



Oak Creek Mayor Stephen Scaffidi, Chair, 8040 South 6<sup>th</sup> Street, Oak Creek, WI 53154; (414) 766-7000  
Greenfield Mayor Michael Neitzke, Secretary & Vice-Chair, 7325 West Forest Home Ave., Greenfield, WI 53220; (414) 329-5200  
President Guy Johnson, Treasurer, 3930 N. Murray Ave., Shorewood, WI 53211; (414) 847-2700

### **Executive Council of the MMSD Meeting Minutes**

**Monday, June 13, 2016; 1:00 p.m.**

Village of Whitefish Bay  
Village Hall Board Room  
5300 North Marlborough Drive  
Whitefish Bay, WI

#### **Members Present:**

Sam Dickman, Village of Bayside  
Carl Krueger, Village of Brown Deer  
John Hohenfeldt, City of Cudahy  
Michael West, Village of Fox Point  
Steve Olson, City of Franklin  
Bryan Kennedy, City of Glendale  
James Birmingham, Village of Greendale  
Michael Neitzke, City of Greenfield  
Robert Ruesch, Village of Hales Corners  
Steve Scaffidi, City of Oak Creek  
Bob Brunner, Village of River Hills  
CoryAnn St. Marie-Carls, City of St. Francis  
Kathy Ehley, City of Wauwatosa  
Dan Devine, City of West Allis  
Ron Hayward, Village of West Milwaukee  
Julie Siegel, Village of Whitefish Bay

#### **Excused:**

Guy Johnson, Village of Shorewood

#### **Guests Present:** (per sign-in sheet)

Mark Kaminski, MMSD  
Kevin Shafer, MMSD  
Anna Kettlewell, MMSD  
Mickie Pearsall, MMSD  
Susan Anthony, MMSD  
Steven Hook, Forward 45 Interchange Project  
Jessica Janz-McKnight, Milwaukee County  
JoAnn Shaw, City of Glendale

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Eric Peterson, Milwaukee County  
John Hermes, Chair, MMSD Commission  
Todd Michaels, Village of Greendale  
Tami Mayzik, City of South Milwaukee  
Ann Wellens, South Milwaukee Police Department  
Joseph Knitter, South Milwaukee Fire Department  
Christine Westrich, OEM Director  
John Dargle, Milwaukee County Parks  
Justin Pullins, Office of State Rep. Skowronski  
Rob Henken, Public Policy Forum  
David DeAngelis, Village of Elm Grove

Mayor Scaffidi called the Executive Council of the MMSD meeting to order at 1:00 p.m.  
A quorum was present.

**I. Approval of the May 9, 2016 Minutes**

It was moved by President West, seconded by President Krueger, to approve the minutes. The motion carried unanimously.

**II. Elections for MMSD Commissioners (Elected Applicants)**

(Only Mayors and Village Presidents may vote and a candidate must achieve 9 votes in order to be appointed to a Commissioner position. The City of Milwaukee and Milwaukee County may not participate in the vote.)

ELECTED OFFICIAL MEMBER (2 positions)

Carl Krueger  
Brown Deer Village President

John Hohenfeldt  
Mayor, City of Cudahy

CoryAnn St. Marie-Carls  
Mayor, City of St. Francis

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Kathy Ehley  
Mayor, City of Wauwatosa

Mayor Neitzke noted that ICC members South Milwaukee, Milwaukee and Milwaukee County are not permitted to vote in Executive Council elections.

Presentations were made by all four candidates in agenda order.

An election was held for the position currently held by President Krueger. Mayor Neitzke and Mayor Olson collected and tabulated ballots for the position. President Krueger received the required 9 or more votes and was re-elected to the Commission.

An election was held for the position currently held by Mayor Ehley. Mayor Neitzke and Mayor Olson collected and tabulated ballots. Mayor Ehley received the required 9 or more votes and was re-elected to the Commission.

The original ballots were given to Anna Kettlewell of MMSD.

### **III. Report of the Commissioners**

President West said the Operations Committee, and the Policy, Finance & Personnel Committee met today.

A Green Luminaries award was given this month to the Century City Triangle Neighborhood Association, a group whose area is near the 30<sup>th</sup> Street Corridor. They are very active in explaining both rain barrels and rain gardens to promote green infrastructure to take the storm water load off the system.

The Operations Committee discussed the following:

- Award of Contract, Jones Island Water Reclamation Facility Building Roofs Replacement Project – Phase 2 and Approve Changes in Total Project Costs
- Award of Contract, South Shore Water Reclamation Facility Building Roofs Replacement Project – Phase 2 and Approve Changes in Total Project Costs

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- Amendment Number Two, Contract, Design and Engineering Services for the Gaseous Fire Suppression System Project, and Restore the Executive Director's Original Delegated Authority
- Contract, Engineering Services for the Dryer Feed and Discharge Screw Conveyor Replacement Project
- Award of Contract, Jones Island Water Reclamation Facility Primary Clarifier Coating Repairs and Approve Changes in Total Project Costs
- Award of Contract, Jones Island Water Reclamation Facility Grit Concentrator and Dewatering Screw Conveyor Replacements
- Amend the 2016 Capital Budget, Create Project in the 20q6 Capital Budget, and Authorize Contract, Jones Island Water Reclamation Facility Dewatering and Drying Product Cooler Replacements  
*Requires a 2/3 affirmative vote of the Commission for adoption*
- Approval of 2016 Green Infrastructure Partnership Program Projects
- Award of Contract, Development of Air Monitoring Plans for Certain Conveyance and Water Reclamation Facilities

The Policy, Finance & Personnel Committee discussed the following:

- Authorization to Execute a Professional Services Contract Amendment with Marquette University to Further Study Diversity and Polycyclic Aromatic Hydrocarbon Biodegradation Potential of Lake Michigan Coastal Microbial Communities, Ad Hoc Water Quality Studies Project
- Award of Amendment to Contract for the Update to the Analysis of the Cost and Risk Related to the Take-Back of Operations and Maintenance of District Facilities
- Market and Sell District-owned Properties on South 4<sup>th</sup> Street
- Approval of Extension of the Operations and Maintenance Agreement between MMSD and Veolia Water Milwaukee for an Additional 10-year term Commencing March 1, 2018

All were referred to the Commission for approval, except for the Veolia item.

President West said District staff and the Commission are considering three possible options for the Operations and Maintenance Agreement which expires in two years. Those three options are go out to the market place with a RFP, take the operations and management back in with our own District

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employees as it was since the inception of the District, or negotiate a possible renewal with the incumbent contractor, Veolia.

An email was sent to ICC members from John Hermes, MMSD Commission Chair, which has a link in it, outlining the benefits of the MMSD staff recommendation to enter into a renewal contract with Veolia. The Water Council and Local 420, Operating Engineers, both support renewal. The tentative agreement, with related material, is on the website. This matter was referred to the Commission without a recommendation.

Commissioner Hermes reported on the state of MMSD. He attended a conference of the U.S. Water Alliance last week, of which Executive Director Shafer is now the National Chair. Milwaukee was mentioned continuously at the workshops as being a national and global leader in water reclamation and many other initiatives in water.

Commissioner Hermes spoke about the Veolia contract. He congratulated MMSD staff, who have spent the last 3 years going through the data being presented today. It is a very complex agreement and better than we had before. Veolia Water is a good partner and has contributed to this economy with an additional 260 jobs. They have become an innovator themselves in the water industry. Milwaukee is their focal point, and Veolia gives back to the community in research. Labor supports this contract renewal and so does Commissioner Hermes.

Commissioner Hermes congratulated the re-elected Commissioners and the other Mayors for putting their names forth. It represents MMSD is a successful organization and that others want to be a part of it. He is proud to be the Chairman.

#### **IV. Report from the Executive Director Kevin Shafer**

Mr. Shafer spoke about the extension of the Operation and Maintenance contract with Veolia Water. Staff has worked on this matter for three years, and it is the largest privatized wastewater contract in the country.

In 1998, MMSD awarded its first contract for maintenance of the system to United Water Services. That was a 10-year contract. Financially, everyone in the

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region saved about \$160 million. However, United Water Services lost \$60 million. In 2008, Veolia Water Milwaukee was selected for another 10-year contract through a competitive bid process. They have met and exceeded all of our permit and contractual limits and been a very good partner. Financially, MMSD is on track to save \$35 million. While Veolia has lost \$11.2 million through 2015, they are still seeking a contract extension.

The Veolia contract expires on February 28, 2018. A second option is to develop an RFP and go through the selection process. The creation of the RFP and selection process would be expensive, and the field of qualified responders is limited. MMSD wants to make a decision now to ensure an easy transition one way or the other.

The third approach is to take operations back in-house and return to public operation.

Mr. Shafer went through the favorable and unfavorable aspects of going out for an RFP. He thinks the proposal pool would be very small if MMSD went out for an RFP, and they are very comfortable with Veolia.

Mr. Shafer spoke about “Take Back”. He said MMSD has gained efficiencies through the 18 years of privatization. We could take those efficiencies and build on them as a public entity, plus there would be more flexibility because of Act 10 and the labor agreements. Unfavorable is MMSD wouldn’t have the shared risk any longer, either financial or operational. It would be 100% on MMSD and the rate payers with flooded basements and back-ups from a big storm. Currently, that goes to Veolia and their insurance. Potential maintenance deferrals could increase costs, but with Veolia it is a contractual requirement. MMSD would also reduce our access to a global wastewater entity, which is recognized as #1 in the world. We would have to hire outside expertise, which is costly.

Staff is recommending a contract extension with Veolia. The favorable side of this contract is that it avoids risk, and Veolia is a known partner with a good working relationship. Mr. Shafer spoke about no more bonuses in the contract. That is being replaced by penalties for poor performance. He also cited that Veolia is a good corporate citizen putting money towards research to universities

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in the region, and they are a founding member of the Water Council. For the extended contract, Veolia has included a 6.5% corporate overhead and a 5% margin/markup in their proposed fee. An analysis considers this to be reasonable.

Mr. Mark Kaminski explained high points of a slide presentation comparing the current contract, proposed extension, and the Take Back option.

The question was asked that the previous contractor lost \$60 million due to cost cutting. Veolia is losing about \$11 million. Are there any signs of cost cutting now? Mr. Shafer replied no. Mr. Kaminski added that was taken care of in the 2008 contract.

The question was asked about a \$5 million increase at the end of next year to the following year. Are we factoring in the \$5 million increase with a series of other jumps every year in order for Veolia to avoid having a loss. Mr. Kaminski replied that the \$5 million impact won't be 100% in 2018 because we will have 2 months of the old contract. In 2019, you will see the full impact of one year of that new extension. If the contract gets approved by the Commission, MMSD will then reveal the 2017 long-range financing plan.

Mr. Shafer said this matter was referred to the Commission without recommendation this morning. There is an open house on June 22<sup>nd</sup>.

President West said every month the Commission receives an O&M report jointly presented by Veolia and MMSD's Director of Contract Compliance.

#### **V. Schedule Future Meetings**

The July 11<sup>th</sup> meeting will take place in Bayside.

#### **VI. Adjournment**

It was moved by President West, seconded by Mayor Kennedy, to adjourn the Executive Council of the MMSD meeting of June 13, 2016 at 2:04 p.m.

The motion carried unanimously.

*Respectfully submitted by Mayor Neitzke*

*\*Minutes are not official until formally approved by the Executive Council of the MMSD at the next scheduled meeting*

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