

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

A meeting of the North Shore Water Commission was held at the Filtration Plant, 400 West Bender Road, Glendale, Wisconsin on Wednesday, March 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; Dan Vliet, Labor Attorney

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

MINUTES

It was moved by Mr. Maslowski, seconded by Mr. West, and unanimously carried that the minutes for the meeting held Wednesday, February 9 be approved as drafted.

MONTHLY REPORT OF PLANT OPERATIONS

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

CLOSED SESSION

At 7:35 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 deliberate and discuss the terms of a possible labor agreement with the Local 1486.

The Commission reconvened into open session at 7:42 A.M.

It was moved by Mr. West, seconded by Mr. Maslowski, and unanimously carried by roll call vote to approve the tentative agreement as drafted and to authorize signature of the labor agreement.

FINANCIAL ANALYSIS PERTAINING TO THE ADDITION OF SHOREWOOD AS A MEMBER

Mr. Knepel presented his report regarding the potential financial effects of selling an equity share of the Commission to the Village of Shorewood. Mr. Knepel discussed in detail the following aspects of the analysis: (1) capital buy-in cost alternatives, (2) projected operating cost changes, (3) accounting issues arising

from selling a portion of an asset, and (4) assumptions and other information used in the report.

There was some discussion about the four different analyses regarding the capital buy-in cost. As Mr. Knepel explained, there are two different variables presented in the analysis: estimated net book value of the plant and the capital allocation percentage. Analyses 1 and 3 were based on historical costs; analyses 2 and 4 were based on current costs. Historical cost was estimated using Glendale's financial records. To estimate current costs, Mr. Knepel adjusted the data using price indexes. Analyses 1 and 2 were based on the Village's proposed buy-in rate of 14.39%; analyses 3 and 4 were based on the Commission's capital allocation rate using the current formula with a projection calculated by Commission staff, 25.02%.

Mr. Kiefer briefly described a section of his report that was prepared along with Mr. Knepel's. In his report, there are 3 methodologies which are described for estimating the Village's highest delivery day volumes using just average delivery day volumes. Mr. Kiefer recommends that the Commission assume maximum day delivery volumes will be in the same proportion to the average day delivery volumes for the purpose of this type of analysis.

It was the consensus of the Commission that the next action was for the Chairman to send these reports to the Village of Shorewood so they can take this information into further consideration.

FINANCIAL STATEMENTS

It was moved by Mr. West, seconded by Mr. Maslowski, and unanimously carried by roll call vote to accept the 2010 financial statements in their final form.

ANNUAL OPERATING BUDGET

The monthly budget reports 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 February, 2011 be approved and authorization was given to the Fiscal Agent to make such payments:

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 generator 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

DISCUSSION AND APPROVAL OF INVOICES TO STRAND ASSOCIATES FOR ENGINEERING SERVICES RENDERED UNDER TASK ORDER NUMBER 10-05

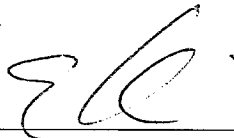
After discussion, it was moved by Mr. West, seconded by Mr. Maslowski, and unanimously carried that the Commission approve payment to Strand Associates in the amount of \$2,150.00. Funding to come from each community based on current capital allocation percentages.

PLANT MANAGER'S MONTHLY REPORT

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.

NEXT MEETING DATE AND ADJOURMENT

The meeting adjourned at 8:41 A.M. The next scheduled regular meeting will be on Wednesday, April 13, 2011 at 7:30 A.M.



Eric Kiefer, Plant Manager & Recording Secretary