

AGENDA
NORTH SHORE WATER COMMISSION

400 West Bender Road
Glendale, WI 53217
Wednesday, March 9, 2011
7:30 A.M.

1. Call to order by the Chairman.
2. Pursuant to section 19.85(1)(c) Wisconsin Statutes, this Commission reserves the right to convene in closed session to deliberate and discuss the terms of a possible labor agreement with the Local 1486. The Commission will reconvene into open session to conduct business regarding this item and remaining items on the agenda.
3. Discussion of Baker Tilly's financial analysis and supporting documents pertaining to the possible addition of Shorewood as a new member. Possible action may be taken regarding this matter.
4. Acknowledge receipt and accept the 2010 financial statements prepared by Baker Tilly.
5. Approval of the minutes of the meeting held Wednesday, February 9, 2011.
6. Monthly report of plant operations for February 2011.
7. Discussion of annual operating budget.
8. Approval of monthly bills.
9. Discussion and approval to pay Strand Associates for engineering services rendered under Task Order Number 10-05.
10. Manager's report for February.
11. Date and time of the next regular Commission Meeting.
12. Adjournment.

**North Shore Water Commission
Tentative Agreements
North Shore Suburban Employees
Local 1486, AFSCME
March 4, 2011**

1. Article I, General. Section 3 – Anti-Discrimination.

Revise as follows:

The Commission and the Union will not discriminate against employees in violation of federal and/or state law or based on Union activity.

2. Article II, Union Activity.

Delete reference to Assistant Manager in second paragraph.

3. Article VI. Vacations. Section 9 – Vacation and Accumulation and Use.

Revise as follows:

Section 1 - Eligibility and Allowance.

An employee shall start to earn vacation as of his date of hire. Eligibility and accrual of vacation shall be based on the employee's anniversary date.

In this article, the term "anniversary year" will refer to the period of time which starts on an employee's employment anniversary date and ends the day prior to the next anniversary date.

In this article, the term "vacation allowance" will refer to the amount of time reserved for an employee to be taken as paid time off during an anniversary year.

Vacation allowances shall be earned and based on the employee's anniversary date, on the following schedule:

An employee is eligible for five (5) days of vacation during his first year of employment, after completing six (6) months of employment. These five (5) days of vacation must be used prior to the first anniversary year or they will expire without additional compensation.

For one year but less than five (5) years of service:

Ten days per year plus two additional days in lieu of four half holidays.

For five (5) but less than fifteen (15) years of service:
Fifteen days per year plus two additional days in lieu of four half holidays.

Remainder of vacation schedule status quo.

Section 2 - status quo

Section 3 – Requirement for Vacation Entitlement.

Employees shall earn vacation allowance for any month in which they receive compensation for one hundred twenty (120) or more hours of work. For those months in which an employee does not receive compensation for one hundred twenty (120) or more hours of work, one-twelfth (1/12) of the affected employee's vacation allowance due in the following anniversary year shall be deducted.

Section 4 – status quo

Section 5 – Selection of Vacations

Employees shall be permitted to select the period of their vacations, providing, however, that the following requirements are fulfilled: (1) no more than one employee from each list described in Section 4 shall be absent because of vacation at any one time, and (2) a request is made to the Plant Manager or Working Foreman at least 7 full days in advance of the requested vacation date(s). If a request is made to the Plant Manager or Working Foreman less than 7 full days in advance of the requested vacation date(s), the Plant Manager can deny the request for any reason. However, no request will be unreasonably denied.

In the event two or more employees desire a vacation at the same time the employee who is highest on the vacation list shall be granted the preference, provided, however, that if an employee has made a selection of a particular period for his vacation and such selection has stood for 30 days or more, it cannot be superseded by the selection of another employee even though such other employee may be higher on the priority list or may have greater length of service.

In any year, an employee shall be permitted to take his vacation in periods of any length, provided the following conditions are satisfied: (a) the totality of such selections shall not require the payment of more than three (3) days premium pay to other employees, if the vacation allowance for the current anniversary year is fifteen (15) days a year or less and four (4) days premium to other employees if the vacation allowance for the current anniversary year is sixteen (16) days or more; (b) the vacation does not interfere with plant operations; and (c) the vacation does not interfere with the right of other employees to schedule vacations.

Notwithstanding the above when an employee is absent on vacation during Wisconsin deer hunting season, a second employee may also be absent on vacation during the Wisconsin deer hunting season, if he provides a substitute employee to working during his absence on his regular shift, provided that no substitute may work more than 12 hours consecutively nor more than 12 hours within any calendar day.

Section 6 – Holiday During Vacation Period

Delete existing provision and replace with the following:

Employees who are scheduled to work on a holiday are expected to work the assigned shift as they would any other shift. An employee may request to take a vacation, using vacation allowance, on a holiday following the same procedure they would normally follow for any non-holiday with the following exceptions:

(A) The employee must find at least one employee that is both eligible and willing to work said shift prior to requesting vacation. After receiving the request, the Manager or Working Foreman will attempt to fill the shift according to the procedure described in Article III, Section 7. The Relief Operator Technician, Technician Mechanic and Working Foreman are not expected to fill the position if they are not scheduled to work on this particular holiday. If no employee volunteers to work said shift, the employee requesting vacation will not be allowed to take vacation on the holiday.

(B) If more than one employee requests vacation on the same holiday, Article VI, Section 5 shall be applied.

Section 7 – status quo

Section 8 – Vacation Rights in Case of Layoff or Separation

Any employee who is laid off, discharged, retired or separated from the service of the employer for any reason prior to taking his vacation shall be compensated in cash for the unused vacation he has accumulated at the time of separation.

The Commission will only pay out accrued and unused vacation earned by the employee during the anniversary year prior to the employee's layoff or termination. The Commission will not pay out a prorated share based on the months worked since the employee's anniversary date.

Section 9 – Vacation Use

In the event an employee terminates his employment at a time when he has used more vacation than he has earned, the excess shall be repaid to the employer.

In each anniversary year, the employee shall use at least twelve (12) days of his vacation allowance by actual absence from work or by voluntary forfeiture of vacation allowances. Any unused vacation at the end of the anniversary year in excess of the twelve (12) days shall be paid at the end of the anniversary year. Employees shall not be permitted to accumulate vacation allowances from anniversary year to anniversary year except as provided in Section 7.

Section 10 – status quo

Section 11 – Personal Leave

Add new line item 9 to the end of the section:

To attend a school event or school meeting for the employee's minor child.

4. Article VII. Sick Leave. Section 6 – Payment of Accumulation Upon Death or Retirement.

Revise as follows:

Upon death or retirement in accordance with any of the provisions of the Wisconsin State Retirement Fund, each employee shall receive one-half of his or her unused accumulated sick leave pay at his normal rate of pay to be paid out in health insurance premium payments. The Commission shall use the sick leave payout to make monthly premium payments to the Commission's insurer for the retiree's health insurance. Monthly health insurance premiums will be paid from this amount until exhausted. In the event of an employee or retiree death, the Commission will continue to make health insurance premium payments to the surviving spouse or partner, provided he or she was covered under the Commission health insurance plan at the time of the employee's or retiree's death. In no event will there be a cash payout for unused sick leave.

5. Article X. Insurance. Section 1 – Payment of Premiums for Health Insurance.

Delete the first paragraph and substitute the following:

Effective April 1, 2011, the Commission shall provide health insurance under the Wisconsin Public Employer's Group Health Insurance Program administered by the State of Wisconsin, Department of Employee Trust Funds. The Commission shall pay 88% of the lowest cost Plan premium offered in Milwaukee County under the Program. The employee shall pay the difference between the amount paid by the Commission and the actual cost of the health insurance plan chosen by

the employee. If an employee selects an available health plan outside of Milwaukee County that is less expensive than the lowest cost plan in Milwaukee County, the Commission shall pay only 88% of that premium. The employee's share shall be paid through payroll deduction on a monthly basis. Prior to April 1, 2011, the Commission will provide and pay for coverage as provided under the prior agreement.

Add the following paragraph:

Employees who are eligible for health insurance coverage offered by the Commission and do not take health insurance coverage shall be entitled to a payment in lieu of health insurance. This shall be paid to the employee on a monthly basis. Effective January 1, 2011, employees' payout in lieu of health insurance shall be as follows: \$500 per month for a family-plan-eligible employee and \$250 per month for a single-plan-eligible employee. This option is only available for employees who have access to comparable health insurance. In the event that an employee loses access to comparable health insurance coverage, that employee will not be allowed to opt out of the Commission health insurance plan. If at any time the Commission's insurer objects in any way to payment in lieu of health insurance, this opt-out payment shall cease immediately.

6. Article XI. Pensions.

Revise as follows:

Effective April 1, 2011 employees shall be covered under the State of Wisconsin Retirement System in accordance with Chapter 40 of the Wisconsin Statutes. Employees shall contribute to the WRS an amount equal to one half of all actuarially required contributions, as approved by the Employee Trust Fund Board from time to time. The Commission shall pay the remainder. Employee contribution's shall be paid through payroll deduction. Prior to April 1, 2011, the Commission will contribute to the WRS as provided under the prior agreement.

7. Article XII. Shift Differential, Shift Premiums, Overtime and Weekend Differential. Section 1 – Shifts and Shift Assignments.

Delete the last two paragraphs in this section to eliminate the longer lunch for B shift.

8. Delete Memorandum of Understanding regarding supplemental insurance retirement benefits.

9. Three year term: January 1, 2011 – December 31, 2013

10. Wages

January 1, 2011: No increase

January 1, 2012: No increase

January 1, 2013: 2% across the board increase

Dated this _____ day of March, 2011.

FOR LOCAL 1486 AFSCME

FOR NORTH SHORE WATER
COMMISSION



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To the Board of Commissioners
North Shore Water Commission
400 West Bender Road
Milwaukee, WI 53217

Members of the Board:

You have requested that we prepare a report similar to the report *Financial Study Showing Possible Benefits to the Participants of the North Shore Water Supply System by Furnishing Water to the Village of Bayside* issued in February 1974 in connection with your evaluation of the proposal put forth by the Village of Shorewood to become a member of the North Shore Water Commission (the "Commission").

The aforementioned study addressed four (4) different methods of water service to the Village of Bayside, one of which included the Village of Bayside becoming a member of the Commission. Because the other three (3) methods addressed are not under consideration by the Commission to provide water service to the Village of Shorewood, only the method of water service of the Village of Shorewood becoming a member of the Commission has been presented in this report.

On January 6, 2011, the Village of Shorewood (the "Village") submitted a proposal to the Commission in which the Village outlined its desire to become a member of the Commission, the proposed cost of the capital buy-in and the anticipated benefits of becoming a member

Capital Buy-in

On Schedules 1 and 2, we have presented four similar analysis of the Commission's investment in plant as of December 31, 2010 for your consideration.

1. The first analysis is comparing the estimated net book value of the historical cost of the plant to the proposed capital buy-in using the Village's allocation percentage. Under this analysis, the estimated net book historical value of the plant acquired by the Village is \$729,059.
2. The second analysis is comparing the estimated net book value of the current cost of the plant to the proposed capital buy-in using the Village's allocation percentage. Under this analysis, the estimated net book historical value of the plant acquired by the Village is \$1,242,569.
3. The third analysis is comparing the estimated net book value of the historical cost of the plant to the proposed capital buy-in using the Commission's allocation percentage. Under this analysis, the estimated net book historical value of the plant acquired by the Village is \$1,267,620.
4. The fourth analysis is comparing the estimated net book value of the current cost of the plant to the proposed capital buy-in using the Commission's allocation percentage. Under this analysis, the estimated net book historical value of the plant acquired by the Village is \$2,160,463.

The two analyses' that compare the estimated net book value of the current cost of the plant would not result in any gain or loss to be recorded on the Commission's or its members books. Only the analyses' that compare the estimated net book value of the historical cost of the plant would result in a reported gain or loss.

A summary of the analysis of the four presentations follows:

	<u>Analysis #1</u>	<u>Analysis #2</u>	<u>Analysis #3</u>	<u>Analysis #4</u>
Estimated net book value of the plant	<u>\$ 5,066,426</u>	<u>\$ 8,634,945</u>	<u>\$ 5,066,426</u>	<u>\$ 8,634,945</u>
Proposed capital buy-in				
Village of Whitefish Bay	\$ 301,240	\$ 301,240	\$ 301,240	\$ 301,240
Village of Fox Point	189,550	189,550	189,550	189,550
City of Glendale	<u>359,210</u>	<u>359,210</u>	<u>359,210</u>	<u>359,210</u>
Total	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 850,000</u>
Allocation to Village of Shorewood	<u>\$ 729,059</u>	<u>\$ 1,242,569</u>	<u>\$ 1,267,620</u>	<u>\$ 2,160,463</u>
Gain (loss) to be allocated:		N/A		N/A
Village of Whitefish Bay	\$ 42,853		\$ (225,161)	
Village of Fox Point	26,918		(309,493)	
City of Glendale	<u>51,170</u>		<u>117,034</u>	
Total	<u>\$ 120,941</u>		<u>\$ (417,620)</u>	

Operating Activity

On Schedule 3, we have presented the effect of the inclusion of the Village as a member of the Commission to the net cost of water treatment charged to each member. Based on the Commission's approved 2011 operating budget, estimated other revenues, estimated increases in operating costs, and the water delivered to the members and the Village for 2010, a summary showing the inclusion of the Village as a member of the Commission on the annual operating activity follows:

	Water Delivered MG	<u>with out Village</u>		<u>with Village</u>		Increase (Decrease) in Net Cost
		<u>Allocation Percentage</u>	<u>Net Cost of Water Treatment</u>	<u>Allocation Percentage</u>	<u>Net Cost of Water Treatment</u>	
Village of Whitefish Bay	435.3	33.42%	\$ 449,560	25.05%	\$ 367,529	\$ (82,031)
Village of Fox Point	216.3	16.60%	223,300	12.45%	182,664	(40,636)
City of Glendale	<u>651.1</u>	<u>49.98%</u>	<u>672,323</u>	<u>37.48%</u>	<u>549,900</u>	<u>(122,423)</u>
	1,302.7	<u>100.00%</u>	<u>\$ 1,345,183</u>	74.98%	1,100,093	<u>\$ (245,090)</u>
Village of Shorewood	<u>434.6</u>			<u>25.02%</u>	<u>367,089</u>	
	<u>1,737.3</u>			<u>100.00%</u>	<u>\$ 1,467,183</u>	

Individual Members

The acceptance of the Village as a member of the Commission would also affect each individual member's financial activity as follows:

- > Depreciation expense would decrease. The amount of the decrease would be approximately 3% of the total historical cost of plant sold to the Village.
- > Investment earning may increase. If a member chooses to invest its respective share of the capital buy-in, the result would be an increase in investment earnings dependent upon the type and length of the investment. Given current investment conditions, this amount would not be significant.
- > The rate of return reported to the PSC would increase assuming no other significant changes. By selling a portion of the member's plant to the Village, the investment rate base of each member will be decreased resulting in an increase in the member's reported rate of return.

Estimates used in this analysis are based on the assumptions and other information provided by management and is summarized on Schedule 4. Actual results could differ from those estimates. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on this information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We have no responsibility to update this analysis and report for events and circumstances occurring after the date of this report.

This report is intended solely for the information and use of the North Shore Water Commission's management and Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
March 4, 2011

North Shore Water Commission
Estimated Allocation of the Capital Investment by the Village of Shorewood
Using the Village of Shorewood's Allocation Percentage

Using the Estimated Net Book Value of the Historical Cost of the Plant - #1

	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Basis Sold	Proceeds	Book Gain (Loss)
Village of Whitefish Bay	35.44%	\$ 1,795,541	30.34%	\$ 1,537,154	\$ 258,387	301,240	\$ 42,853
Village of Fox Point	22.30%	1,129,813	19.09%	967,181	162,632	189,550	26,918
City of Glendale	42.26%	2,141,072	36.18%	1,833,032	308,040	359,210	51,170
Total without the Village of Shorewood	<u>100.00%</u>	<u>\$ 5,066,426</u>	85.61%	4,337,367	729,059	850,000	<u>\$ 120,941</u>
Village of Shorewood			<u>14.39%</u>	<u>729,059</u>	<u>729,059</u>	<u>(850,000)</u>	
Total with the Village of Shorewood			<u>100.00%</u>	<u>\$ 5,066,426</u>	<u>\$ -</u>	<u>\$ -</u>	

Using the Estimated Net Book Value of the Current Cost of the Plant - #2

	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Basis Sold	Proceeds
Village of Whitefish Bay	35.44%	\$ 3,060,225	30.34%	\$ 2,619,842	\$ 440,383	301,240
Village of Fox Point	22.30%	1,925,593	19.09%	1,648,411	277,182	189,550
City of Glendale	42.26%	3,649,127	36.18%	3,124,123	525,004	359,210
Total without the Village of Shorewood	<u>100.00%</u>	<u>\$ 8,634,945</u>	85.61%	7,392,376	1,242,569	850,000
Village of Shorewood			<u>14.39%</u>	<u>1,242,569</u>	<u>1,242,569</u>	<u>(850,000)</u>
Total with the Village of Shorewood			<u>100.00%</u>	<u>\$ 8,634,945</u>	<u>\$ -</u>	<u>\$ -</u>

North Shore Water Commission
Estimated Allocation of the Capital Investment by the Village of Shorewood
Using the Commission's Allocation Percentage

Using the Estimated Net Book Value of the Historical Cost of the Plant - #3

	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Basis Sold	Proceeds	Book Gain (Loss)
Village of Whitefish Bay	35.44%	\$ 1,795,541	25.05%	\$ 1,269,140	\$ 526,401	301,240	\$ (225,161)
Village of Fox Point	22.30%	1,129,813	12.45%	630,770	499,043	189,550	(309,493)
City of Glendale	<u>42.26%</u>	<u>2,141,072</u>	<u>37.48%</u>	<u>1,898,896</u>	<u>242,176</u>	<u>359,210</u>	<u>117,034</u>
Total without the Village of Shorewood	<u>100.00%</u>	<u>\$ 5,066,426</u>	74.98%	3,798,806	1,267,620	850,000	<u>\$ (417,620)</u>
Village of Shorewood			<u>25.02%</u>	<u>1,267,620</u>	<u>1,267,620</u>	<u>(850,000)</u>	
Total with the Village of Shorewood			<u>100.00%</u>	<u>\$ 5,066,426</u>	<u>\$ -</u>	<u>\$ -</u>	

Using the Estimated Net Book Value of the Current Cost of the Plant - #4

	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Allocation Basis for Construction Costs	Estimated NBV @ 12/31/10	Basis Sold	Proceeds
Village of Whitefish Bay	35.44%	\$ 3,060,225	25.05%	\$ 2,163,054	\$ 897,171	301,240
Village of Fox Point	22.30%	1,925,593	12.45%	1,075,051	850,542	189,550
City of Glendale	<u>42.26%</u>	<u>3,649,127</u>	<u>37.48%</u>	<u>3,236,377</u>	<u>412,750</u>	<u>359,210</u>
Total without the Village of Shorewood	<u>100.00%</u>	<u>\$ 8,634,945</u>	74.98%	6,474,482	2,160,463	850,000
Village of Shorewood			<u>25.02%</u>	<u>2,160,463</u>	<u>2,160,463</u>	<u>(850,000)</u>
Total with the Village of Shorewood			<u>100.00%</u>	<u>\$ 8,634,945</u>	<u>\$ -</u>	<u>\$ -</u>

North Shore Water Commission
Estimated Allocation of the Annual Operating Activity

	Without the Village of Shorewood					With the Village of Shorewood			
	2010 Millions of Gallons Delivered	Allocation Basis for Operating Costs	2011 Operating Budget	Other Revenues	Estimated Net Cost of Water Treatment	2010 Millions of Gallons Delivered	Allocation Basis for Operating Costs	Estimated Net Cost of Water Treatment	Increase (Decrease) in Net Cost
Village of Whitefish Bay	435.3	33.42%	\$ 469,612	\$ 20,052	\$ 449,560	435.3	25.06%	\$ 367,676	\$ (81,884)
Village of Fox Point	216.3	16.60%	233,260	9,960	223,300	216.3	12.45%	182,664	(40,636)
City of Glendale	<u>651.1</u>	<u>49.98%</u>	<u>702,311</u>	<u>29,988</u>	<u>672,323</u>	<u>651.1</u>	<u>37.48%</u>	<u>549,901</u>	<u>(122,422)</u>
Total without the Village of Shorewood	<u>1,302.7</u>	<u>100.00%</u>	<u>\$ 1,405,183</u>	<u>\$ 60,000</u>	<u>\$ 1,345,183</u>	1,302.7	74.99%	1,100,241	(244,942)
Village of Shorewood						<u>434.6</u>	<u>25.02%</u>	<u>366,942</u>	<u>366,942</u>
Total with the Village of Shorewood						<u>1,737.3</u>	<u>100.01%</u>	<u>\$ 1,467,183</u>	<u>\$ 122,000</u>

North Shore Water Commission Assumptions and Notes

Allocation Basis for Construction Costs

Construction costs are determined by the 5 highest delivery days of each year during the last 3 years. These rates may be adjusted every 5 years upon the Commission's approval. The last adjustment occurred in 2004. The rates used for the current members of the Commission were taken from page 24 of the 2010 financial statements of the Commission.

The Village of Shorewood has not provided the details as to their computation for allocating construction costs. The amount provided in their proposal is 14.39%.

Commission management has estimated the allocation percentages for all 4 communities using the methodology outlined in the current agreement using 2010 data for the members and estimated 2010 data for the Village of Shorewood.

Historical Cost of the Joint Facilities

The Commission does not maintain a detailed record of plant assets owned or acquired. Only the City of Glendale maintains this level of detail for its respective share of the plant. Using this data, an estimate of the historical cost of the plant was made using the City of Glendale's respective allocation basis for construction costs at the time the asset was acquired.

Current Cost of the Joint Facilities

Using the same information obtained in determining the historical cost of the joint facilities, an estimate of the current cost of the joint facilities was made using price indexes to inflate the historical cost of the plant to current values.

Price indexes from Handy-Whitman publications were used for source of supply plant, pumping plant, water treatment plant and transmission and distribution plant assets.

The Consumer Price Index from the Bureau of Labor Statistics was used for general plant.

Estimated Net Book Value at December 31, 2010

Using the currently recommended depreciation rates of the PSC, an estimate of the accumulated depreciation of the plant was also made for both the historical and the current cost values of the plant.

Not all of the members maintain detailed records of the historical cost and accumulated depreciation for their respective share of the plant; therefore this estimate cannot be verified to the amounts reported by each member.

Proceeds

This amount is what the Village of Shorewood has proposed as their capital buy-in to the Commission. The proceeds have been allocated to the members based on the current allocation basis for construction costs.

Gain (Loss)

An estimated gain or loss was computed using the net book value of the plant and the proceeds to be received from the Village of Shorewood.

The accounting treatment for any such gain or loss for the individual members has not been determined and would be subject to PSC approval.

**North Shore Water Commission
Assumptions and Notes (continued)**

Gallons Delivered

Operating costs are allocated based on actual water delivered to the members systems during each year. The 2010 amounts used for the current members of the Commission were taken from page 24 of the 2010 financial statements of the Commission.

The Village of Shorewood's proposal did not include their actual water usage for 2010 as it was not available but has provided an estimate of their share of the Commissions total usage for 2009 to be 25.06%. Since then, that actual usage for 2010 has been determined to be 434.6MG.

Estimated Net Cost of Water Treatment

The estimated net cost of water treatment to be allocated and charged to the members is determined by the 2011 operating budget approved by the Commission reduced by estimated other revenues generated by the Commission.

The addition of the Village of Shorewood will have an impact on the overall cost of water treatment. Commission management has estimated that the additional annual cost is approximately \$122,000. Management has prepared a separate communication to the Commission regarding the basis for this amount.

Projected Changes in Operating and Capital Costs for Members of the North Shore Water Commission by Furnishing Water to the Village of Shorewood as a New Member

March 4, 2011

Eric Kiefer

Introduction

This report has been prepared to explain projected changes in ongoing operating and capital costs for current members of the North Shore Water Commission (Commission) if the Village of Shorewood becomes a new equity member. Issues that are beyond the Commission's realm of influence, such as conveyance charges between members, are not addressed in this report. Furthermore, it is assumed that the same methodologies that are applied now for determining operating and capital allocation costs will be applied in the future.

Overview of the North Shore Water Commission

The North Shore Water Commission operates and maintains jointly-owned assets that are used to supply water to its members. These assets include the Klode raw water pumping station and Bender water filtration plant. The Commission is responsible for the day-to-day operation of these facilities and making recommendations for capital improvements when necessary. Typical duties include: maintain distribution pressure, operate treatment equipment, and perform water quality testing. This work differs in nature from the work performed by members to maintain their individual distribution system. For example, staff of the Commission is not expected to operate hydrants, flush mains, or send bills to the end-user.

Such division of responsibility provides members with the necessary autonomy to operate and maintain its utility to meet internal objectives, excluding what happens at the Commission. The activities of the Commission, on the other hand, are controlled by appointed Commissioners that represent its members. Fiscal control is accomplished via budgeting. Although majority vote is sufficient to pass the operation and maintenance budget and the capital improvement budget, capital improvement items must also be approved by all of the governing bodies of the members. In other words, all members must commit funding to a capital project according to the capital allocation percentages or the project will not proceed.

General Fund

The Commission is not a utility and does not collect money from end-users. Instead, the Commission is funded by payments from members. Regular payments to the Commission for operating expenses go into the general fund. There are other sources of revenue, including a percentage of wholesale water revenue that gets assigned to the general fund. Currently, those additional revenue streams do not directly affect the budgeting process.

When there is a surplus in the general fund at the end of the fiscal year, the Commission decides what to do with it on a case-by-case basis. There are times when the surplus is applied to the next year's general fund; at other times, the surplus is allocated to the maintenance reserve fund.

Maintenance Reserve Fund

Although the Commission is primarily responsible for operating and maintaining jointly-owned assets, it is also involved in coordinating and executing capital improvements on behalf of the members. Planned capital improvements are typically put in a capital improvement budget and are planned over a long period of time. Funding for these types of projects comes directly from members—members pay their share of the improvement to the Commission. After receiving all of the payments, the Commission pays the vendor seeking payment. The fund that is used for this purpose is called the maintenance reserve fund.

Special projects and emergency repairs that are not included in the capital improvement plan may be paid from fund balance of the maintenance reserve fund.

Public Service Commission

As a result of this unique political structure, the North Shore Water Commission has an unusual relationship with the Public Service Commission (PSC). The inter-municipal agreement between members regarding payment for services should still be on file with the PSC. Since there are no disputes between members regarding payment for services and since the methodologies for determining allocation percentages for operating and capital costs appear to be equitable to all parties, the PSC does not challenge the Commission in its practices.

Wholesale water agreements that the Commission may enter can also be challenged by the PSC or the buyer of the water; however, this oversight is different in nature than in PSC's oversight of agreements between water utilities. When utilities sell water to other utilities, there are special rules and processes that must be followed; the PSC is intimately involved in those types of cases. The role of the PSC, in our situation, is primarily to mediate disputes.

Furthermore, it should be mentioned that members are still ultimately responsible for raising the necessary funds to pay the Commission and other expenses to run its water utility. This often requires applying for rate increases with the PSC.

Current Methodology for Determining Operating Costs

Starting January 1st of every year, members of the Commission are required to make monthly payments to the Commission based on the new budget and the delivered volumes from the previous year. The sum of each member's monthly payments is what is referred to in this report as the "annual commitment." Although each member's annual commitment is not precisely their share of the annual operation and maintenance budget, it is a good estimate if you assume that members take the same proportionate volume of water every year. An example of how annual commitment is calculated is shown in Figure 1.

Figure 1

Whitefish Bay, Fox Point, and Glendale consumed 33.42%, 16.60%, and 49.98% percent of the water produced by the Commission in 2010, respectively. The annual operation and maintenance budget for 2011, which totaled \$1,405,183, was adopted in 2010. The annual commitment for each commitment is as follows:

Whitefish Bay's annual commitment: \$1,405,183 x 33.42% = \$469,612.16
 Fox Point's annual commitment: \$1,405,183 x 16.60% = \$233,260.38
 Glendale's annual commitment: \$1,405,183 x 49.98% = \$702,310.46

On a monthly basis, each member sends one twelfth of the annual commitment by the first of the month. It should be noted that this process is used solely to provide the Commission with the funds necessary to run the day-to-day operations. Capital expenses are handled by a different process.

When the financial statements are prepared, the actual expenditures and revenues for the fiscal year are determined and applied to each member's operating account based on actual volumes delivered to members. More often than not, members have a surplus in their operating account at the time of audit. That surplus is either transferred into the maintenance reserve fund or is refunded back to the members based on the decision of the members and the Commission.

Figure 2

Operating Accounts – December 31, 2010

	<i>Commit.</i>	<i>Other Rev.</i>	<i>Bal. Chng.</i>	<i>Expenses</i>	<i>Surplus</i>
Whitefish Bay	\$466,751	\$20,381	\$166	(\$410,589)	\$76,709
Fox Point	\$233,927	\$10,124	\$83	(\$203,944)	\$40,190
Glendale	\$676,982	\$30,482	\$241	(\$614,040)	\$93,665

Delivery Allocation Percentages

	<i>2009</i>	<i>2010</i>
Whitefish Bay	33.88	33.42
Fox Point	16.98	16.60
Glendale	49.14	49.98

There are two important notes about the preparation of the year-end statements including the figures shown in Figure 2 that are worth highlighting. First, expenditures are charged to each member at the time the year-end financial statements are prepared. Until the entire year has expired, annual delivery volumes cannot be calculated; thus, the allocation percentages are not allocated to each member until this time. Second, there are many instances when the full operating budget is not expended. Because monthly payments are based on paying the Commission the full budget without taking other revenue sources into consideration, the Commission often has excess funds at the end of the year.

It should be noted that this entire methodology does not provide for mid-course correction if members consume unusually more or less water than normal. Consider the consequences of one community consuming more water than normal. Members would pay the fixed monthly rate until the end of the year regardless of the new activity. If there are no reserve funds available elsewhere and if miscellaneous revenues are not significant, that one member would potentially owe money to the Commission at year-end to cover unforeseen expenses. The next year, the fixed monthly rate for all members would be adjusted for the new activity, regardless of whether the increased consumption was anomalous or regular.

Additional Operating Costs Required for Serving Shorewood in 2011

Because of the current capacity of the water treatment facility and the technology within the facility, no new employees would be required to increase the plant's production to meet the additional demand projected by Shorewood. The only additional costs the Commission would incur would correlate to the following accounts:

- Electricity Expense
- Disposal of Sludge
- Laboratory Expense & Professional Services
- Treatment Chemicals
- Transportation Expense

The following analysis describes the increases that are to be expected if Shorewood were to become a new member in 2011, assuming no significant changes in demand by other members.

Electricity Expense

Electricity accounts for about 16% of the total budget. In 2010, the total spent on electricity was \$201,347. Electricity is used in all aspects of the treatment process, primarily pumping. Because of the complicated rate structure that has been applied to our accounts, this is not a pure variable cost. Approximately two-thirds of the bill pertains to variable costs; the rest is based on historical demands and fixed charges. However, for the level of effort required for this analysis, it is assumed that electrical charges are purely variable—additional allowances are given if on-peak demand (one component of the rate) changes drastically.

In 2010, the average KWH / MG was 1676 for Bender and 422 for Klode. For an average demand of 36 MG a month from Shorewood, an extra 75,528 KWH will be consumed every month to meet the projected demand. Over the course of a year, this will cost between \$65,316 and \$76,116.

It should be noted that electrical rates in recent years have increased significantly; however, through improved energy management, we have been able to reduce the effective cost per million gallon produced.

Disposal of Sludge

Sludge is a byproduct of conventional water treatment that is collected in our underground basins and pumped to MMSD for disposal. As we treat more water, we will generate more sludge. In comparison to electricity and chemicals, this is a relatively minor expense. Over the past 3 years, the average cost to dispose sludge was \$5,114 per year.

The increase in our annual sludge disposal cost is estimated to cost \$1,585 based on a 31% increase of water production.

Laboratory Expense & Professional Services

Our laboratory performs routine water quality testing in the distribution systems of our members. Advanced analyses are outsourced to independent labs. The types of routine tests include total coliform rule monitoring, lead and copper testing, disinfection by-products monitoring, and any other water quality testing that becomes regulation in the future. Annually, the Commission would pay an additional \$3,173 per year for laboratory and related expenses.

Treatment Chemicals

Treatment chemicals are purely variable to production volumes. In recent years, the price of several chemicals has fluctuated which has resulted in a fluctuation of our treatment costs from year to year. The average cost of chemicals over the last 3 years is \$67.77 / MG with \$90.94 / MG as the maximum.

Increasing the cost of production by 440 MG will increase our cost of treatment by \$29,819 using the 3-year average or \$40,014 using the maximum.

Transportation Expense

Visiting the Village of Shorewood to inspect the quality of water, to collect meter data, and to meet with officials on a regular basis will result in an increase of travel. Although it is unclear exactly how many miles will be driven to get to Shorewood per month, it is likely to be an extra 600 to 800 miles a year. Using the 2011 IRS standard mileage rate of \$0.51 per mile, this will cost between \$306 and \$408 a year.

Summary of Operating Expense Increases

Electricity Expense	\$65,316 - \$76,116
Disposal of Sludge	\$1,585
Laboratory Expense & Professional Services	\$3,173
Treatment Chemicals	\$29,819 - \$40,014
Transportation Expense	\$306 - \$408
TOTAL	\$100,199 - \$121,296

Projected Delivery Volumes to Members with Shorewood as a New Member and Effects on Operating Cost Allocation

Annual demands for members and Shorewood are shown in Schedules A and B. As the schedules indicate, the proportionate delivery volumes are approximately the same from one year to the next.

Schedule A

2010 Annual Demands

Whitefish Bay	435.3 MG	25.06%
Fox Point	216.3 MG	12.45%
Glendale	651.1 MG	37.48%
Shorewood	434.6 MG	25.02%
TOTAL	1737.3 MG	

Schedule B

2009 Annual Demands

Whitefish Bay	455.9 MG	25.45%
Fox Point	228.5 MG	12.76%
Glendale	661.2 MG	36.91%
Shorewood	445.8 MG	24.89%
TOTAL	1791.4 MG	

Assuming the annual operating budget is increased by \$122,000 to cover the additional operating expenses and Shorewood is a member, the following changes would occur as shown in Schedule C. As described previously, the actual delivery volumes and operating expenses would get allocated at the end of the year.

Schedule C

2011 Annual Commitments w/o Shorewood

Whitefish Bay:	$\$1,405,183 \times 33.42\% = \$469,612$
Fox Point:	$\$1,405,183 \times 16.60\% = \$233,260$
Glendale:	$\$1,405,183 \times 49.98\% = \$702,311$
*Shorewood—\$646,208 per year from Milwaukee Water Works	

2011 Annual Commitments w/Shorewood

Whitefish Bay:	$\$1,527,183 \times 25.06\% = \$382,653$
Fox Point:	$\$1,527,183 \times 12.45\% = \$190,140$
Glendale:	$\$1,527,183 \times 37.48\% = \$572,353$
Shorewood:	$\$1,527,183 \times 25.02\% = \$382,038$

Reduction in Annual Commitment

Whitefish Bay:	\$86,959
Fox Point:	\$43,121

Glendale: \$129,958
*Shorewood: \$264,171—savings by switching water supplies

Current Methodology for Acquiring Funds for Capital Projects and Determining Allocation Rates for Capital Expenditures

Funding

All of the facilities that are operated and maintained by the Commission are owned by the members. All improvements must be approved and funded by the members since the Commission, itself, does not have borrowing authority. The normal process for getting authorization for such capital projects is done through budgeting. Capital improvement budgets are discussed and approved on a year-by-year basis. Provided the budget is approved by the Commission, all of the members must then gain authorization from their respective municipalities for the project to move forward.

Allocation Rates

Allocation of capital expenditures are determined by the 5 highest delivery days of the year—the average of the last 3 years. Currently the rate can be requested to be adjusted after 5 years with Commission approval. After 10 years, staff notifies Commission of the new allocation rate.

The current capital allocation percentages are as follows:

Schedule D

Whitefish Bay	35.44%
Fox Point	22.30%
Glendale	42.26%

The trend of the last 3 valid years of data shows that the capital allocation percentage is heading to the current operating allocation percentages. It should be noted that even without Shorewood becoming a member, allocation rates will likely change significantly for Glendale and Fox Point because peak day delivery volumes have changed significantly since 2009. A major factor that can be contributed to this change was a change in utility operations in 2009. After a metering problem was discovered in 2008 at the Green Tree interconnection, new distribution meters were installed at all interconnections in 2009. After the new meters were installed, the interconnections were left open to reduce peak demands and to improve water quality. Valid data from 2007, 2009, and 2010 supports this explanation.

Schedule E

Ratio of Average of 5 Highest Delivery Day Volumes to Average Day Delivery Volume

	<i>Whitefish Bay</i>	<i>Fox Point</i>	<i>Glendale</i>
2007	2.007	2.471	1.822

2009*	1.679	1.854	1.642
2010	1.331	1.415	1.456

Allocation of Delivery Volumes of 5 Highest Delivery Days

	<i>Whitefish Bay</i>	<i>Fox Point</i>	<i>Glendale</i>
2007	34.93%	20.83%	44.23%
2009*	34.50%	18.46%	47.04%
2010	32.89%	16.93%	50.18%
<i>3-Year Ave.</i>	<i>34.11%</i>	<i>18.74%</i>	<i>47.15%</i>

Allocation of Annual Delivery Volumes

	<i>Whitefish Bay</i>	<i>Fox Point</i>	<i>Glendale</i>
2007	36.79%	16.88%	46.33%
2009*	33.88%	16.98%	49.14%
2010	33.42%	16.60%	49.98%
<i>3-Year Ave.</i>	<i>34.70%</i>	<i>16.82%</i>	<i>48.48%</i>

* 2008 data is not shown because of a metering problem that year. Members resolved metering issue outside of Commission.

As a result of the operating changes that were made, we have limited historical data to validate any proposed methodology for estimating peak delivery day volumes from average delivery day volume. Without more information, it is beneficial to consider the following 3 methodologies for estimating Shorewood's highest delivery day.

Methodology #1

Assume peak demand percentages are equivalent to average demand percentages as the current members have experienced in the latter half of 2009 and all of 2010. Using this assumption, the allocation percentages will be the same as shown in Schedule A.

Methodology #2

Assume peak demand is related to average demand as shown in Schedule E. Since 2010 was the most stable year, let's assume Shorewood's ratio of peak to average is 1.40. The average delivery day volume to Shorewood in 2010 would be 1.191 MG. The peak delivery day would be 1.191 MG x 1.40 = 1.667 MG. The sum of the five highest delivery day volumes would be 1.667 MG x 5 = 8.335 MG. The allocation rates calculated with this methodology are shown in Schedule F.

Schedule F

	<i>Sum of 5 Highest Delivery Days (MG)</i>	<i>Allocation %</i>
Whitefish Bay	8.548	24.90%

Fox Point	4.401	12.82%
Glendale	13.040	37.99%
Shorewood	8.335	24.28%
TOTAL	34.323	

Methodology #3

Assume the Public Service Commission and Milwaukee Water Works are correct in that the ratio of maximum demand and average demand is 1.73 (last rate case). It should be noted that until 2009, the ratio for members was approximately 2 or higher. If that is a good assumption, the peak delivery day will be 2.060 MG. The allocation rates calculated with this methodology are shown in Schedule G.

This methodology should be seriously considered since there are factors that can affect Shorewood's peak delivery day that do not apply to current members. For instance, Shorewood does not have its own water tower. Without local water storage, the plant and member utilities connected to the Shorewood utility will have to satisfy the demand directly without a local tower to buffer peak flow conditions.

Schedule G

	<i>Sum of 5 Highest Delivery Days (MG)</i>	<i>Allocation %</i>
Whitefish Bay	8.548	23.56%
Fox Point	4.401	12.13%
Glendale	13.040	35.93%
Shorewood	10.300	28.38%
TOTAL	36.288	

Because Shorewood's peak day demand is unknown at this point, this report just picks a methodology to estimate future capital cost allocations without further justification. Methodology #1 is used to determine capital allocation percentages until better data is made available.

Capital Cost Allocation of 2011 – 2015 Capital Projects

Capital costs would be allocated to 4 members instead of 3. Over the life of our 5-year capital improvement plan, current members would see a significant drop in their expected contribution to capital improvement projects.

Schedule H

Expected Capital Expenditures (2011-2015) for Members (w/o Shorewood)

Whitefish Bay:	$\$579,576 \times 35.44\% = \$205,402$
Fox Point:	$\$579,576 \times 22.30\% = \$129,245$
Glendale:	$\$579,576 \times 42.26\% = \$244,929$

Expected Capital Expenditures (2011-2015) for Members (w/Shorewood)

Whitefish Bay:	$\$579,576 \times 25.06\% = \$145,219$
Fox Point:	$\$579,576 \times 12.45\% = \$72,159$
Glendale:	$\$579,576 \times 37.48\% = \$217,212$
Shorewood:	$\$579,576 \times 25.02\% = \$144,986$

Expected Savings for Members (2011-2015)

Whitefish Bay:	\$60,182
Fox Point:	\$57,086
Glendale:	\$27,717

Special Considerations

If Shorewood were to become a member using the same funding formulas that are currently established, a special process should be agreed upon during the transition. Although there is uncertainty in all of the projected figures, the allocation percentages for ongoing capital costs would be the greatest unknown. A special process should be agreed upon for a 3-year period whereby Shorewood would pay a fixed interim percentage; at the end of the 3-year average, Shorewood would pay (or receive a refund for) the difference between the actual and interim percentages over the 3-year period.

Furthermore, special arrangements should be made if Shorewood became a member mid-year. Not only would the operation and maintenance budget require an amendment, annual commitments would also require recalculation.

Conclusion

Current members benefit by having another member share the fixed costs of the Commission. Shorewood benefits by paying significantly less for water service. Capital costs, however, are less predictable. Large capital improvements, such as the ultraviolet light disinfection project, occur infrequently, but they occur from time-to-time. With another equity member to share capital expenditures, exposure to this type of risk is further minimized.

From the analysis performed in this report, it appears that all participants save money. On an annual basis, it appears that following savings are likely:

Expected Savings (Operating and Capital)

Whitefish Bay:	\$98,996
Fox Point:	\$54,538
Glendale:	\$135,501
Shorewood:	\$235,173

The above figures do not include other revenue streams such as investments, lab testing, and wholesale water activity. They also assume the budget is fully expended year to year, which is typically not the case.

**NORTH SHORE WATER COMMISSION
MEETING OF February 9, 2011**

A meeting of the North Shore Water Commission was held at the Filtration Plant, 400 West Bender Road, Glendale, Wisconsin on Wednesday, February 9, 2011.

Meeting was called to order at 7:30 A.M.

Present: Daniel Naze, Chairman; Michael West, Secretary; Richard Maslowski, Member

Also present: Eric Kiefer, Plant Manager & Recording Secretary; Jonathan Lee, Computer Administrator; Mark Peters, Operator Technician; John Knepel, Partner of Baker Tilly Virchow Krause

Absent: Richard Foster, Alternate for Whitefish Bay; Susan Robertson, Alternate for Fox Point; Dave Eastman, Alternate for Glendale

FINANCIAL AUDIT

John Knepel of Baker Tilly Virchow Krause presented the 2010 financial statements and the report on internal controls in draft format. There was a great deal of discussion regarding how to handle the surplus funds in the operating fund. There has been a history of the members taking one of two actions when there are surpluses. The most recent practice is to transfer each member's allocation of the surplus into the maintenance reserve fund. An older practice is to credit each member their allocation of the surplus—which reduces operating payments for the following year.

Because of the way funds are typically transferred into and out of the maintenance reserve fund, the allocation of the maintenance reserve fund does not match the capital allocation percentages. Over time, some members will accumulate excess fund balance and others will spend down their allocation. In 2011, it appears that Fox Point would be in risk of running a deficit in the maintenance reserve fund should there be a major expense and no additional money is transferred into the fund. To prevent this situation from occurring and to help correct the disparity between the members in allocations, the Commission discussed its alternatives.

John Knepel presented an alternative page which showed what fund balances would be at if only Fox Point transferred their allocation of the operating surplus to the maintenance reserve fund and the other two communities received credits to the operating fund. This alternative appeared to be the best solution at the time.

It was moved by Mr. West, seconded by Mr. Maslowski, and unanimously carried that the financial statements with the modifications presented by John Knepel regarding the transfer of operating surplus be accepted by the Commission.

PROPOSAL FOR FINANCIAL ANALYSIS

Baker Tilly provided a proposal for assisting the Commission in its analysis of the worth of the treatment plant as it pertains to the potential sale of share to the

Village of Shorewood. The level and type of analysis proposed was found to be too detailed and would take too much time at this point in our discussion with Shorewood. The Commission expressed its interest in getting an analysis with the same methodology in a report that was prepared by Conley, McDonald, Sprague & Co. in 1974 entitled, "Financial Study Showing Possible Benefits to the Participants of the North Shore Water Supply System by Furnishing Water to the Village of Bayside." The Plant Manager will work with Baker Tilley to get an updated proposal and may take action accordingly.

MINUTES

It was moved by Mr. Maslowski, seconded by Mr. West, and unanimously carried that the minutes for the meeting held Thursday, January 13 be approved as drafted.

MONTHLY REPORT OF PLANT OPERATIONS

Monthly reports of plant operations for January were placed on file without motion.

MONTHLY BILLS

It was moved by Mr. West, seconded by Mr. Maslowski and unanimously carried that the following bills for the month of January, 2011 be approved and authorization was given to the Fiscal Agent to make such payments:

Baker Tilly Virchow Krause (audit services)	5,000.00
Cintas (uniform and janitorial supplies)	315.77
City of Milwaukee (standby service)	1,350.00
Diversified Benefit Services (section 125 plan administration, annual set up fee)	199.28
Eric Kiefer (reimb: Google Apps renewal, stamps)	539.60
Fuchs & Boyle (legal services)	19.50
Grainger (pneumatic valves)	258.30
Great America (lease payment for office copier)	87.00
Great Lakes Excavating (snow removal services)	400.00
Hach Company (lab supplies)	174.95
Hawkins (treatment chemicals: aqua ammonia, polymer)	1,083.40
ITT Water & Wastewater (black nitrile nozzle caps for filter sandwash system)	1,505.86
Local Government Property Insurance Fund (property insurance renewal)	9,929.00
MMSD (4th quarter sludge disposal)	442.36
Modular Piping Supply (plumbing materials)	57.59
Northern Lake Service (water analysis service)	54.00
Office Copying Equipment (monthly maintenance agreement)	50.31
Office Depot (office supplies)	47.34
Rotroff Jeanson (monthly accounting services)	875.00
Starnet Technologies (control system support agreement)	10,880.00
Starnet Technologies (software support contract- Emerson/Bristol systems)	9,488.24
Time Warner Cable (Klode phone)	32.16
Time Warner Cable (internet service)	764.80

UPS Store (shipping)		245.78
US Cellular (cellular phone service)		42.45
Village Ace Hardware (unit heaters)		37.78
Village of Whitefish Bay (Bender phone: July - Dec 2010)		1,463.58
Waste Management (garbage disposal)		370.35
Waste Management LampTracker (mercury lamp disposal kit)		74.95
We Energies (Bender electric)		13,393.13
We Energies (Henry Clay electric)		12.80
We Energies (Klode electric)		4,317.25
We Engeries (Bender gas)		3,197.44
We Energies (Klode gas)		16.89
Wilkens-Anderson (lab supplies)		46.87
	SUB-TOTAL	\$66,773.73
<u>Maintenance Reserve</u>		
Emerson (SCADA upgrade equipment)		6,080.05
	SUB-TOTAL	\$6,080.05
	TOTAL	\$72,853.78

DISCUSSION OF CHROMIUM

The Plant Manager discussed the current news regarding chromium-6 and the results from January's testing event. The level found in the raw water, water from our intake, was at 0.292 parts per billion (ppb). The level found in tap water entering the distribution system was at 0.289 ppb. All chromium-6 tests were analyzed by Columbia Analytical Services. This was unexpected because of a pervious testing event in early January of total chromium. Six samples were taken by two different employees throughout the water treatment process and all six results returned as not detected, which meant below 0.18 parts per billion. Northern Lake Service performed the analysis on that batch of samples. Total chromium samples were collected at the same time as the chromium-6 samples. Those samples were sent to Brooks Rand Labs which specializes in ultra-low level metal analysis; results are pending.

The Plant Manager described that the Commission is not in any violation because chromium-6, by itself, is not regulated. It is regulated under the group of contaminants called total chromium which has a limit of 100 ppb. Chromium-6 and total chromium levels found are well below the current limit. There is momentum, however, to make chromium-6 a regulated contaminant in the near future. It is unclear what the limit would be if it were regulated.

It was the consensus of the Commission that the Plant Manager should continue testing quarterly at the raw and tap sample points for chromium-6 and total chromium.

INTERN

Christine Ciske, a student in the Moraine Park Technical College, requested to work as an unpaid intern to fulfill the conditions of her program. The internship would last no more than 216 hours and would require supervision by plant staff. It was moved by Mr. Maslowski, seconded by Mr. West and unanimously carried that the Christine Ciske be allowed to work as an unpaid intern for a period not to exceed 216 hours pending a letter of agreement from Technical College.

COMPUTER ADMINISTRATOR'S QUARTERLY REPORT

In summary, RTU6 and RTU 7 were replaced with new devices. The full report is placed on file.

DISCUSSION OF ALTERNATIVE STAFFING CONFIGURATIONS

The Plant Manager discussed the current staffing level and the upcoming change on December 31, 2011, which is the day the Computer Administrator position is set to expire. If no further action is taken, the plant will be staffed 24 x 7 with a staff of 1 Plant Manager, 3 Operator Technicians, 1 Relief Operator Technician, and 1 Working Foreman starting January 1, 2012. He asked for the Commission to consider different staffing alternatives. The Plant Manager indicated there are important maintenance tasks that cannot be completed with our current staff; if the Computer Administrator position is not kept, there would be important SCADA and IT tasks that would not be completed. More employees or contractors would have to be retained to keep the plant in good operating condition in the future.

Commissioners mentioned there are a lot of factors that must be considered. First, there may be legislative changes coming this year which would affect members' ability to increase the NSWC budgets. Communities, such as Glendale, are not filling vacant positions until it becomes clearer what is going to happen at the state level. Second, a level of service should be identified which keeps the plant running and well-maintained under normal conditions—the peaks in demand should be addressed with contractors. Third, the SCADA system is important to our operations and should be regularly maintained and upgraded to avoid a large one-time project in the future. Forth, planning documents should be prepared to explain future projects and how they will be funded.

The Plant Manager will present preliminary budget proposals in June or July with three alternatives representing different staffing configurations.

PLANT MANAGER'S MONTHLY REPORT

1. Filter maintenance is underway. Surface sandwash nozzles are being repaired and the external surfaces are being pressure-washed.
2. The sludge pump motor for pump #1 in the lower basement has been successfully replaced and put back into service. Plant staff is currently working on replacing the motor for pump #2.
3. The ammonia injectors experienced severe plugging for the first time in a year. We are investigating the source of the problem so that we can prevent it from occurring again.
4. Plant staff met with member utilities and other water utilities to talk about distribution system concerns. The meeting included the viewing of an AWWA webcast and a discussion.
5. In an effort to minimize energy costs, the plant has been working with member utilities to change tank schedules. Currently, the tanks are filled at

night and water is pumped out during the day. As a result, we pump most of our water at night and idle all day long. Because of the inefficiencies of running our high service pumps at a low speed all day long, plant staff has suggested using the tanks differently to improve pumping efficiencies. Alternative schedules are being investigated.

6. Icing was detected at the intake on February 4th and 5th. Ice was flushed out by partially draining the raw water transmission main back to the shorewell; the increased head pressure in the shorewell pushed ice stuck on the intake grating back into the lake.
7. The heating system for the gutters at Bender failed in January. The gutters are freezing up and spilling over periodically. No major damage has been observed. Plans are being made to replace the system.
8. The air dryer for our compressed air system was repaired by plant staff. Several leaking valves were replaced—this fix has significantly reduced our demand for air.

CLOSED SESSION

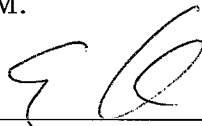
At 9:15 A.M., it was moved by Mr. West, seconded by Mr. Maslowski, and unanimously carried by roll call vote that the Commission meet in closed session pursuant to section 19.85(1)(c) Wisconsin Statutes to review the performance of the Plant Manager.

The Commission reconvened into regular session at 9:30 A.M.

It was moved by Mr. Maslowski, seconded by Mr. West, and unanimously carried that Plant Manager receive the same salary as earned in 2010 and, in addition, receive a one-time performance bonus on his next regular paycheck in the amount of \$4,000.

NEXT MEETING DATE AND ADJOURMENT

The meeting adjourned at 9:35 A.M. The next scheduled regular meeting will be on Wednesday, March 9, 2011 at 7:30 A.M.



Eric Kiefer, Plant Manager & Recording Secretary

NORTH SHORE WATER COMMISSION
 Monthly Summary of Operations
 Month of February, 2011

	WFB.	GLE.	FPT.	MEQ	Totals
M.G. Metered at Plant	29.593	38.268	24.229	0.000	92.090
M.G. Reverse Flow	0.000	0.000	0.000	0.000	0.000
M.G. Metered in System	-1.179	6.749	-9.119	3.549	0.000
M.G. Charged to Members	28.414	45.017	15.110	0.000	88.541
M.G. Charged to All Users	28.414	45.017	15.110	3.549	92.090
M.G. Same Month Last Year (Members)	33.260	41.754	14.247	0.000	89.261
M.G. Same Month Last Year (All)	33.260	41.754	14.247	3.108	92.369
Accumulated M.G.	63.574	94.459	31.712	7.457	197.202
Accumulated M.G. Last Year	67.750	90.209	30.290	6.626	194.875
Accumulated % of Total Pumped	32.24%	47.90%	16.08%	3.78%	100.00%
Monthly % of Total Pumped	30.85%	48.88%	16.41%	3.85%	100.00%
Accumulated % Pumped of Members	33.50%	49.78%	16.71%		100.00%
Monthly % Pumped of Members	32.09%	50.84%	17.07%		100.00%
Average Daily Pumpage in M.G.	1.015	1.608	0.540	0.127	3.289

Maximum Day Pumpage	3.659 M.G.			
Date	6 th			
Maximum Flow Rate	6.686 M.G.D.			
Date	1 st			
Hour	0000			
Average Station Pressure	82.1 P.S.I.			
Avg. Total Cl Residual (Tap)	2.50 mg/L			
Raw Water Temperature (F)	Avg. 33	Max. 34	Min. 32	
Tap Hardness (mg/L)	Avg. 138	Max. 142	Min. 133	
Raw Water MPN Index	1.2			

Electrical Calculations:

This Month (Billed)

Bender On-Peak Consumption	49,329 @ \$0.06985 / kWh	\$3,446	22.0%
Bender Off-Peak Consumption	87,783 @ \$0.04974 / kWh	\$4,366	27.9%
Klode On-Peak Consumption	14,356 @ \$0.07686 / kWh	\$1,133	7.3%
Klode Off-Peak Consumption	26,190 @ \$0.05600 / kWh	\$1,467	9.4%
Other & Energy Credits		\$5,216	33.4%
Electrical Charge / kWh	\$0.08796		
Total Consumption / M.G.	1,929 kWh / M.G.		
\$ / M.G.	\$169.70		

Chemicals Applied	mg/L	\$/M.G.
Ammonium Hydroxide	0.556	\$4.88
Sodium Hypochlorite	2.921	\$12.54
Fluoride	1.300	\$15.61
Alum	13.257	\$26.64
Carbon (PAC)	0.000	\$0.00
Potassium Permanganate	0.000	\$0.00
Phosphates	2.485	\$11.90
Cationic Polymer	0.528	\$3.74
Total Chemical Cost		\$75.31

Water Metering	M.G.	% Diff.
Corrected High Service (Filters)	96.390	4.7
Total High Service	106.726	15.9
Communities	92.090	0.0

American Water Works Association (AWWA webcast for surrounding utilities)	236.00	
Baker Tilly Virchow Krause (audit services)	1,858.73	
Batteries Plus (batteries)	176.97	
Brooks Rand Labs (chromium analysis)	130.00	
Buelow Vetter (legal services)	2,161.50	
Cintas (uniform and janitorial supplies)	520.98	
Columbia Analytical Services (chromium analysis)	400.00	
Cummins NPower (Bender and Klode maintenance)	2,610.66	
Diversified Benefit Services (section 125 plan administration)	94.64	
Fisher Scientific (lab supplies)	96.77	
Fuchs & Boyle (legal services)	97.50	
General Chemical (treatment chemical: alum)	5,438.40	
Grainger (lamps, hardware, batteries, labels, plumbing supplies, flag)	449.54	
Great America (lease payment for office copier)	87.00	
Great Lakes Excavating (snow removal services)	440.00	
Hach Company (lab supplies)	1,424.69	
Hawkins (treatment chemicals: aqua ammonia)	339.20	
John Mayer (rate review and report)	60.00	
KA Steel Chemicals (treatment chemical: sodium hypochlorite)	2,740.31	
Lab Safety Supply (oxygen sensor for confined space gas meter)	120.40	
McMaster-Carr (switches, electrical supplies)	277.83	
Northern Lake Service (water analysis service)	773.00	
Office Copying Equipment (monthly maintenance agreement)	26.73	
Pristine Water Solutions (treatment chemical: phosphate)	2,196.30	
Rotroff Jeanson (monthly accounting services)	875.00	
Saf-T-Flo (chemical injector quill)	137.03	
Time Warner Cable (Klode phone)	32.17	
Time Warner Cable (internet service)	764.80	
UPS Store (shipping)	53.61	
US Cellular (cellular phone service)	42.29	
USABluebook (hoses for chemical feed pumps)	603.04	
Vacuum Pump & Compressor (oil, filters, supplies for air compressor maint.)	1,787.14	
Village of Fox Point (fuel for truck)	67.39	
Village of Whitefish Bay (water at Klode)	170.65	
Waste Management (garbage disposal)	372.83	
We Energies (Bender electric)	11,692.93	
We Energies (Henry Clay electric)	9.28	
We Energies (Klode electric)	3,934.33	
We Engeries (Bender gas)	3,193.93	
We Energies (Klode gas)	16.05	
Wilkens-Anderson (lab supplies, fluoride probe)	1,102.04	
Wisconsin State Lab of Hygiene (fluoride analysis)	20.00	
	SUB-TOTAL	\$47,631.66
<u>Maintenance Reserve</u>		
Emerson (SCADA upgrade equipment)		11,826.05
	SUB-TOTAL	\$11,826.05
	TOTAL	\$59,457.71
2/28/2011 Checking account balance		\$190,503.20
2/28/2011 Local Government Investment Pool balance		\$566,075.40

NORTH SHORE WATER COMMISSION
Income Statement
For the One Month Ending January 31, 2011

Acct.	Revenues	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget	Variance
43310	Whitefish Bay-Operations	\$ 39,154.44	\$ 39,154.44	\$ 39,154.44	\$ 39,154.44	0.00
43320	Fox Point-Operations	19,438.37	19,409.09	19,438.37	19,409.09	29.28
43330	Glendale-Operations	58,535.05	58,535.05	58,535.05	58,535.05	0.00
43411	Transf to Deferred Rev - WB	0.00	0.00	0.00	0.00	0.00
43412	Transf to Deferred Rev - FP	0.00	0.00	0.00	0.00	0.00
43413	Transf to Deferred Rev - Gle	0.00	0.00	0.00	0.00	0.00
45100	Interest Income	0.00	0.00	0.00	0.00	0.00
45200	Insurance Policy Dividend	0.00	0.00	0.00	0.00	0.00
45300	Wholesale Water Sales	3,482.04	0.00	3,482.04	0.00	3,482.04
45400	Mequon Facilities Charges	0.00	0.00	0.00	0.00	0.00
45900	Misc Income	192.00	0.00	192.00	0.00	192.00
45910	Lab Services Income	870.00	0.00	870.00	0.00	870.00
49500	Transfer From Maint Reserve	0.00	0.00	0.00	0.00	0.00
49600	Transf from Storm Water Tes	0.00	0.00	0.00	0.00	0.00
49900	Uncategorized Income	0.00	0.00	0.00	0.00	0.00
	Total Revenues	121,671.90	117,098.58	121,671.90	117,098.58	4,573.32
Acct.	Wholesale Water Expenses					
53300	Wholesale Water Expense	0.00	0.00	0.00	0.00	0.00
	Total Wholesale Water Sales	0.00	0.00	0.00	0.00	0.00
Acct.	Source of Supply Expenses					
60100	Labor & Super. of Intake Cri	0.00	0.00	0.00	0.00	0.00
60200	Intake Supplies	0.00	0.00	0.00	0.00	0.00
60500	Maint. of Crib & Wet Well	0.00	666.67	0.00	666.67	(666.67)
60700	Standby Service - Milwaukee	1,350.00	291.66	1,350.00	291.66	1,058.34
	Total Source of Supply Expe	1,350.00	958.33	1,350.00	958.33	391.67
Acct.	Pumping Expenses					
62100	Labor & Super. Klode	10,177.85	10,227.41	10,177.85	10,227.41	(49.56)
62200	Electricity	17,723.18	19,750.00	17,723.18	19,750.00	(2,026.82)
62300	Normal Supplies, Klode	474.47	552.50	474.47	552.50	(78.03)
62400	Unusual Maint., Klode Pump	0.00	1,666.67	0.00	1,666.67	(1,666.67)
62510	Unusual Maint., Klode Suppl	0.00	166.67	0.00	166.67	(166.67)
62520	Unusual Maint., Klode Labor	0.00	275.00	0.00	275.00	(275.00)
62600	Electricity Demand	0.00	0.00	0.00	0.00	0.00
62700	Unusual Maint., Bender Pum	0.00	316.67	0.00	316.67	(316.67)
62750	Care of Grounds	0.00	291.67	0.00	291.67	(291.67)
	Total Pumping Expenses	28,375.50	33,246.59	28,375.50	33,246.59	(4,871.09)
Acct.	Purification Expenses					
63100	Labor & Super., Bender	18,604.63	20,292.08	18,604.63	20,292.08	(1,687.45)
63200	Normal Supplies, Bender	4,172.54	3,083.33	4,172.54	3,083.33	1,089.21
63300	Heating at Bender	3,197.44	2,000.00	3,197.44	2,000.00	1,197.44
63400	Disposal of Sludge	0.00	583.33	0.00	583.33	(583.33)
63510	Unusual Maint., Bender Supp	0.00	1,333.33	0.00	1,333.33	(1,333.33)
63520	Unusual Maint., Bender Labo	0.00	1,583.33	0.00	1,583.33	(1,583.33)
63600	Laboratory	3,298.40	2,200.42	3,298.40	2,200.42	1,097.98
63700	Instrumentation	0.00	2,041.67	0.00	2,041.67	(2,041.67)
63750	Care of Grounds	0.00	291.67	0.00	291.67	(291.67)
63800	Treatment Chemicals	3,125.60	8,792.00	3,125.60	8,792.00	(5,666.40)
	Total Purification Expenses	32,398.61	42,201.16	32,398.61	42,201.16	(9,802.55)
Acct.	Transmission Main Expenses					
64100	Labor & Super., Trans. Main	186.56	108.33	186.56	108.33	78.23

NORTH SHORE WATER COMMISSION
Income Statement
For the One Month Ending January 31, 2011

Acct.	Revenues	Current Month	Current Month	Year to Date	Year to Date	Variance
		Actual	Budget	Actual	Budget	
64200	Trans. Mains- Supplies	0.00	0.00	0.00	0.00	0.00
64300	Meter Reading Supplies	0.00	0.00	0.00	0.00	0.00
64500	Maint. of Reservoir & Clear	0.00	500.00	0.00	500.00	(500.00)
64600	Maint of Trans Mains	0.00	0.00	0.00	0.00	0.00
64700	Maint. of Meters	0.00	208.33	0.00	208.33	(208.33)
	Total Trans. Mains Expenses	186.56	816.66	186.56	816.66	(630.10)
Acct.	Administration & General Expenses					
92000	Office & Admin. Salaries	6,408.08	7,083.33	6,408.08	7,083.33	(675.25)
92100	Office Expenses	1,451.93	1,180.83	1,451.93	1,180.83	271.10
92200	Engineering Services	0.00	1,666.67	0.00	1,666.67	(1,666.67)
92300	Professional Services	7,325.50	3,605.42	7,325.50	3,605.42	3,720.08
92400	Prop & P.L. Insurance	0.00	5,000.00	0.00	5,000.00	(5,000.00)
92500	Injuries & Damages	0.00	0.00	0.00	0.00	0.00
92600	WI Retirement Fund	4,135.66	4,416.67	4,135.66	4,416.67	(281.01)
92620	Other Employee Benefits	9,485.29	10,833.33	9,485.29	10,833.33	(1,348.04)
92700	Bond, Fiscal Agent	0.00	0.00	0.00	0.00	0.00
92800	NSWC Expense	0.00	250.00	0.00	250.00	(250.00)
92900	Employee Training Expense	236.00	720.83	236.00	720.83	(484.83)
93000	Misc. General Expense	89.14	166.67	89.14	166.67	(77.53)
93100	Recording Secretary	0.00	0.00	0.00	0.00	0.00
93300	Transportation Expense	67.39	166.67	67.39	166.67	(99.28)
93500	Maint-Office Equipment	0.00	0.00	0.00	0.00	0.00
93600	General Outdoor Expense	437.78	483.33	437.78	483.33	(45.55)
93700	Maint. of 516 W Bender	0.00	0.00	0.00	0.00	0.00
93800	Loss on Investments	0.00	0.00	0.00	0.00	0.00
94000	FICA Taxes	2,584.79	3,083.33	2,584.79	3,083.33	(498.54)
94100	Relocation Expense	0.00	0.00	0.00	0.00	0.00
94500	Contingency Expense	0.00	416.67	0.00	416.67	(416.67)
	Total Adm. & General Expen	32,221.56	39,073.75	32,221.56	39,073.75	(6,852.19)
	Total Expenses	94,532.23	117,098.57	94,532.23	117,098.57	(22,566.34)
	Net Income	\$ 27,139.67	\$ 0.01	\$ 27,139.67	\$ 0.01	27,139.66

NORTH SHORE WATER COMMISSION
Income Statement (2 Year Comp.)
For the One Month Ending January 31, 2011

Acct.	Revenues	Current Month Actual	Current Month Last year	Year to Date Actual	Year to Date Last year	Variance
43310	Whitefish Bay-Operations	\$ 39,154.44	\$ 38,895.93	\$ 39,154.44	\$ 38,895.93	258.51
43320	Fox Point-Operations	19,438.37	19,493.89	19,438.37	19,493.89	(55.52)
43330	Glendale-Operations	58,535.05	56,415.18	58,535.05	56,415.18	2,119.87
43411	Transf to Deferred Rev - WB	0.00	0.00	0.00	0.00	0.00
43412	Transf to Deferred Rev - FP	0.00	0.00	0.00	0.00	0.00
43413	Transf to Deferred Rev - Gle	0.00	0.00	0.00	0.00	0.00
45100	Interest Income	0.00	0.00	0.00	0.00	0.00
45200	Insurance Policy Dividend	0.00	0.00	0.00	0.00	0.00
45300	Wholesale Water Sales	3,482.04	2,902.36	3,482.04	2,902.36	579.68
45400	Mequon Facilities Charges	0.00	0.00	0.00	0.00	0.00
45900	Misc Income	192.00	0.00	192.00	0.00	192.00
45910	Lab Services Income	870.00	990.00	870.00	990.00	(120.00)
49500	Transfer From Maint Reserve	0.00	0.00	0.00	0.00	0.00
49600	Transf from Storm Water Tes	0.00	0.00	0.00	0.00	0.00
49900	Uncategorized Income	0.00	0.00	0.00	0.00	0.00
	Total Revenues	121,671.90	118,697.36	121,671.90	118,697.36	2,974.54
Acct.	Wholesale Water Expenses					
53300	Wholesale Water Expense	0.00	0.00	0.00	0.00	0.00
	Total Wholesale Water Sales	0.00	0.00	0.00	0.00	0.00
Acct.	Source of Supply Expenses					
60100	Labor & Super. of Intake Cri	0.00	0.00	0.00	0.00	0.00
60200	Intake Supplies	0.00	0.00	0.00	0.00	0.00
60500	Maint. of Crib & Wet Well	0.00	0.00	0.00	0.00	0.00
60700	Standby Service - Milwaukee	1,350.00	1,350.00	1,350.00	1,350.00	0.00
	Total Source of Supply Expe	1,350.00	1,350.00	1,350.00	1,350.00	0.00
Acct.	Pumping Expenses					
62100	Labor & Super. Klode	10,177.85	6,064.21	10,177.85	6,064.21	4,113.64
62200	Electricity	17,723.18	16,076.05	17,723.18	16,076.05	1,647.13
62300	Normal Supplies, Klode	474.47	521.12	474.47	521.12	(46.65)
62400	Unusual Maint., Klode Pump	0.00	57.33	0.00	57.33	(57.33)
62510	Unusual Maint., Klode Suppl	0.00	0.00	0.00	0.00	0.00
62520	Unusual Maint., Klode Labor	0.00	0.00	0.00	0.00	0.00
62600	Electricity Demand	0.00	0.00	0.00	0.00	0.00
62700	Unusual Maint., Bender Pum	0.00	0.00	0.00	0.00	0.00
62750	Care of Grounds	0.00	0.00	0.00	0.00	0.00
	Total Pumping Expenses	28,375.50	22,718.71	28,375.50	22,718.71	5,656.79
Acct.	Purification Expenses					
63100	Labor & Super., Bender	18,604.63	13,290.20	18,604.63	13,290.20	5,314.43
63200	Normal Supplies, Bender	4,172.54	3,378.22	4,172.54	3,378.22	794.32
63300	Heating at Bender	3,197.44	3,579.63	3,197.44	3,579.63	(382.19)
63400	Disposal of Sludge	0.00	0.00	0.00	0.00	0.00
63510	Unusual Maint., Bender Supp	0.00	323.60	0.00	323.60	(323.60)
63520	Unusual Maint., Bender Labo	0.00	0.00	0.00	0.00	0.00
63600	Laboratory	3,298.40	1,667.88	3,298.40	1,667.88	1,630.52
63700	Instrumentation	0.00	19,817.40	0.00	19,817.40	(19,817.40)
63750	Care of Grounds	0.00	0.00	0.00	0.00	0.00
63800	Treatment Chemicals	3,125.60	6,095.94	3,125.60	6,095.94	(2,970.34)
	Total Purification Expenses	32,398.61	48,152.87	32,398.61	48,152.87	(15,754.26)
Acct.	Transmission Main Expenses					
64100	Labor & Super., Trans. Main	186.56	0.00	186.56	0.00	186.56

NORTH SHORE WATER COMMISSION
Income Statement (2 Year Comp.)
For the One Month Ending January 31, 2011

Acct.	Revenues	Current Month Actual	Current Month Last year	Year to Date Actual	Year to Date Last year	Variance
64200	Trans. Mains- Supplies	0.00	0.00	0.00	0.00	0.00
64300	Meter Reading Supplies	0.00	0.00	0.00	0.00	0.00
64500	Maint. of Reservoir & Clear	0.00	0.00	0.00	0.00	0.00
64600	Maint of Trans Mains	0.00	0.00	0.00	0.00	0.00
64700	Maint. of Meters	0.00	0.00	0.00	0.00	0.00
	Total Trans. Mains Expenses	186.56	0.00	186.56	0.00	186.56
Acct.	Administration & General Expenses					
92000	Office & Admin. Salaries	6,408.08	6,408.08	6,408.08	6,408.08	0.00
92100	Office Expenses	1,451.93	1,276.87	1,451.93	1,276.87	175.06
92200	Engineering Services	0.00	0.00	0.00	0.00	0.00
92300	Professional Services	7,325.50	7,101.50	7,325.50	7,101.50	224.00
92400	Prop & P.L. Insurance	0.00	0.00	0.00	0.00	0.00
92500	Injuries & Damages	0.00	0.00	0.00	0.00	0.00
92600	WI Retirement Fund	4,135.66	3,870.19	4,135.66	3,870.19	265.47
92620	Other Employee Benefits	9,485.29	9,337.54	9,485.29	9,337.54	147.75
92700	Bond, Fiscal Agent	0.00	0.00	0.00	0.00	0.00
92800	NSWC Expense	0.00	0.00	0.00	0.00	0.00
92900	Employee Training Expense	236.00	0.00	236.00	0.00	236.00
93000	Misc. General Expense	89.14	94.89	89.14	94.89	(5.75)
93100	Recording Secretary	0.00	90.00	0.00	90.00	(90.00)
93300	Transportation Expense	67.39	73.11	67.39	73.11	(5.72)
93500	Maint-Office Equipment	0.00	0.00	0.00	0.00	0.00
93600	General Outdoor Expense	437.78	240.00	437.78	240.00	197.78
93700	Maint. of 516 W Bender	0.00	0.00	0.00	0.00	0.00
93800	Loss on Investments	0.00	0.00	0.00	0.00	0.00
94000	FICA Taxes	2,584.79	1,835.60	2,584.79	1,835.60	749.19
94100	Relocation Expense	0.00	0.00	0.00	0.00	0.00
94500	Contingency Expense	0.00	0.00	0.00	0.00	0.00
	Total Adm. & General Expen	32,221.56	30,327.78	32,221.56	30,327.78	1,893.78
	Total Expenses	94,532.23	102,549.36	94,532.23	102,549.36	(8,017.13)
	Net Income	\$ 27,139.67	\$ 16,148.00	\$ 27,139.67	\$ 16,148.00	10,991.67

NORTH SHORE WATER COMMISSION
 Operating Fund Balance Sheet
 January 31, 2011 and 2010

	<u>Current Year</u>	<u>Prior Year</u>
ASSETS		
Cash		
Petty Cash	\$ 50.00	50.00
Checking	188,373.38	23,236.96
Temporary Investments	25,127.30	25,964.73
	<hr/>	<hr/>
Total Cash	213,550.68	49,251.69
Accounts Receivable	17,079.71	7,937.16
Prepaid Expenses	11,362.24	11,032.50
Due to/from Storm Sewer Fund	165.81	0.00
Due to/from Maint Reserve Fund	92,615.53	81,096.91
	<hr/>	<hr/>
Total Assets	\$ 334,773.97	149,318.26
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 40,984.04	57,491.78
Payable to Municipalities	3,007.27	1,372.01
Wages Payable	16,600.02	0.00
Accrued Payroll Taxes	1,226.85	0.00
Payroll Liabilities	947.64	0.00
Federal & FICA Taxes Payable	0.00	(0.02)
Wisconsin State Payable	0.00	956.98
Flexible Spending Accounts	2,442.91	809.06
Deferred Revenue - WB	76,709.00	0.00
Deferred Revenue - Glendale	93,665.00	0.00
	<hr/>	<hr/>
Total Liabilities	235,582.73	60,629.81
Fund Balances:		
Operating Fund: Beginning of Year		
Whitefish Bay - Oper Fund	16,121.69	16,285.05
Fox Point - Oper Fund	8,502.99	8,584.16
Glendale - Oper Fund	22,426.89	22,671.24
	<hr/>	<hr/>
Total Operating Fund	47,051.57	47,540.45
Emergency Fund: Beginning of Year		
Whitefish Bay Emergency	8,127.50	8,127.50
Fox Point Emergency	5,372.50	5,372.50
Glendale Emergency	11,500.00	11,500.00
	<hr/>	<hr/>
Total Emergency Fund	25,000.00	25,000.00
Current Year Revenues Over (Under) Expenses	27,139.67	16,148.00
	<hr/>	<hr/>
Total Fund Balances	99,191.24	88,688.45
	<hr/>	<hr/>
Total Liabilities & Fund Balance	\$ 334,773.97	149,318.26
	<hr/> <hr/>	<hr/> <hr/>

NORTH SHORE WATER COMMISSION
Maintenance Reserve Capital Projects Fund Balance Sheet
January 31, 2011 and 2010

	<u>Current Year</u>	<u>Prior Year</u>
ASSETS		
Savings	\$ 566,000.19	584,809.07
Receivable for Asset Additions	5,139.90	0.00
Due to/from Operations Fund	(92,615.53)	(81,096.91)
	<hr/>	<hr/>
Total Assets	\$ 478,524.56	503,712.16
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable Cap Projects	\$ 6,080.05	29,111.27
	<hr/>	<hr/>
Total Liabilities	6,080.05	29,111.27
Fund Balances:		
Reserve Fund: Beginning of Year		
Whitefish Bay Maint Reserve	190,452.00	220,013.10
Fox Point Maint Reserve	56,259.11	34,666.81
Glendale Maint Reserve	211,727.00	246,977.43
	<hr/>	<hr/>
Total Reserve Fund	458,438.11	501,657.34
Current Year Revenues Over (Under) Expenses	14,006.40	(27,056.45)
	<hr/>	<hr/>
Total Fund Balances	472,444.51	474,600.89
	<hr/>	<hr/>
Total Liabilities & Fund Balance	\$ 478,524.56	503,712.16
	<hr/> <hr/>	<hr/> <hr/>

NORTH SHORE WATER COMMISSION
Maintenance Reserve Income Statement
For the One Month Ending January 31, 2011

	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
Whitefish Bay-Maint Reserve	\$ 7,747.90	\$ 0.00	\$ 7,747.90	\$ 0.00
Fox Point-Maint Reserve	4,875.22	0.00	4,875.22	0.00
Glendale-Maint Reserve	9,238.88	0.00	9,238.88	0.00
Interest	90.79	99.37	90.79	99.37
Wholesale Water Sales	2,813.76	2,402.79	2,813.76	2,402.79
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	24,766.55	2,502.16	24,766.55	2,502.16
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses				
Capital Outlays Maint Reserve	10,760.15	29,558.61	10,760.15	29,558.61
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	10,760.15	29,558.61	10,760.15	29,558.61
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income	\$ 14,006.40	\$ (27,056.45)	\$ 14,006.40	\$ (27,056.45)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

North Shore Water Commission
Payment to Strand Associates
Task Order Number 10-05
March 9, 2011

An invoice from Strand Associates for engineering services pertaining to Task Order Number 10-05 has been reviewed and approved by the North Shore Water Commission. This includes invoices for work completed in January 2011.

The payment request is for \$2,150.00. The proportionate costs for the respective municipalities are as follows:

<u>Whitefish Bay</u>	<u>35.44%</u>	<u>\$761.96</u>
<u>Fox Point</u>	<u>22.30%</u>	<u>\$479.45</u>
<u>Glendale</u>	<u>42.26%</u>	<u>\$908.59</u>
		\$2,150.00

Please remember that the three municipalities must deposit these above amounts into the North Shore Water Commission Operating Account before payment can be made to Strand Associates. Your prompt attention to this matter is appreciated.

Respectfully,

Eric Kiefer



STRAND ASSOCIATES, INC.
 910 West Wingra Drive
 Madison, WI 53715
 (608) 251-4843

Invoice

February 11, 2011
 Project No: 3561.005
 Invoice No: 0083794

Mr. Eric Kiefer
 North Shore Water Commission
 400 West Bender Road
 Glendale WI 53217

Project: 3561.005 Bender WTP Fluoride Feed System Upgrade

Professional Services: January 1, 2011 through January 31, 2011

Total Earned	17,970.00
Previous Fee Billing	17,970.00
Current Fee Billing	0.00

Total this project \$0.00

Contract Amount 18,209.00

Total Billings to date 17,970.00

Project: 3561.006 Bender WTP Reservoir Monitoring System
 Upgrade

Total Earned	14,600.00
Previous Fee Billing	12,450.00
Current Fee Billing	2,150.00

Total this project \$2,150.00

Contract Amount 15,553.00

Total Billings to date 14,600.00

Total this invoice \$2,150.00

TERMS: Payment is due within 30 days of the date on this invoice.

March 9, 2011

**Manager's report of completed operational projects
February 8th – March 8th**

1. Filter maintenance is still underway. Surface sandwash nozzles are being repaired and the external surfaces are being pressure-washed. Some valve actuators are also receiving maintenance.
2. Electrical energy consumed per million gallon pumped has dropped significantly as a result of the new pumping scheme. This month, 1929 kilowatt-hours (KWH) were consumed per MG of water pumped into the distribution system. In 2007, 2008, 2009, and 2010 the KWH consumed per MG for February were as follows: 2384, 2192, 2294, and 2204, respectively.
3. The sodium hypochlorite feed system is experiencing frequent clogging. The cause of the problem is currently unknown as there is no sign of scale formation. Plant staff is further investigating this matter.
4. Plant staff repaired the recirculation pump for the heating systems in the filter room and motor room.
5. The recirculation pump for the domestic water heater system decoupled from the motor. We are currently making the necessary repairs.
6. Plant staff is working on connecting the fluoride transfer pumps to RTU7 so they can be controlled automatically. To date this involved running sections of new conduit, pulling wire, labeling, and terminating. Plant staff plans on finishing this project before the upcoming capital projects are bided.

NORTH SHORE WATER COMMISSION
 WHOLESALE WATER SALES
 FOR YEAR: 2011

WHOLESALE INCOME BY COMPONENT
 (Top: JAN-MAR, Bottom: APR-DEC)

FACILITIES CHARGE

MONTH	CUSTOMER	KGAL PURCHASED	WHOLESALE RATE (\$/KGAL)	TOTAL VOLUME CHARGE	CAPITAL \$/Kgal \$0.720 / Kgal	OPERATING \$ \$0.891 / Kgal	CONVEYANCE \$0.390 / Kgal	DISTRIBUTION OF CONVEYANCE CHARGE			FOR 2010 FACILITIES UPKEEP		AMOUNT BILLED
								FOX PT: 0.60	GLEN: 0.20	WFB: 0.20	\$500 / yr	NSWC REVENUE	
JANUARY	Mequon Water	3,908	\$ 2.001	\$ 7,819.91	\$ 2,813.76	\$ 3,482.03	\$ 1,524.11	\$ 914.47	\$ 304.82	\$ 304.82	\$ -	\$ 6,295.80	\$ 7,819.91
FEBRUARY	Mequon Water	3,549	\$ 2.001	\$ 7,101.55	\$ 2,555.28	\$ 3,162.16	\$ 1,384.11	\$ 830.47	\$ 276.82	\$ 276.82	\$ -	\$ 5,717.44	\$ 7,101.55
MARCH	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APRIL	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MAY	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JUNE	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JULY	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AUGUST	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SEPTEMBER	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OCTOBER	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NOVEMBER	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DECEMBER	Mequon Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS		7,457		\$ 14,921.46	\$ 5,369.04	\$ 6,644.19	\$ 2,908.22	\$ 1,744.94	\$ 581.64	\$ 581.64	\$ -	\$ 12,013.24	\$ 14,921.46

North Shore Water Commission
Extended Monthly Report (Page 1) **February 2011**

Date	Whitefish Bay					Henry Clay Meter		Glendale					Green Tree Meter		Fox Point					Bayside Meters		School Road Meters		Total		Monthly	Wholesale				
	Max (MGD)	Daily (MG)	Daily %	Cumul. (MG)	Cumul. %	To WFB (MG)	To Glen (MG)	Max (MGD)	Daily (MG)	Daily %	Cumul. (MG)	Cumul. %	To FP (MG)	To Glen (MG)	Max (MGD)	Daily (MG)	Daily %	Cumul. (MG)	Cumul. %	P. Wash (MG)	Greenv. (MG)	To WFB (MG)	To FoxPt (MG)	Daily (MG)	Cumul. (MG)	Pumpage RANK					
2/1/2011	2.679	0.902	30.26%	0.902	30.26%	0.000	0.044	2.229	1.298	43.54%	1.298	43.54%	0.000	0.216	1.853	0.781	26.20%	0.781	26.20%	0.113	0.021	0.001	0.000	2.981	2.981	26					
2/2/2011	2.224	1.413	39.02%	2.315	35.07%	0.061	0.000	2.213	1.282	35.40%	2.580	39.08%	0.000	0.199	1.989	0.926	25.57%	1.707	25.86%	0.114	0.024	0.004	0.000	3.621	6.602	2					
2/3/2011	1.989	1.046	32.93%	3.361	34.37%	0.000	0.196	1.989	1.252	39.42%	3.832	39.19%	0.000	0.162	2.028	0.878	27.64%	2.585	26.44%	0.108	0.022	0.000	0.000	3.176	9.778	21					
2/4/2011	2.556	1.259	38.34%	4.620	35.37%	0.000	0.307	2.133	1.229	37.42%	5.061	38.75%	0.000	0.202	1.813	0.796	24.24%	3.381	25.88%	0.110	0.023	0.004	0.000	3.284	13.062	14					
2/5/2011	2.176	1.111	35.20%	5.731	35.34%	0.024	0.000	2.064	1.236	39.16%	6.297	38.83%	0.000	0.164	1.469	0.809	25.63%	4.190	25.84%	0.108	0.023	0.003	0.000	3.156	16.218	22					
2/6/2011	2.633	1.327	36.27%	7.058	35.51%	0.146	0.000	2.370	1.459	39.87%	7.756	39.02%	0.000	0.200	1.853	0.873	23.86%	5.063	25.47%	0.115	0.025	0.004	0.000	3.659	19.877	1					
2/7/2011	2.473	0.974	29.75%	8.032	34.69%	0.000	0.040	2.532	1.422	43.43%	9.178	39.64%	0.000	0.205	1.824	0.878	26.82%	5.941	25.66%	0.110	0.022	0.002	0.000	3.274	23.151	16					
2/8/2011	1.941	0.962	30.63%	8.994	34.21%	0.000	0.051	2.240	1.359	43.27%	10.537	40.08%	0.000	0.200	1.539	0.820	26.11%	6.761	25.72%	0.110	0.021	0.002	0.000	3.141	26.292	23					
2/9/2011	2.184	1.187	33.89%	10.181	34.17%	0.000	0.062	2.357	1.476	42.14%	12.013	40.32%	0.000	0.226	1.541	0.840	23.98%	7.601	25.51%	0.111	0.024	0.003	0.000	3.503	29.795	5					
2/10/2011	1.954	0.985	29.69%	11.166	33.72%	0.000	0.057	2.288	1.459	43.97%	13.472	40.68%	0.000	0.222	1.627	0.874	26.34%	8.475	25.59%	0.105	0.023	0.001	0.000	3.318	33.113	12					
2/11/2011	1.872	0.889	25.70%	12.055	32.96%	0.000	0.121	2.580	1.656	47.88%	15.128	41.36%	0.000	0.266	1.581	0.914	26.42%	9.389	25.67%	0.098	0.024	0.000	0.000	3.459	36.572	7					
2/12/2011	2.154	1.289	35.93%	13.344	33.23%	0.034	0.000	2.234	1.403	39.10%	16.531	41.16%	0.000	0.207	1.597	0.896	24.97%	10.285	25.61%	0.098	0.024	0.004	0.000	3.588	40.160	3					
2/13/2011	2.046	1.137	32.63%	14.481	33.18%	0.000	0.002	2.277	1.443	41.42%	17.974	41.18%	0.000	0.208	1.613	0.904	25.95%	11.189	25.64%	0.102	0.026	0.003	0.000	3.484	43.644	6					
2/14/2011	2.392	1.041	30.60%	15.522	32.99%	0.000	0.051	2.323	1.422	41.80%	19.396	41.23%	0.000	0.195	1.755	0.939	27.60%	12.128	25.78%	0.099	0.024	0.001	0.000	3.402	47.046	9					
2/15/2011	2.093	1.062	31.44%	16.584	32.89%	0.000	0.087	2.303	1.437	42.54%	20.833	41.32%	0.000	0.206	1.777	0.879	26.02%	13.007	25.80%	0.120	0.022	0.001	0.000	3.378	50.424	10					
2/16/2011	2.141	1.058	30.69%	17.642	32.75%	0.000	0.110	2.301	1.494	43.34%	22.327	41.45%	0.000	0.223	1.999	0.895	25.96%	13.902	25.81%	0.101	0.022	0.000	0.000	3.447	53.871	8					
2/17/2011	2.064	0.966	30.03%	18.608	32.60%	0.000	0.082	2.246	1.392	43.27%	23.719	41.55%	0.000	0.207	1.758	0.859	26.70%	14.761	25.86%	0.094	0.022	0.000	0.000	3.217	57.088	18					
2/18/2011	2.315	0.864	28.19%	19.472	32.37%	0.000	0.069	2.691	1.333	43.49%	25.052	41.65%	0.000	0.186	1.819	0.868	28.32%	15.629	25.98%	0.098	0.023	0.001	0.000	3.065	60.153	25					
2/19/2011	2.118	1.124	33.29%	20.596	32.42%	0.000	0.001	2.063	1.373	40.67%	26.425	41.60%	0.000	0.197	1.664	0.879	26.04%	16.508	25.98%	0.095	0.023	0.003	0.000	3.376	63.529	11					
2/20/2011	2.202	0.978	31.64%	21.574	32.38%	0.041	0.000	2.074	1.249	40.41%	27.674	41.54%	0.000	0.167	1.525	0.864	27.95%	17.372	26.08%	0.102	0.028	0.002	0.000	3.091	66.620	24					
2/21/2011	2.235	0.729	25.84%	22.303	32.12%	0.000	0.025	2.243	1.221	43.28%	28.895	41.61%	0.000	0.156	1.691	0.871	30.88%	18.243	26.27%	0.098	0.025	0.000	0.001	2.821	69.441	28					
2/22/2011	2.107	1.319	36.78%	23.622	32.35%	0.000	0.035	2.309	1.411	39.35%	30.306	41.50%	0.000	0.208	1.785	0.856	23.87%	19.099	26.15%	0.096	0.023	0.005	0.000	3.586	73.027	4					
2/23/2011	2.211	1.024	30.98%	24.646	32.29%	0.000	0.065	2.311	1.408	42.60%	31.714	41.55%	0.000	0.203	1.763	0.873	26.41%	19.972	26.16%	0.091	0.025	0.001	0.000	3.305	76.332	13					
2/24/2011	2.094	0.996	31.18%	25.642	32.24%	0.000	0.061	2.157	1.350	42.27%	33.064	41.58%	0.000	0.196	1.605	0.848	26.55%	20.820	26.18%	0.092	0.026	0.002	0.000	3.194	79.526	20					
2/25/2011	2.114	0.997	31.13%	26.639	32.20%	0.000	0.046	2.170	1.345	41.99%	34.409	41.59%	0.000	0.195	1.745	0.861	26.88%	21.681	26.21%	0.089	0.026	0.001	0.000	3.203	82.729	19					
2/26/2011	2.144	0.929	32.84%	27.568	32.22%	0.017	0.000	2.093	1.085	38.35%	35.494	41.49%	0.000	0.125	1.731	0.815	28.81%	22.496	26.29%	0.093	0.031	0.001	0.000	2.829	85.558	27					
2/27/2011	2.045	1.028	31.59%	28.596	32.20%	0.003	0.000	2.197	1.349	41.46%	36.843	41.48%	0.000	0.181	1.750	0.877	26.95%	23.373	26.32%	0.102	0.029	0.001	0.000	3.254	88.812	17					
2/28/2011	2.179	0.997	30.41%	29.593	32.13%	0.000	0.044	2.331	1.425	43.47%	38.268	41.56%	0.000	0.197	1.808	0.856	26.11%	24.229	26.31%	0.102	0.024	0.002	0.000	3.278	92.090	15					
Plant Meters (MG)	29.593					0.326	1.556	38.268					0.000	5.519	24.229					2.874	0.675	0.052	0.001	92.090							
Max	2.679	1.413	39.02%					2.691	1.656	47.88%					2.028	0.939	30.88%								3.659						
Ave	2.191	1.057	32.03%					2.261	1.367	41.58%					1.732	0.865	26.39%								3.289						
Min	1.872	0.729	25.70%					1.989	1.085	35.40%					1.469	0.781	23.86%								2.821						
Distribution SCADA Read	-1.179							6.749							-9.119												-3.549	Mequon	3.549		
Dist. Adj. (Diff from Act.)						0.000	0.000						0.000	0.000						0.000	0.000	0.000	0.000								
Backward Flow at Plant	0.000							0.000							0.000													0.000			
Total MG Charged	28.414		63.574					45.017		94.459					15.110		31.712									88.541	189.745	7.457			
% Charged (month)	32.09%							50.84%							17.07%																
% Charged (cumul.)	33.50%							49.78%							16.71%																

North Shore Water Commission
Extended Monthly Report (Page 2) **February 2011**
Flows Uncorrected for Distribution Activity

Date	High Service PSI (Gauge #1)			High Service PSI (Gauge #2)			WFB Tower PSI			Glen Standpipe PSI			FPT Standpipe PSI			WFB Standpipe Level (ft)			Glen Standpipe Level (ft)			FPT Tower Level (ft)			Monthly Pumpage RANK	Sum Master Meters (MGD)			WFB Flow (MGD)			Glen Flow (MGD)			FPT Flow (MGD)			
	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min		Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max
2/1/2011	84.17	81.82	79.71	84.62	82.44	80.01	68.18	65.99	59.83	55.21	47.39	34.34	57.28	54.61	49.97	33.35	27.71	21.45	77.99	59.73	41.79	23.22	21.33	19.29	26	6.69	2.98	1.71	2.68	0.90	0.22	2.23	1.30	0.67	1.85	0.78	0.35	
2/2/2011	83.31	81.79	79.78	83.76	82.41	80.21	68.05	65.81	63.00	54.27	47.55	34.61	56.44	54.40	49.87	33.24	26.15	21.47	78.44	60.35	39.35	20.62	18.79	17.54	2	5.41	3.62	2.00	2.22	1.41	0.62	2.21	1.28	0.68	1.99	0.93	0.57	
2/3/2011	85.01	81.69	80.29	85.38	82.32	80.89	69.50	66.58	63.96	54.94	47.71	34.56	58.11	54.02	49.33	33.53	31.01	28.85	76.59	55.86	33.98	23.22	21.22	19.17	21	4.97	3.17	2.22	1.99	1.04	0.29	1.99	1.25	0.54	2.03	0.88	0.18	
2/4/2011	84.29	81.76	79.40	85.11	82.38	80.52	69.28	66.25	61.55	54.94	46.82	34.37	58.00	54.65	49.97	29.25	25.13	21.26	72.05	50.31	28.58	23.24	21.43	19.40	14	4.99	3.28	1.96	2.56	1.26	0.24	2.13	1.23	0.64	1.81	0.79	0.36	
2/5/2011	83.43	81.78	79.64	84.10	82.41	80.50	68.61	66.22	63.29	56.42	47.57	35.15	56.63	54.80	52.18	30.76	26.77	22.29	70.44	46.02	22.97	23.21	21.21	19.17	22	4.46	3.16	1.37	2.18	1.11	-0.02	2.06	1.24	0.41	1.47	0.81	0.40	
2/6/2011	86.33	82.17	77.17	87.07	82.80	77.91	72.56	66.67	61.82	55.40	46.68	32.73	59.91	54.95	50.94	33.10	27.04	22.26	67.06	44.84	26.43	23.23	21.23	19.24	1	5.41	3.66	2.23	2.63	1.33	-0.25	2.37	1.46	0.33	1.85	0.87	0.22	
2/7/2011	86.06	82.29	80.12	86.65	82.94	80.60	71.59	67.03	60.98	54.57	46.48	33.57	59.02	54.97	52.79	33.10	29.16	22.98	69.58	48.69	28.79	23.24	21.39	19.79	16	5.41	3.27	1.93	2.47	0.97	-0.33	2.53	1.42	0.70	1.82	0.88	0.34	
2/8/2011	83.04	81.71	78.99	83.75	82.35	79.67	69.50	66.59	63.32	54.94	47.06	33.89	56.69	54.66	52.42	30.85	26.63	22.82	68.45	47.39	25.22	23.20	21.30	19.69	23	4.40	3.14	1.73	1.94	0.96	-0.23	2.24	1.36	0.71	1.54	0.82	0.41	
2/9/2011	83.79	81.63	78.46	84.21	82.27	79.02	69.28	66.09	62.27	55.13	46.60	34.13	56.77	54.59	51.10	32.30	25.49	20.73	64.29	42.76	22.05	23.21	21.24	19.64	5	5.38	3.50	2.16	2.18	1.19	-0.18	2.36	1.48	0.82	1.54	0.84	0.44	
2/10/2011	84.48	81.89	78.61	85.18	82.53	78.85	70.62	66.78	62.22	55.83	46.16	33.03	58.11	54.67	51.64	31.61	26.33	21.96	63.14	40.82	22.05	23.22	21.23	19.69	12	4.91	3.32	1.89	1.95	0.99	-0.30	2.29	1.46	0.79	1.63	0.87	0.43	
2/11/2011	84.77	81.94	80.38	85.34	82.58	80.85	70.35	67.08	64.15	54.16	45.17	32.92	58.08	54.74	52.47	29.22	22.79	19.84	65.42	52.89	30.38	23.21	21.24	19.58	7	4.28	3.46	2.42	1.87	0.89	-0.25	2.58	1.66	1.16	1.58	0.91	0.51	
2/12/2011	83.16	81.69	79.50	83.66	82.33	80.25	69.33	65.91	63.78	54.59	47.83	34.53	56.55	54.56	52.82	32.10	25.96	20.21	78.28	58.54	39.45	23.22	21.17	19.45	3	4.50	3.59	2.26	2.15	1.29	-0.03	2.23	1.40	0.82	1.60	0.90	0.30	
2/13/2011	83.11	81.51	79.42	83.66	82.13	80.03	68.66	66.07	63.72	53.97	46.65	34.69	56.55	54.38	52.66	32.27	29.35	26.10	76.72	58.92	39.75	23.21	20.86	18.78	6	4.49	3.48	1.65	2.05	1.14	0.07	2.28	1.44	0.55	1.61	0.90	0.30	
2/14/2011	83.57	81.79	79.33	84.02	82.43	80.05	68.90	66.31	61.52	55.91	47.66	34.61	56.50	54.39	51.72	32.85	30.07	25.08	77.13	58.04	40.77	23.20	21.06	19.34	9	4.57	3.40	1.82	2.39	1.04	-0.08	2.32	1.42	0.83	1.76	0.94	0.32	
2/15/2011	83.71	81.73	79.81	84.34	82.36	80.70	68.82	66.34	63.51	55.18	47.49	33.81	57.30	54.51	51.42	32.89	30.49	26.68	77.13	58.35	43.19	23.21	21.18	19.13	10	4.58	3.38	1.95	2.09	1.06	0.06	2.30	1.44	0.81	1.78	0.88	0.41	
2/16/2011	85.01	81.93	79.57	85.62	82.57	80.28	70.27	66.57	62.86	53.89	47.27	34.10	58.24	54.65	51.77	32.70	30.68	26.58	78.42	62.78	49.52	23.20	21.21	19.20	8	5.33	3.45	1.69	2.14	1.06	0.07	2.30	1.49	0.99	2.00	0.90	0.42	
2/17/2011	83.40	81.76	80.19	84.27	82.39	81.05	70.17	66.52	63.51	53.65	47.85	34.48	56.71	54.52	51.80	32.95	30.88	26.80	78.42	65.59	54.63	23.22	21.19	19.16	18	4.28	3.22	1.65	2.06	0.97	-0.29	2.25	1.39	0.69	1.76	0.86	0.20	
2/18/2011	86.38	82.07	79.04	86.82	82.70	79.74	72.26	67.12	62.30	55.02	49.37	34.56	59.61	54.80	51.88	30.01	25.95	6.58	78.60	63.00	45.58	23.21	21.34	19.30	25	5.21	3.06	1.21	2.32	0.86	-0.74	2.69	1.33	0.49	1.82	0.87	0.32	
2/19/2011	84.03	81.78	79.45	84.55	82.40	79.60	69.01	66.30	63.59	54.70	47.74	34.26	57.28	54.59	51.75	32.58	27.38	24.33	78.47	65.09	51.62	23.17	21.58	19.54	11	4.55	3.38	1.62	2.12	1.12	-0.25	2.06	1.37	0.61	1.66	0.88	0.40	
2/20/2011	84.63	81.76	76.79	85.20	82.38	74.23	69.41	66.56	57.14	55.61	48.31	34.94	57.98	54.63	48.82	30.73	28.09	26.32	78.52	65.97	50.79	23.23	21.56	19.52	24	4.43	3.09	1.48	2.20	0.98	-0.47	2.07	1.25	0.48	1.53	0.86	0.34	
2/21/2011	84.07	81.75	79.50	84.81	82.37	80.36	69.50	66.84	61.82	55.91	48.68	34.99	57.47	54.50	51.37	28.56	22.40	16.21	78.44	62.61	40.29	23.21	21.63	20.03	28	4.69	2.82	1.53	2.23	0.73	-0.35	2.24	1.22	0.57	1.69	0.87	0.34	
2/22/2011	83.19	81.75	79.88	83.88	82.36	80.37	68.90	65.89	62.97	54.59	47.56	34.08	56.66	54.57	51.37	32.64	27.04	21.75	77.85	61.48	47.70	23.21	21.59	19.78	4	4.82	3.59	2.94	2.11	1.32	-0.05	2.31	1.41	0.94	1.78	0.86	0.29	
2/23/2011	83.74	81.74	79.23	84.48	82.36	79.73	68.99	66.39	62.73	54.73	48.11	34.96	57.28	54.51	51.40	32.69	28.38	23.33	78.36	63.01	47.29	23.21	21.61	19.81	13	5.31	3.30	1.68	2.21	1.02	-0.32	2.31	1.41	0.75	1.76	0.87	0.37	
2/24/2011	83.76	81.68	79.97	84.60	82.31	80.70	69.76	66.43	63.37	54.62	48.09	34.80	57.25	54.56	51.61	32.57	28.43	24.44	78.39	63.43	48.53	23.21	21.62	19.83	20	5.00	3.19	1.66	2.09	1.00	-0.26	2.16	1.35	0.64	1.60	0.85	0.42	
2/25/2011	83.33	81.67	79.18	83.85	82.30	79.86	69.36	66.34	62.35	54.75	48.16	35.02	56.63	54.49	51.45	32.64	28.06	23.20	78.42	63.20	48.61	23.21	21.58	19.82	19	5.08	3.20	1.67	2.11	1.00	-0.37	2.17	1.34	0.69	1.74	0.86	0.44	
2/26/2011	85.01	81.79	78.75	85.53	82.41	79.35	69.82	66.61	63.05	56.53	49.02	35.39	58.38	54.62	51.48	32.58	30.74	28.72	78.77	57.07	28.74	23.22	21.86	20.06	27	4.20	2.83	1.44	2.14	0.93	0.00	2.09	1.08	0.49	1.73	0.82	0.37	
2/27/2011	83.16	81.87	80.29	83.80	82.49	80.77	69.20	66.50	63.45	56.50	47.19	34.53	56.63	54.70	51.40	32.64	29.18	25.50	75.49	53.25	35.00	23.22	21.84	19.94	17	4.39	3.25	2.29	2.05	1.03	-0.20	2.20	1.35	0.68	1.75	0.88	0.51	
2/28/2011	83.71	81.78	79.93	84.16	82.40	80.59	69.31	66.36	63.24	55.80	47.41	34.51	56.93	54.62	51.45	32.55	27.74	22.75	74.25	57.51	41.57	23.21	21.40	19.29	15	4.70	3.28	2.07	2.18	1.00	-0.27	2.33	1.43	0.67	1.81	0.85	0.42	
MAX	86.38	82.29	80.38	87.07	82.94	81.05	72.56	67.12	64.15	56.53	49.37	35.39	59.91	54.97	52.82	33.53	31.01	28.85	78.77	65.97	54.63	23.24	21.86	20.06		6.686	3.659	2.937	2.679	1.413	0.62	2.691	1.656	1.164	2.028	0.940	0.566	
AVE	84.13	81.80	79.37	84.73	82.43	79.88	69.61	66.43	62.55	55.06	47.48	34.34	57.46	54.60	51.39	32.01	27.68	22.87	74.83	56.70	38.38	23.12	21.28	19.44		4.872	3.289	1.866	2.191	1.057	-0.13	2.261	1.367	0.683	1.732	0.865	0.370	
MIN	83.04	81.51	76.79	83.66	82.13	74.23	68.05	65.81	57.14	53.65	45.17	32.73	56.44	54.02	48.82	28.56	22.40	6.58	63.14	40.82	22.05	20.62	18.79	17.54		4.199	2.821	1.210	1.872	0.730	-0.74	1.989	1.085	0.332	1.469	0.781	0.184	

JOHN A. MAYER
UTILITY RATE CONSULTANT
8585 N. REGENT ROAD
MILWAUKEE, WISCONSIN 53217-2360

Voice / Fax: (414) 352-9026
E-Mail: JohnMayer@wi.rr.com

VIA EMAIL

Monday, February 21, 2011

Mr. Eric Kiefer, Manager
E-Mail: EKiefer@northshorewc.com
NORTH SHORE WATER COMMISSION
400 West Bender Road
Glendale, WI 53217

Dear Eric:

Attached is the revision in the rate for water sales to Mequon Water. The rate beginning 4/01/2011 indicates an increase of \$0.037/Kgal from \$2.001/Kgal to \$2.038/Kgal.

Operating expenses decreased from 2009 levels by 1.610% and water sales decreased 3.325% resulting in an overall increase in the operating expense component by **\$0.016/Kgal**.

The increase in capital investment for 2010 was \$163,858 resulting in a **\$0.021/Kgal** increase in the capital component.

Per the contract, the wholesale rate from 04/01/2011 - 03/31/2012 should be \$2.038/Kgal.

Please feel free to call on me if you have any questions.

Sincerely,

/s/ John A. Mayer

John A. Mayer

JAM/cb3
Attachment

NORTH SHORE WATER COMMISSION
WHOLESALE WATER RATE ADJUSTMENT

Monthly Facilities Charge:

Operation, Maintenance, & Repair of Metering & Telemetry Devices equal to the greater of \$500/year or 110% of actual cost during prior year. \$500.00 yr.
\$41.67 mo.

Volume Charge:

Operating Expense Component: \$/Kgal
Base Rate Effective 04/01/2011 thru 03/31/2012 \$0.907 (a) / (b)

Calculation:

Per paragraph 4 of the agreement: "On April 1, 2001 and each successive anniversary thereof, the Operating Expenses Component shall be adjusted to an amount equal to the prior year's audited operating expenses divided by Total Water Sales . . ."

Total Operating Expenditures per Audit: \$1,228,573 (a)

Total Water Sales to Members & Others:

Whitefish Bay	Kgals	435,278	
Fox Point	Kgals	216,267	
Glendale	Kgals	651,058	
Mequon Water	Kgals	51,653	
Total Water Sales	Kgals	1,354,256	(b)

Capital-Related Component:

Initial Capital-Related Component as adjusted per Admendment One \$0.400
Additional Capital-Related Component on Plant Additions \$0.341
\$0.741

Calculation:

Per paragraph 4 of the agreement: "On April 1, 2001 and each successive anniversary thereof, the Capital-Related Component shall be increased (but not decreased) by the total of the capital additions made by Seller after December 31, 1997, multiplied by 9% and divided by the Total Water Sales for the prior calendar year."

	<u>Capital</u> <u>Outlay</u>	<u>Return %</u>	<u>\$ Amount</u>		<u>2010</u> <u>Water Sales</u> Kgals	
1998	\$84,951					
1999	\$230,116					
2000	\$246,746					
2001	\$167,834					
2002	\$230,197					
2003	\$261,390					
2004	\$71,023					
2005	\$780,393					
2006	\$1,921,660					
2007	\$101,010					
2008	\$489,101					
2009	\$389,894					
2010	\$163,858					
	\$5,138,173	x 9.0%	= \$462,435.57	/	1,354,256	= \$0.341

Conveyance Charge Component:

PSCW Approved Rate per Rate Order/Letter dated Effective
12/10/98 \$0.350
PSCW Approved Rate per Docket: 2090-WR-105 04/01/01 \$0.390

SUMMARY OF WHOLESALE RATE

Operating Expense Component		\$0.907	
Capital-Related Component		\$0.741	
Conveyance Charge Component		\$0.390	
WHOLESALE WATER RATE	04/01/11 thru 03/31/12	\$2.038	

NORTH SHORE WATER COMMISSION
WHOLESALE WATER RATE ADJUSTMENT

Monthly Facilities Charge:

Operation, Maintenance, & Repair of Metering & Telemetry Devices equal to the greater of \$500/year or 110% of actual cost during prior year. \$500.00 yr.
\$41.67 mo.

Volume Charge:

Operating Expense Component: \$/Kgal
Base Rate Effective 04/01/2011 thru 03/31/2012 \$0.907 (a) / (b)

Calculation:

Per paragraph 4 of the agreement: "On April 1, 2001 and each successive anniversary thereof, the Operating Expenses Component shall be adjusted to an amount equal to the prior year's audited operating expenses divided by Total Water Sales . . ."

Total Operating Expenditures per Audit: \$1,228,573 (a)

Total Water Sales to Members & Others:

Whitefish Bay	Kgals	435,278	
Fox Point	Kgals	216,267	
Glendale	Kgals	651,058	
Mequon Water	Kgals	51,653	
Total Water Sales	Kgals	1,354,256	(b)

Capital-Related Component:

Initial Capital-Related Component per Contract \$0.400

Additional Capital-Related Component on Plant Additions \$0.341
\$0.741

Calculation:

Per paragraph 4 of the agreement: "On April 1, 2001 and each successive anniversary thereof, the Capital-Related Component shall be increased (but not decreased) by the total of the capital additions made by Seller after December 31, 1997, multiplied by 9% and divided by the Total Water Sales for the prior calendar year."

	<u>Capital</u> <u>Outlay</u>	<u>Return %</u>	<u>\$ Amount</u>		<u>2013</u> <u>Water Sales</u>		
					Kgals		
1998	\$84,951						
1999	\$230,116						
2000	\$246,746						
2001	\$167,834						
2002	\$230,197						
2003	\$261,390						
2004	\$71,023						
2005	\$780,393						
2006	\$1,921,660						
2007	\$101,010						
2008	\$489,101						
2009	\$389,894						
2010	\$163,858						
	\$5,138,173	x 9.0%	= \$462,435.57	/	1,354,256	=	\$0.341

Conveyance Charge Component:

<i>PSCW Approved Rate per Rate Order/Letter dated</i>	<u>Effective</u> 12/10/98	\$0.350
<i>PSCW Approved Rate per Docket: 2090-WR-105</i>	04/01/01	\$0.390

SUMMARY OF WHOLESALE RATE

Operating Expense Component		\$0.907
Capital-Related Component		\$0.741
Conveyance Charge Component		\$0.390
<u>WHOLESALE WATER RATE</u>	04/01/11 thru 03/31/12	\$2.038

NORTH SHORE WATER COMMISSION***WHOLESALE WATER RATE - 2013 TRUE UP***

<u>ACTUAL FLOWS & CHARGES BY MONTH:</u>	2013 Kgal Metered	Oper. Expense Rate Billed	\$ Charged
January	3,518	\$0.825	2,902.35
February	3,108	\$0.825	2,564.10
March	3,491	\$0.825	2,880.08
April	3,258	\$0.891	2,902.88
May	4,835	\$0.891	4,307.99
June	4,394	\$0.891	3,915.05
July	5,160	\$0.891	4,597.56
August	6,001	\$0.891	5,346.89
September	6,122	\$0.891	5,454.70
October	4,174	\$0.891	3,719.03
November	3,789	\$0.891	3,376.00
December	3,803	\$0.891	3,388.47
Total Dollars Billed for "Operating Expense Component"	51,653	\$0.878	\$45,355.10
Actual Average Cost for "Operating Expense Component"	51,653	\$0.907	\$46,849.27
"True-Up" Amount Due / (Credit Refund)			\$1,494.17