

**THE NORTH SHORE WATER COMMISSION
MEETING OF DECEMBER 3, 2008**

A meeting of the North Shore Water Commission was held at the Filtration Plant, 400 West Bender Road, Glendale, Wisconsin on Wednesday, December 3, 2008.

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

Present: Michael West, Chairperson, Richard Maslowski, and James Grassman

Also present was Plant Manager Eric Kiefer, Alternate William Huegel, John Mayer, Rate Consultant, Lee Szymborski, Mequon City Administrator and William Mielke representing Mequon Water Utility.

Absent: Alternates Susan Robertson, Fox Point, Richard Foster, Whitefish Bay

It was moved by Mr. Maslowski and seconded by Mr. Grassman that the minutes of the meeting held November 12, 2008 be approved as submitted. The motion carried unanimously.

The rules were suspended and items 10 and 11 on the agenda were taken up out of order.

REQUEST TO ASSIGN AGREEMENTS TO MEQUON

Mr. Mielke spoke on the status of the sale of the water utility to Mequon from WE Energies. Mr. Mielke said that the City of Mequon wanted the North Shore Water Commission and the City of Milwaukee to re-assign their Wholesale Water Sales Agreements and Water Conveyance Agreements from WE Energies to the City of Mequon. The North Shore Water Commission has asked for changes to the agreements by shortening the contract period and changing to a formula driven rate that recognizes full cost recovery.

Mr. West asked what the timeline was for the turnover from WE Energies to the City of Mequon and did the sale contain any contingencies.

Mr. Szymborski said the sale was contingent upon the reassignment of all agreements with North Shore Water and the City of Milwaukee. Mequon has met with the Public Service Commission and needs their approval for transfer of the utility.

The City of Mequon wants bonds for this purchase to go to market in January.

Mr. West asked what role the PSC would play in setting rates for the sale of water from the North Shore Water Commission.

Mr. Mielke said that after Mequon and the Public Service Commission have reviewed John Mayer's "Methodology and Basis..." study the PSC would act as an arbitrator to resolve any differences between the North Shore Water Commission and Mequon related to the terms of the contracts.

Mr. West felt that this procedure leaves no provision for negotiations before this matter would be sent to the PSC for arbitration, and what if the PSC does not want to hear the arguments.

Mr. Mielke said that the Public Service Commission has already agreed to arbitrate.

Mr. Maslowski noted that the Commission is aware of Mequon's need to expedite this matter, but it may be delayed due to the time needed for legal opinions by the three municipalities on the contract language.

CLOSED SESSION (8:05 A.M.)

It was moved by Mr. Maslowski, seconded by Mr. Grassman and unanimously carried by role call vote that the Commission convene into closed session pursuant to Section 19.85 (1)(e) of Wisconsin Statutes to deliberate and discuss terms of the Wholesale Water Sales Agreement and Water Conveyance Agreement and the potential assignment to the City of Mequon.

The Commission reserved the right to reconvene into regular session to take action relating to these issues.

It was moved by Mr. Maslowski, seconded by Mr. Grassman and unanimously carried that the Commission reconvene into regular session at 8:50 A.M.

Mr. West told Mr. Szymborski and Mr. Mielke that the Commission proposes the following for Mequon's consideration:

1. That the reassigned contract would terminate in 2014; and
2. That the initial capital rate component as shown on schedule 1, page 1 of the Mayer report be changed from 15 cents to 55 cents.

These would be the two substantive changes to the current agreement.

If a response from Mequon regarding these changes is forthcoming a special meeting of the Commission could be scheduled for next Wednesday, December 10th.

It was moved by Mr. Maslowski, seconded by Mr. Grassman and unanimously carried that the Commission retain the services of the Boardman Law Firm to represent the Commission in these matters.

PLANT OPERATIONS

The monthly report of plant operations was placed on file without motion.

STATUS OF INTERCONNECTIONS BETWEEN MEMBER COMMUNITIES

Eric Kiefer provided a written report on the status of interconnections between municipalities.

Mr. Kiefer was directed to provide more details on the interconnections including proposed policies and procedures for maintenance at a future meeting.

(Mr. Grassman left the meeting at 9:15 A.M.)

MONTHLY BILLS

It was moved by Mr. Maslowski, seconded by Mr. Grassman and unanimously carried that the following bills for the month of November, 2008 were approved and authorization was given to the Fiscal Agent to make such payments:

Eric Kiefer (petty cash reimb: stamps and food)	58.73
Able Technology (stem assembly for valve-est.)	974.00
Advanced Integrated Security Systems Inc (alarm monitoring service)	540.00
AT&T (local service for Klode-est)	29.24
AT&T (long distance service for Klode-est)	44.60
AT&T Mobility (cell phone service-est)	161.70
Cintas (uniform & janitorial supply)	352.80
Cintas First Aid & Safety (first aid supplies)	12.25
Citgo (fuel for truck)	41.29
Davis & Kuelthau (legal service)	208.00
Fuchs & Boyle, S.C. (legal service)	87.75
Fisher Scientific (lab supplies)	301.40
Grainger (plant supplies: general, lighting)	210.49
Hach (lab supplies)	982.91
Idexx (lab supplies)	438.38
Industrial Towel and Uniform (plant supplies: towel and matt service)	171.71
KA Steel (treatment chemical: sodium hypochlorite)	3,568.39
Lab Safety Supply (safety equipment)	851.97
Matrikon (computer software)	695.00
Office Depot (office supplies: phone & general supplies)	373.12
Barbara Patin (secretarial services)	90.00
Pristine Water (treatment chemicals: phosphates)	665.00
Starnet Technologies (programming and hardware installation)	4,647.40
Time Warner (remote site com. & Internet service)	807.76
U.S. Cellular (phone service-est.)	7.10
UPS Store #1971 (shipping-est)	120.00
Underwriters Lab. (water analysis-est)	78.00
Village of Whitefish Bay (phone service-est)	250.00
Village of Whitefish Bay (Klode electric service: 9/29/08 to 10/28/08)	4,431.18
Waste Mgt of Milwaukee (waste disposal service-est)	278.59
We Energies (Bender electric-est)	12,209.27
We Energies (Bender gas-est)	2,750.00
We Energies (Klode gas)	9.29
Wisconsin State Laboratory of Hygiene (fluoride analysis)	20.00
Maintenance Reserve	
<u>Projects Approved in 2007</u>	
Underwriters Laboratories (lead & copper analysis)	843.00
Process Research Solutions (lead & copper study engineering)	500.00
TOTAL	\$37,810.32

SCADA UPGRADE

After a brief discussion it was moved by Mr. Maslowski, seconded by Mr. West and unanimously carried that the Commission approve the 2009-2011 budget for the SCADA Upgrade Project. Funding to come from Maintenance Reserves.

MODIFICATION OF OPERATION AND MAINTENANCE BUDGET FOR 2009

Mr. Kiefer reported that due to higher than expected chemical costs the 2009 budget should be modified to reflect these changes. Several line items were modified resulting in no change to the amount of the original budget.

It was moved by Mr. Maslowski, seconded by Mr. West and unanimously carried that the modification of the 2009 operation and maintenance budget be approved as presented.

MANAGER'S REPORT

The Plant Manager provided the following report of completed operation projects for the period November 12 through December 2, 2008:

1. Started ammonia feed system and converted disinfectant leaving the plant from free chlorine to chloramine on November 18th.
2. Conducted training with staff about new disinfectant.
3. Computer administrator integrated new ammonia feed system into existing plant SCADA system.
4. Plant Manager was a guest speaker at Stormonth Elementary School to educate fourth graders about water treatment.
5. New Relief Operator Technician is fully trained.
6. Turned off plan water fountain and prepared it for winter.

There being no further regular business the meeting adjourned at 9:27 A.M. to a special meeting date of Wednesday, December 10, 2008.

The next regular meeting of the Commission is scheduled for Wednesday, January 14, 2009.

Barbara C. Patin, Recording Secretary