

City of Sheboygan
2017-09-18

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AMENDED BOARD OF WATERWORKS COMMISSIONERS - 4: 00 PM (Monday, September 18, 2017)Generated by Joe Trueblood on Thursday, September 21, 2017

Members present:

Gerald Van De Kreeke, Mark Heinz, Ray Haen

Staff/officials:

Superintendent Joe Trueblood

Visitors:

none

1. OPENING OF MEETINGPresident Van De Kreeke called the meeting to order at 4: 00 pm.

Pledge of AllegianceAll present recited the pledge.

2. MINUTES

2.1 Approval of minutes from the August 21, 2017 meetingMotion by Commissioner Heinz, seconded by Commissioner Haen, to approve the minutes.

Motion carried unanimously.

3. REPORTS

3.1 Financial reportsSuperintendent reviewed the financial reports for August.

Motion by Commissioner Haen to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

3.2 Superintendent's report including operations and construction-maintenance Superintendent reviewed the operations and construction-maintenance work for August.

Motion by Commissioner Van De Kreeke, seconded by Commissioner Heinz, to accept.

Motion carried unanimously.

4. ITEMS PREVIOUSLY HELD OVER FOR DISCUSSION AND POSSIBLE ACTION

4.1 Lead water service replacement program Superintendent reported ongoing progress.

Intake feasibility project

Superintendent advised that the final report is nearing completion.

CDM Smith will make a presentation at the upcoming Board meeting in October.

Currently the engineer's opinion on probable construction cost of the recommended option is \$28.5 M.

Superintendent relayed that the basic justification is that the Utility has only two intake pipelines into Lake Michigan.

One was constructed in 1909 and the other in 1959.

With the newer intake out of service, the older intake could no longer meet average pumping demands.

Also, the older intake has exceeded 100 years of age, which is a typical figure used for normal working lifetime of water infrastructure from that era.

South water tower project Superintendent reported that a draft report on preliminary design has been completed.

The final report should be available in October.

Several additional borings must be taken once the corn is harvested, but the project is moving forward.

The engineer's analysis indicates that a volume of 500,000 gallons should be sufficient:

this is the same volume as the existing tank on Behrens Parkway.

4.4 Georgia Avenue pump station project Superintendent reported that AECOM has met with Utility staff to review a draft report on the pump and station upgrades.

One more option needs to be reviewed and added to the report.

Given large water use in the boosted pressure zone, the station needs at least one additional large capacity pump, as peak water use continues to increase.

A final report is expected within 1 - 2 months.

5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

5.1 Proposal for dive and intake inspection/cleaning Superintendent reviewed a proposal from Underwater Construction Company for the Utility's annual intake crib inspection and cleaning at a cost of \$8,465.

Commissioner Haen made a motion, seconded by Commissioner Van De Kreeke, to accept the proposal.

Motion carried unanimously.

5.3 Approval of water main project Superintendent reviewed a document with cost estimates for a proposed water main and lead water lateral project in 2018 on S. 13 th Street from Broadway to Union Ave and Henry Street from Union Ave to Mead.

Total construction cost estimate is \$1,156,260, with \$280,560 in reimbursible costs through the lead water service lateral replacement program.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Haen, to approve the project.

Motion carried unanimously.

5.4 Contract change order on Sheboygan River crossing due to differing subsurface conditions Superintendent reviewed documents provided by engineer Tom Holtan at AECOM regarding a claim of differing subsurface conditions from Vinton Construction Company.

After review, AECOM recommended acceptance of the change due to the contractor encountering substantially harder material than was described in the geotechnical report.

After burning up several drilling bits, the contractor had

cease operations because the material required

the use of rock drilling equipment, which is substantially different and more costly.

After considerable review and negotiation, Vinton Construction then provided a proposed change order incorporating the use of rock drilling equipment.

The change order increase in cost

is not-to-exceed \$90,904.92.

AECOM determined this to be reasonable cost in line with other rock drilling projects, as also confirmed in consultation with other

vendors who did not bid on the project.

Superintendent stated that the Utility could

further dispute the change order, but this might result in termination of the construction contract and great uncertainty in future bid prices.

Superintendent stated that the new construction cost is \$235,838.92, which is still beneath the amount of \$250,000 allocated in the developer's agreement for

the Schuchardt farm property.

Commissioner Heinz made a motion, seconded by Commissioner Haen, to accept the change order as recommended by AECOM.

Motion passed unanimously.

5.5 Review Single Audit Report from Baker TillySuperintendent distributed Baker Tilly's audit report, which indicated compliance with all federal requirements.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Heinz, to accept the audit report.

Motion passed unanimously.

5.6 Review rate study conducted by Baker TillySuperintendent distributed a water rate study completed by Baker Tilly in support of an application to the Public Service Commission of Wisconsin (PSC).

Baker Tilly reviewed all expenses and revenues based on a 2018 test year at a 5.25 % rate of return.

Several factors are involved in this particular rate increase including additional debt service due to the UV disinfection project, ongoing expense increases, and forward planning for an expensive intake pipeline project in 2021.

The calculated rate increase came in at 9.6 %.

With submittal of the study, the PSC would then complete its own cost of service study (COSS), and compare this to Baker Tilly's results.

The COSS would also show the state's allocation of the increase to the different rate categories.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Heinz, to submit the water rate study to PSC.

Motion carried unanimously.

5.7 Approve vouchers Commissioner Van De Kreeke made a motion, seconded by Commissioner Haen, that gross payroll for August of \$143,342.85 and general vouchers of \$203,464.67 be allowed and accepted.

Motion carried unanimously.

6. PERSONNEL

6.1 Benefit change for staff obtaining advanced degrees Superintendent informed the Board members that one staff member is nearing completion of a master's degree and another has begun pursuit of one.

Superintendent suggested that acquisition of advanced degrees, if in relevant fields, is a benefit to the Utility.

The Commissioners had some discussion of possible benefit changes tied to completion of degree programs.

With limited promotional opportunities at the Utility, Superintendent felt it would also be a useful benefit change for retention.

The Commissioners expressed agreement but wanted more information on possible comparables in other settings.

Commissioner Van De Kreeke stated that he would review one setting.

Superintendent stated that he could also provide more information.

Commissioner Van De Kreeke made a motion to table the issue until more information is available.

Commissioner Haen seconded, and the motion carried unanimously.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Haen, that the meeting go into closed session under the exemption provided in WI Statutes 19.85 (1)(c), "Considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility."

Motion carried unanimously.

The meeting returned to open session, and Commissioner Van De Kreeke made a motion, seconded by Commissioner Haen, approving the employment recommendation presented by Superintendent.

Motion carried unanimously.

7. NEXT MEETINGNext meeting will take place on October 16, 2017.

8. ADJOURN

8.1 Motion to AdjournMotion by Commissioner Haen, seconded by Commissioner Heinz, to adjourn at 5: 45 pm.

Motion carried unanimously.