

**NORTH SHORE WATER COMMISSION
MEETING OF June 8, 2011**

A meeting of the North Shore Water Commission was held at the Filtration Plant, 400 West Bender Road, Glendale, Wisconsin on Wednesday, June 8, 2011.

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

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

Also present: Eric Kiefer, Plant Manager & Recording Secretary; Jonathan Lee, Computer Administrator; Virginia Wendt, Engineer from Strand Associates; Steve Ryan, Insurance Consultant from T. E. Brennan; Beverly Bell, Village of Fox Point Trustee

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

INSURANCE POLICIES

Steve Ryan from T. E. Brennan, retained by the Commission as an insurance consultant, discussed the background of his firm and its services. Based on his review of the current policies and the proposal submitted by G2 Insurance Services in 2010, Mr. Ryan suggested that the Commission consider two approaches: (1) prepare insurance specifications and entertain bids or (2) contact the current insurance agent, R&R Insurance, and make minor modifications in the next term of the policies. Mr. Ryan's recommendation was to proceed with the latter alternative. In his opinion, he thought this option was the most cost-effective, since given the nature of the current insurance market; it was unlikely that a significant savings would result from bidding the insurance.

After brief discussion of the matter, it was the consensus of the Commission that Mr. Ryan should continue his efforts in developing modifications and adjustments to our current policy for the next term.

MINUTES

It was moved by Mr. Naze, seconded by Mr. Maslowski, and unanimously carried that the minutes for the meeting held Wednesday, May 4th be approved as drafted.

MONTHLY REPORT OF PLANT OPERATIONS

Mr. Kiefer noted that Whitefish Bay is using significantly less water this year than last year. Following the change of the Henry Clay meter, no changes were observed in the flow pattern at that location. Plant staff will continue to investigate the change in Whitefish Bay's consumption.

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

BIDS FOR FACILITIES IMPROVEMENTS, CONTRACT 1-2011

Virginia Wendt from Strand Associates provided the Commission with an overview of the various capital improvement projects that have been designed and planned for this year. Ms. Wendt discussed the scope of the base project and the associated bid alternatives.

A tabulation of the bids received on June 2nd was presented. All of the bids and the engineering estimate were above the capital improvement budget set at \$101,576. Various suggestions were made regarding the appropriate action to take. Suggestions ranged from rebidding with a smaller scope to reducing our capital improvement budget for next year to make up the difference.

There was also discussion regarding which bid alternatives should be considered. Because of the nature of the work and relative low cost of bid alternatives 1, 2 and 3, it was the consensus of the Commission that those bid alternatives should be considered. The improvements specified in alternative 4, on the other hand, could be postponed until funds became available.

It was moved by Mr. Maslowski, seconded by Mr. Naze and unanimously carried that the Commission award Contract 1-2011 with a base bid of \$177,900, alternative #1 of \$1,100, alternative #2 of \$2,000, and alternative #3 of \$1,800 to J. F. Ahern Company with funding to come from the Maintenance Reserve Fund in the amount of \$50,000 and the remainder to come from each community based on current capital allocation percentages.

ANNUAL OPERATING BUDGET

The monthly budget reports were placed on file without motion.

MONTHLY BILLS

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

Alexander Chemical (treatment chemical: fluoride)	16,103.15
Carl Stahl Company (crane repair parts)	766.07
CDWG (software upgrade)	258.18
Chicago Suburban Express (shipping)	53.56
Cintas (janitorial supplies and uniform service)	523.42
Daily Reporter (bid notice, 3 days)	314.55
Delta Adsorbents (desiccant for air dryer)	248.76
Diversified Benefit Services (section 125 plan admin)	90.00
Eric Kiefer (reimbursement for DNR water certificate renewal and meeting registration)	75.00
Fastenal (hardware)	276.44
Faust Company (backflow preventor inspection and repairs)	1,275.00
Fisher Scientific (lab supplies)	118.42
Fuchs and Boyle (legal services)	448.50
Grainger (filter, rainsuit, sump pump, overalls, sealants, plumbing supplies, and general supplies)	967.23

Great America (office copier lease)	87.00
Hach (lab supplies)	1,281.33
Hawkins (treatment chemicals: ammonia and polymer)	721.70
Home Depot (plumbing supplies)	271.54
Lab Safety Supply (supplies for chemical transfer pumps)	283.11
Liquid Engineering (reservoir inspection and cleaning)	4,370.00
McMaster-Carr (chemical transfer pump stand supplies and hardware)	1,291.29
Milwaukee Journal Sentinel (annual water quality report notice and bid advertisement 1 day)	623.34
Minuteman Press (business cards and envelopes)	203.49
Modular Piping Supply (valves and plumbing supplies)	426.90
Northern Lake Service (monthly and quarterly water analyses for required monitoring)	1,036.00
Office Copying (maintenance payment for copier)	29.81
Pristine Water Solutions (treatment chemical: phosphate)	2,196.30
Pro Industrial Control (electrical supplies)	133.72
R&R Insurance (worker's comp adjustment for 9/1/10 to 9/1/11 policy)	10,702.00
Reinders (fountain light repair)	179.95
River Run Computers (IT analysis and report)	1,725.00
Rotroff Jeanson (monthly accounting service)	875.00
Superior Chemical (cleaning supplies)	45.75
TE Brennan (insurance consultant services)	690.75
Time Warner (Klode phone)	32.13
Time Warner (internet service)	739.30
US Cellular (cell phones)	104.94
Village Ace Hardware (plywood, glue, plumbing and gardening supplies)	42.23
Village of Shorewood (water study engineering 50% of project)	3,983.22
Waste Management (waste disposal)	398.84
Water Well Solutions (klode pump and motor repairs)	5,456.03
We Energies (Bender electric-April and May)	26,478.49
We Energies (Henry Clay electric)	12.81
We Energies (Klode electric-April)	3,872.48
We Energies (Bender gas)	2,833.59
We Energies (Klode gas)	20.01
Weimer Bearing (chain for floc drives)	1,753.07
Wilkens-Anderson (lab supplies)	309.14
William Reid LTD (pH probe for instrument)	145.61
Wisconsin State Lab of Hygiene (fluoride analysis)	20.00
	SUB-TOTAL \$94,894.15
<u>Maintenance Reserve</u>	
B&B Electronics (SCADA upgrade hardware and modem)	1,229.70
Graybar (hardware for SCADA upgrade)	524.91
	SUB-TOTAL \$1,754.61
	TOTAL \$96,648.76

DISCUSSION AND APPROVAL OF INVOICE FROM STRAND ASSOCIATES FOR ENGINEERING SERVICES RENDERED UNDER TASK ORDER NUMBER 11-01

It was moved by Mr. Naze, seconded by Mr. Maslowski, and unanimously carried that the Commission approve payment to Strand Associates in the amount of \$1,070.00. Funding to come from each community based on current capital allocation percentages.

DISCUSSION AND APPROVAL OF RAW WATER PUMP AND MOTOR REPAIRS

Mr. Kiefer summarized the work that Water Well Solutions performed in May. After inspecting the pump and motor, Water Well Solutions recommended repairs totaling \$23,198.93 above the base bid of \$10,750.00.

Mr. Kiefer mentioned that the total budget for the project was set at \$20,000.00 in 2010 before the motor failed. The motor repairs will end up being a significant, unanticipated cost of the total project. However, it was clear that replacing the motor with a new unit will be significantly more expensive than repairing the motor; quotations for a new motor were in the \$20,000 to \$30,000 range.

Furthermore, Mr. Kiefer discussed how all of the work must be completed, in its entirety, before the pump and motor can be re-installed. Because of the nature of the repairs, none of the work can be staged to be completed after installation—for the purpose of deferring some maintenance to the next fiscal year. However, Mr. Kiefer discussed the possibility of negotiating an arrangement with the contractor to keep the pump and motor in the shop until next year; during this time, the contractor could perform a portion of the repairs this year and perform the remaining repairs at a later time.

The other option that was discussed included the use of the Maintenance Reserve Fund to pay for a portion of the project to allow for the repairs. This option would allow for the work to be performed this year without having to amend the O&M Budget for the necessary funding or defer maintenance to another year.

It was moved by Mr. Maslowski, seconded by Mr. Naze, and unanimously carried that the Commission authorize Water Well Solutions to perform the recommended repairs totaling \$23,198.93 to be funded using \$13,948.33 of the Maintenance Reserve Fund and the remaining from the unexpended funds for this project in the General Fund.

PLANT MANAGER'S MONTHLY REPORT

1. Generators at Bender and Klode were inspected and maintained by Cummins NPower.
2. The Henry Clay meter was replaced with a brand new spare meter that was calibrated at the factory. After installation, plant staff checked that flow totals from the SCADA system agreed with the meter registers in the pit.
3. Liquid Engineers cleaned the SW reservoir. Plant staff attempted to drain the water in the reservoir to prepare for a drain-down inspection. The

effluent valve for the NW reservoir is stuck in the closed position after a component in the gearbox broke. The influent and effluent valve for the SW reservoir is stuck in the closed position after the operating nut separated from the shaft. Repairs are being planned for as soon as possible. Until then, the NE and SE reservoirs will be used.

4. Plant staff is preparing for basin cleaning and inspection. Because of various problems throughout the winter, most of the basins have accumulated more sludge than normal.
5. Construction of non-corrosive stands for the new sodium hypochlorite transfer pumps is underway.
6. The air dryer connected to the compressed air system was taken out of service for maintenance. All of the desiccant was replaced.
7. Filters 7 and 8 had numerous valve problems. It is believed that the actuators and valve controllers have internal corrosion and wear that is preventing normal operation. The new desiccant in the air dryer should help keep water out of the actuator and controls which should prevent further corrosion.

NEXT MEETING DATE

The next scheduled regular meeting will be on Wednesday, July 13, 2011 at 7:30 A.M.

DISCUSSION OF SHOREWOOD'S REQUEST TO BECOME A MEMBER

The Commission discussed the letter dated May 6, 2011 from Mr. Swartz, the Village Manager of Shorewood. In his letter, Mr. Swartz outlined four discussion points that the Village wished the Commission to address.

Item 1: Capital Buy-In Amount

The Village of Shorewood is proposing a capital buy-in of \$850,000 to become a member of the Commission. The proceeds would go to the Village of Fox Point, City of Glendale, and the Village of Whitefish Bay for an ownership stake in the Commission's facilities.

The Commission reviewed the report prepared by Baker Tilly (prepared on March 4, 2011) which analyzed several different methodologies for determining a potential buy-in cost. Based on the present net book value (NBV) of plant assets and a capital allocation percentage of 25.02% (based on estimated peak flow demand of Shorewood), it was the consensus of the Commission that the appropriate buy-in amount should be \$1,267,620 which is described under analysis #3 in the Baker Tilly Report.

Item 2: Conveyance Charge or Equivalent Fee

Prior to this letter, the Village of Shorewood and the Commission had not considered a conveyance charge or similar mechanism which would account for the

maintenance of mains and storage facilities owned by the existing members of the Commission.

The Commission was in agreement that some type of agreement would be necessary to address this item, because as currently proposed there is no direct transmission main from the plant to Shorewood; additionally, Shorewood does not have its own standpipe. At this point, there was no consensus as to how this aspect of the agreement would be structured.

Item 3: Capital Allocation Percentage

Peak flow data is not available from the Village of Shorewood, so an attempt was made to estimate it by plant staff. The Commission believes it is possible to agree upon a fixed capital allocation percentage for the first 3 years so that more flow information can be gathered.

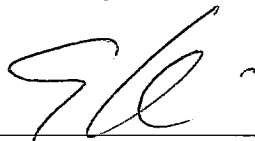
Item 4: Next Steps and Timeline

The Commission discussed the steps necessary to move forward. One of the biggest tasks ahead of the Commission and Shorewood is to develop a new intergovernmental agreement among the four communities. The agreement that is currently in place will require a significant effort to revise it—an effort the Commission is willing to lead. After coming to a mutual agreement on the revised agreement, the three boards and the Glendale Council must then adopt it.

The Commission is willing to work to the Village of Shorewood's schedule.

ADJOURNMENT

It was moved by Mr. Maslowski, seconded by Mr. Naze, and unanimously carried to adjourn at 9:15 A.M.



Eric Kiefer, Plant Manager & Recording Secretary