

REGULAR MEETING OF THE KIMBERLY WATER COMMISSION

AUGUST 25, 2009

Chairman Price called the meeting to order at 4:30 p.m. Members present for roll call were Commissioners Johnson, Stienen, Strick and Chairman Price. Also present was Operator Craig Gerrits.

Commissioner Strick moved, Johnson seconded the motion to approve the minutes of the July 28, 2009 Regular Meeting with one correction. The motion carried by unanimous vote of the Commission.

The Commission discussed the options for management of the utility. Staff investigated the options of:

- Replacement of the Utility Superintendent
- Reorganization of existing staff (village wide)
- Contracting for services

The Commission received the cost analysis of the existing Superintendent position, with an annual cost of just over \$90,000.

The concept of reorganization of village staff was reviewed and determined not feasible. With the additional duties placed on the Street Commissioner, adding additional supervision would be difficult. Also, the Street Commissioner is not an engineer, as many Directors of Public Works are, and is not familiar with the workings of a water treatment plant, deep wells or distribution system (which all require certifications from the DNR).

The contract services option was investigated and a proposal was received from Midwest Contract Operations. This is the largest contract operation in the area, and other quotes were not solicited as staff and the commission are not aware of any other such firms north of Milwaukee. It was determined that, if deemed necessary, after the first year (the original proposal is for only one year, not the standard five year contract); we could develop an RFP and seek proposals from other firms. Also, this contract offers a 90-day opt out clause as MCO understands our need to work into this scenario and understand how it will function over the long term for the utility.

It was clarified that we are not purchasing a specific person, although Jerry Verstegan will be the “manager” for this contract. As other services are required, such as on operator for valve turning, etc. we will receive other MCO employees. They are all certified operators and will learn our system. Typically, they do not rotate a large number of employees, but train a limited number on each utility.

It was also determined that Little Chute’s system is very similar to ours: same softening system, use of deep wells, similar annual pumping (they have more customers, we have two large wholesale customers). Jerry has also met our operators and feels very confident he can work

with them as they have a real passion for the utility and the community. Jerry will then report to the Administrator, just as a Superintendent would.

It was noted by Administrator Hermus that the operators were involved in all discussions with MCO to keep the proposal transparent to staff and solicit their input to the proposal. Staff is very comfortable with the proposal and concurs that this option would be a great fit. While there are several questions due to the novel approach of such an option, the flexibility could work very favorably for the utility. After a long discussion the Commission instructed staff to conduct several inquiries:

- Have the Village Attorney review the contract to insure liability and other protections are afforded the utility.
- Discuss options for weekend duty, as presently, staff is on call every other weekend.
- Discuss flexibility of the 20 hours per week (see weekend duty above).
- What does MCO do for “on call” status. Will they work into “rotation” with staff?
- Investigate the option of additional controls to eliminate weekend duty (cost vs. benefit).
- Do we need third vehicle, or does MCO supply vehicle.
- Do we have access to other tools (valve turner) or do we need to rent equipment.

Finally, the Commission requested that Administrator Hermus do a financial analysis of our budget for 2009, taking into consideration the unemployment costs, additional help (Steve Rochon) costs vs. contract services to insure the budget can afford the new program. Although the contract is lower than the gross cost of an employee, there are other costs involved in the first year which will impact the utility budget. Administrator Hermus should then meet with MCO to review the above issues and finalize the proposal for consideration at the September Commission Meeting.

Commissioner Strick moved, Stienen seconded the motion to authorize the Administrator to pursue the contract with MCO, negotiate the final terms of the contract, and bring a contract back to the Commission at the September Commission Meeting for adoption. The motion carried by unanimous vote of the Commission.

Commissioner Stienen noted that he is in school on Tuesday evenings for the next four months. He inquired if the Commission could meet a little early to accommodate his schedule for that period of time. Commissioner Strick moved, Johnson seconded the motion to schedule the next three meetings of the Commission to begin at 4:15 p.m. The motion carried by unanimous vote of the Commission.

The Commission discussed the water quality issues. The problems have not dissipated, with a couple of complaints being received this month. After a short discussion, it was agreed that the flow sites should be shut down, and the system monitored for change. If necessary, the flow sites can be turned back on.

The Commission reviewed the proposed Cross Connection Policy as developed by staff. After some discussion, Commissioner Johnson moved, Strick seconded the motion to approve the Cross Connection Policy as recommended. The motion carried by unanimous vote of the Board.

It was noted that this will be forwarded to the Wisconsin Department of Natural Resources, and does put us in compliance with the established deadline of September 1, 2009 for adopting a policy.

Commissioner Strick moved, Johnson seconded the motion to approve the bills and claims for the month of August as prepared. The motion carried by unanimous vote of the Commission.

Commissioner Johnson moved, Strick seconded the motion to approve the financial statements for the month of August as prepared. The motion carried by unanimous vote of the Commission. Administrator Hermus noted the lost revenue from the mill closure is affecting the revenues, and he is concerned with the lost revenue affecting the long term health of the utility. As we are unsure of the future of the mill, he will consider this lost revenue when he prepares the 2010 operation budget for the utility. Worst case scenario could require a full blown rate case review by the Wisconsin Public Service Commission if the mill does not reopen in 2010. We will have to consider this should the revenue stream become unreliable or become unrealistic based on interest in the mill.

Administrator Hermus reviewed the correspondence with Joan Marie LeClerc regarding the Non-compliance notice regarding testing. We have elected to alert the utility customers through next year's Consumer Confidence Report. We have not received suggested language for this notice, but will place it in the file for next year when it does arrive. This concludes this issue with the WDNR as the testing was already corrected and the issue is resolved.

Administrator Hermus shared the proposal from Energenecs for the additional control panel at a cost of \$19,840, which would eliminate weekend duty at the three pumphouses. The system would take the readings and call the emergency phone number when errors or breakdowns occur. The Commission discussed the system, but will consider this option after we finalize the contract with MCO and determine what our weekend coverage needs will be.

Operator Gerrits discussed the Superintendent's Report. The major issue was a valve replacement at the Middle School. The school was going to replace a valve, and we partnered with them to replace both valves in the main to guarantee them water service from either direction. Their single valve would have supplied a shut-off, but not guarantee a water supply in case of main failures. We split the cost with the school on this project.

Commissioner Johnson moved, Strick seconded the motion to adjourn. The motion carried by unanimous vote of the Commission.

Rick J. Hermus
Secretary