

CEDARBURG LIGHT & WATER COMMISSION

September 19, 2011

The regular monthly meeting of the Light & Water Commission was held on Monday, September 19, 2011 at 6:30 p.m. The meeting began with a tour at the Well #4 site at W76N896 Wauwatosa Road, and then reconvened at the Cedarburg Light & Water Utility Building, N30W5926 Lincoln Boulevard, Cedarburg, WI 53012.

Call to order by President Blaine Hilgendorf

Roll Call: Present - Jim Coutts, Charles T. Bradburn, Joseph Dorr, Blaine Hilgendorf, Andy Moss, David Pagel and Council Member Bob Loomis
Also Present – General Manager Dale Lythjohan, Office Manager Jill Frank, and Senior Accounting Clerk Lynda Lalley. Water Superintendent Tim Martin present for tour only.

STATEMENT OF PUBLIC NOTICE

The Statement of Public Notice was read, and it was acknowledged that the agenda for this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

APPROVAL OF MINUTES

The minutes of the Regular Meeting held on August 15, 2011 were read and approved on a motion by Bob Loomis, seconded by Charles Bradburn. Motion carried.

VOUCHER SUMMARY FOR AUGUST

Accounts Payable	\$ 577,558.25
ACH & Wire Transfers	922,833.49
Payroll	<u>63,323.00</u>
Total Vouchers	\$1,563,714.74

BANK BALANCE FOR AUGUST

08-1-11 Balance Available	\$ 94,088.65
+ Deposits	1,605,122.46
- Checks and Other Debits	<u>1,479,178.40</u>
08-31-11 Available Balance	\$ 220,032.71

REVENUE ITEMS FOR AUGUST

Light & Power Sold – 11,100,796 kWh	\$1,293,000.52
Street Lighting Revenue 73,154 kWh	23,281.99
Water Sold – 39,765,800 Gallons	129,669.88
Water Pumped 39,334,680 Gallons; Power Used 87,894 kWh	<u>9,696.39</u>
	\$ 1,455,648.78

NEW BUSINESS

TOUR OF AERATION SYSTEM AT WELL #4, LOCATED AT W76 N896 WAUWATOSA ROAD.

Water Superintendent Tim Martin and General Manager Dale Lythjohan led the commission on a tour of the aeration system at Well #4 and answered questions accordingly. The group was able to see the newly installed air stripper, along with the entire Well #4 updates. The meeting reconvened at the CL&W office following the tour at approximately 7:20 pm.

PRESENTATION AND DISCUSSION OF OFFICE REORGANIZATION AND SUCCESSION PLANNING; AND ACTION THEREON

Staff presented a proposal to reorganize the office. The proposal was developed in preparation for the current Office Manager Jill Frank's likely retirement in the 2015-2016 timeframe. The plan was designed to allow for an orderly transition of duties, and also to allow the utility to take advantage of Ms. Frank's experience by allowing her time to work on several projects that would have long-term strategic value for the utility. The plan includes a promotion and gradual shift of duties by the current Senior Accounting Clerk Lynda Lalley, into a new position titled Office and Accounting Supervisor; and a gradual shift of duties by Jill Frank into a new position titled Administrative Manager.

Overall implementation of the plan would take approximately five years, starting with the shift of data entry duties from current office employees to a temporary part time clerk, along with a transition of specific data entry and accounting duties of the senior accounting clerk to other office employees. Further, the plan includes an immediate shift of office supervisory functions to the new Office and Accounting Supervisor. This supervisory shift would be limited initially to personnel-type issues such as work scheduling, performance appraisals, and so on. Additional shifts of job responsibilities currently performed by the Office Manager would occur over the upcoming two to three years as Ms. Lalley becomes more familiar with the various functions performed by office employees. As shifts would be made, Ms. Frank would begin working on special projects and eventually move into a consulting-type role. At times, a "reversal of roles" may be necessary during the transition to allow Ms. Lalley the time necessary to learn and perform more of Ms. Frank's current responsibilities since the only additional staffing that would be available during the first approximate three years of the proposed plan would be the 12 month "temporary" hiring of a part-time clerk.

During the first year while the temporary clerk is employed about ten hours a week, staff would research and implement time and cost saving procedures in order to streamline current duties and be able to eliminate the temporary part-time position in the second year. By the end of year three, staff hopes to have the majority of the transition between Ms. Frank and Ms. Lalley complete, so that a full time Accounting Clerk can be hired and Ms. Frank can concentrate on the special projects list.

Over 4,000 hours of time will be necessary to complete all the projects already on the special projects list. The most substantial project is the research, design, and implementation of an Automated Meter Reading and Meter Data Management System (AMI/MDM) which is estimated to take approximately 200 hrs to research and prepare a recommendation; 400 hrs to design rates and customer communication materials; and 2300 hrs to coordinate and oversee implementation of the equipment (both in the field and office), communicate various rate options and scheduling with customers, and take the lead in implementing new billing and data management processes. If it is decided that this project is not feasible after the research and recommendation phase, staff would move to "Plan B."

Some of the options in Plan B are: 1) Offer Ms. Frank's services to other utilities in specific areas of use, 2) Delay hiring the Accounting Clerk, 3) Ms. Frank retire early, 4) Something else beneficial to Cedarburg Light & Water that is unknown at this time.

The consensus of the commission was to proceed as proposed and provide periodic updates as to how the transition is going. Staff will evaluate the plan at mid-point and inform the commission if anything needs to be changed.

REPORT ON UPDATING OF THE CL&W INVESTMENT POLICY

The Financial Ad Hoc Committee recently met to review the investment policy as well as current investment activities. The committee also discussed the FDIC and state deposit insurance coverage in cases where the city and utility both have funds deposited and the options for collateralizing investments.

Highlights of the Financial Ad Hoc Committee meeting:

- CL&W will assume that the utility DOES NOT have separate deposit coverage from the City, and thus it is as if the utility has no coverage.
- Collateralizing with residential mortgages is not liquid, and the market value fluctuates a lot, thus creating significant challenges on tracking adherence to the CL&W policy.
- Security of principal continues to be the number one priority, interest rate is second.
- There are at least three organizations that work to slice up investments and place them at approved banks to create FDIC coverage compliance (ADM, CDARS, and IDC). This could solve the insurance and collateralization issues.

The Manager and Accounting Clerk recently met with the banks and a representative from ADM and discussed the following:

- The need to execute new collateralization agreements at banks where the City and CL&W both have accounts, to recognize the fact that CL&W effectively does not have deposit insurance.

- Clarification on the definitions of what “Treasury Security” is versus a mortgage-backed product.
- All non-interest bearing accounts (operating accounts) currently have 100% FDIC coverage.
- ADM can provide a money market and CD investment option that sounds attractive in regards to safety and security. The ADM product helps to keep equivalent deposits in the local bank.
- Further clarification is still needed as to whether CL&W does or does not have separate deposit coverage from the City of Cedarburg.
- Other possible collateral options.

The Financial Ad Hoc Committee will meet again in late September and provide further information along with a recommendation to the commission at the October meeting.

MANAGER AND DEPARTMENT REPORTS

The following are highlights of the Manager & Department Reports that were provided in writing to the commissioners in advance of the meeting. Any specific discussions on these topics that took place during the commission meeting are noted.

Staff has been working with the Cedarburg-Grafton-Mequon lake water study group. RFP's have been created and evaluated for a two-phase study. The group selected CH2M-Hill as the consultant. The group is confident that CH2 will deliver a comprehensive report that will provide a guide and a framework for the communities for the future. It has been agreed that the study cost will be split three ways. The total planned study cost for 2011-2012 is \$90,000. 2011's portion may exceed the amount previously included in the O&M Budget depending on the actual timing and invoicing for the phased project.

The Chevy Volt has been ordered, and is scheduled for production in October with delivery before Thanksgiving. The Prius will be most likely be sold outright by the utility. An alternative will be to trade it in at Newman Chevrolet where the Volt is being purchased.

Well #5 recently experienced a catastrophic failure of the Variable Frequency Drive (VFD) that controls the well pump. The water utility has had multiple failures of this VFD since it was installed several years ago, and after further consideration, it was decided to replace this unit with one that is more up to date and identical to the other VFD's on our system at a cost of approximately \$13,000 instead of fixing the old unit again.

Construction of the Well #4 Aeration treatment system is considered “substantially complete” per the contract. All major systems have been installed and tested to deem this station operational. Burkhart will have 30 days from the date of “substantial completion” to complete all punch-list items. Ruckert & Mielke is working to integrate the new

Wonderware SCADA system into the new PLC at the well house. Transitioning from the old Control Microsystems PLC to the new Allen Bradley PLC will take some time to fine tune. Safe samples need to be taken and submitted to the DNR. The system should be in full operation in the next week.

Total water pumpage for August:

- 2009 = 44,406,510
- 2010 = 46,267,070
- 2011 = 41,604,340

The Energy Fair plans are well underway, and set for October 15 from 10:00 – 3:00 at the Community Gym downtown Cedarburg.

The News Graphic ran a nice article highlighting CL&W's 110th anniversary. A copy of the article is attached to the minutes.

ADJOURN TO CLOSED SESSION

Pursuant to Wis. Stats. 19.85 (1) (c) to consider employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, specifically to finalize the mid-year performance appraisal of the General Manager, and possible office staff position changes. The meeting will reconvene to open session.

On a motion by Joe Dorr, seconded by Jim Coutts, the meeting adjourned to closed session at 8:40 p.m. Motion carried.

RECONVENE TO OPEN SESSION

On a motion by Joe Dorr, seconded by Bob Loomis, the meeting reconvened to open session at 9:28 p.m. Motion carried.

CONSIDER ACTION ON ITEMS DISCUSSED IN CLOSED SESSION; AND ACTION THEREON.

A motion was made by Joe Dorr, seconded by David Pagel, to approve a 1.5% performance-based bonus to the General Manager based on the 2011 performance review. Motion carried.

A motion was made by Joe Dorr, seconded by Charles Bradburn, to approve a \$2 per hour wage increase for Lynda Lalley in the new Office and Accounting Supervisor position

effective October 1, 2011, and to authorize the General Manager to work with the Administrative Manager to develop a salary progression scale for Ms. Lalley. Motion carried.

APPROVAL OF BILLS

The bills, as listed on the attached Check Register, were audited and upon motion by Bob Loomis, seconded by Joe Dorr, were approved for payment. Motion carried.

ADJOURN

On a motion by Bob Loomis, seconded by Andy Moss, the meeting adjourned at 9:31 p.m. Motion carried.

James Coutts, Secretary