people that a street reconstruction is necessary. Grande said citizens have complimented the Utility on the process because it goes above and beyond other city agencies. Cawley said there might be some city projects that involve a lot of discussion and public participation, but most do not go through anywhere near the same process. Other agencies send out mailers and hold public hearings, but generally this takes place in the same calendar year that the project is designed and left for bids. That is not the case with the PPP; the Utility estimates that it adds at least a year to a project. This is another reason for separating the PPP funds from other project costs. In most cases they will be spent in a separate calendar year than most of the project.

Piper gave a brief update on the Operating Budget, which is due August 7. The Mayor requested a budget reflecting continuity of service and then asked agencies to provide ways to cut this budget by six percent. As an enterprise fund, the Utility will not need to provide a full six percent cut or any cut at all provided that there is sufficient revenue. However, if departments want to include any additional programs or staff, they need additional revenue or corresponding cuts in the budget. For private well abandonment, the Utility may be able to show enough revenue from the next rate increase to justify an additional halftime or fulltime person for the Water Quality section. He is currently gathering information from staff members regarding requests for new equipment. Last year, the vehicle budget was cut from \$886,000 to \$234,000, so more vehicles will need to be replaced in 2010. He was asked where staff on the lead replacement crews has gone and whether a position could be moved for well abandonment. Piper said most of the lead replacement crews have been reallocated to unidirectional flushing; there are no positions there that could be moved into the Water Quality section. He was asked when the Board reviews the budget. Piper said the Board does not, because the request is for a status quo budget. There are no major decision points except for a few large pieces of equipment.

Piper gave a brief update on the rate increase. The revenue requirements are almost done, and then the cost of service study will be done. At this point, the PSC is at least three months from the decision. Because of the intervention, there will be a public hearing and the rate case will go before the commission, adding four to six weeks to the process. He was asked how this affects

revenue and the Operating Budget for next year. Piper said he has to estimate when the rate increase will go into effect and what the amount will be.

14. [15489](#) Lead Service Replacement Update

Attachments: [Lead Service Replacement Update July 2009.pdf](#)

The attached report was distributed. Standridge said he had expressed concern that the Utility might not be able to meet the deadline and asked if a clarification document would be put into place. Doug DeMaster said anything more formal than what is included in the report would require a meeting with their attorney. The current consent order requires that no lead services remain in the system at the end of 2010. There would only be a revision if the Utility expected to have lead services remaining, and that will not be known for certain until next summer. At this point, the Utility does not expect that any will be outstanding. The biggest challenge is property owners. Standridge said there was an indication that if the Utility has referred all of the outstanding property owners to the City Attorney's office that the DNR will accept that. DeMaster said this would require an amendment to the consent order.

15. [15490](#) Review Current Policy of Fluoridating the Public Water Supply

In addition to a recommendation from the Board of Health, Mayer and Standridge wanted education on the issue including a presentation of the pros and cons. Dr. Schlenker said the Board of Health would ask the Department of Health to develop the education because they have the expertise. The Department could provide information about both the benefits and risks.

A motion was made by Melton, seconded by Mayer, to refer to the Board of Health and request they review the current policy of fluoridation of the public water supply and provide a recommendation regarding the continuation of the policy, the recommended level, and whether any special warnings are required for at-risk groups. The motion passed by voice vote.

16. [14501](#) Introduction of Future Agenda Items

The following future agenda items were identified at previous meetings:

- Forecasting Future Rates to Support Capital Programs
- Collaboration with Dane County Water Utilities
- Policy Regarding Unrestricted Operating Reserve
- Discussion of Relationship with Municipalities that are Wholesale Customers.

Mayer asked if the Board wanted the auditors to come to a meeting. This would add about an hour. Schumacher said that if there were no material findings that require a Board decision, a briefing from Mayer or Piper would be sufficient. Piper said there would also be the exit interview. It was suggested that public notice could be given of that meeting so any Board members who were interested could attend.

There was a request for clarification on the "Policy Regarding Unrestricted Operating Reserve." Piper said the Utility currently does not have an unrestricted operating reserve. It is something the bond rating agencies look for. The Utility should first pay back city and then build up the operating reserve so it won't have to borrow again when there are low water use periods. Heikkinen would like the Utility and Board to decide on a reasonable goal. He was asked if the goal would be included in the rate increase formula. Piper said he has been trying to start a discussion with the PSC of how utilities without unrestricted funds can begin to build up reserves. Normally, reserves are built by spending less than the revenue generated by sales. However, the Utility has not met its rate of return very often in the last ten years. It is allowed to earn a 6.5 or 7% rate of return, but last year it was 1.5%.

The following was suggested as a future agenda item:

- Strategic Planning

It was suggested that time should be created on the agenda for strategic thinking, perhaps as a monthly, quarterly, or biannual effort. Schumacher was unsure where the process left off and did not feel it reached a level of sophistication beyond continuing what is currently done. If there will be discussion of items like forecasting rates, public communication, and collaborating with the county, a more strategic approach should be taken. A tighter roadmap could be developed. Standridge suggested this was a leadership issue and something for the next Board president to keep in mind.

ADJOURNMENT

A motion was made by Schumacher, seconded by Mayer, to Adjourn at 6:08 p.m. The motion passed by voice vote.