

**MAY 22, 2007**

**PUBLIC HEARING:** Called to order by Mayor Meyers at 6:46 p.m., in the Council Chambers, City Hall Plaza regarding request to move a single family two-story house from 1010 North Cedar Avenue to 407 North Apple Avenue.

**FOR:** No One

**AGAINST:** No One

The public hearing closed at 6:47 p.m.

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Regular meeting of the Common Council was called to order by Mayor Meyers at 7:02 p.m., in the Council Chambers, City Hall Plaza.

**PRESENT:** Michael Feirer, Alanna Feddick, Trish Siegler, Tim Kraus, Ed Wagner, Josh Hansen, Donald Krueger, Tom Buttke and Pete Hendler.

**ABSENT:** John Spiros

The flag was saluted and the pledge given.

Invocation was given by Pastor Armando Camacho, Seventh-day Adventist Church.

**RECOMMENDATIONS FROM MAYOR**

Word to the Wise: Worry is like a rocking chair. It will give you something to do, but it won't get you anywhere. Author: Anonymous

Mayor Meyers announced that Alderman Tom Buttke's birthday is on Wednesday. If you see him on Wednesday take time to wish him a Happy Birthday.

Employee Milestone Recognition:

Mark Page, Police Department

May 31, 1982

25 years of service

**CC07-155** Motion by Krueger, second by Hendler to approve the minutes of the Common Council meeting of May 8, 2007. All Ayes

**Motion carried**

No items were added to the agenda.

Item P was moved up on the agenda to follow item I.

Fire Chief Jim Schmidt presented Jason Schad, Firefighter with his badge. Mr. Schad completed his probationary period.

**CC07-156** Motion by Wagner, second by Feddick to grant the variance request from the Marshfield Optimist Club for a variance of noise levels as permitted by Chapter 10-33(7) for the Optimist beer tent during Dairyfest, June 1 and June 2, 2007, located in the City Hall parking lot on the 6<sup>th</sup> Street side. All Ayes

**Motion carried**

**CC07-157** Motion by Kraus, second by Feirer to approve the request to move the house from 1010 North Cedar Avenue to 407 North Apple Avenue. All Ayes.

**Motion carried**

Aldersperson Kraus thanked the gentlemen who purchased the home that is being moved. This is another historic preservation tasking taken on by a private entity in the City. This house has been very well maintained and has a historical significance to the City of Marshfield.

Marshfield Utility Manager Pacovsky introduced Richard A. Heinemann of Boardman Law Firm and Gary Price of Price Consulting and they gave a presentation on the power supply contract with Wisconsin Public Service Corporation.

Richard Heinemann said since 1993 Marshfield has been served under a power contract with Wisconsin Public Service Corporation which provides in essence for all of Marshfield's power and energy requirements. Marshfield owns a portion of the M-33 unit, so Marshfield is able to reduce some of its power costs because of its arrangement that it has with WPSC. That contract is in place right now and was due to extend in time until at the latest the year 2018. Since 1993, a number of things have happened. One provision in the 1993 contract that created some controversy for a period of time was that WPSC had pledged to use its good faith efforts to locate its next generation unit in Marshfield, the so called Wildwood unit. It never did that. What this new M-1 contract does is it resolves that Wildwood issue and some other issues that have been raised over the course of the last few years and obligates WPSC to take the existing M-33 contract and extend it into time another ten years and allow Marshfield to replace its ownership interest in the Marinette unit with the M-1 unit, which is a bigger unit. Basically, take the benefits we get now with Marshfield's M-33 ownership interest and expand them in the context of this new contract to a bigger unit and in return for that Marshfield is releasing WPSC from lease payment obligations, which are being made currently under the existing contract, because Marshfield owns some transmission facilities that WPSC was obligated to pay certain costs for. That has been a burden to the company and that in essence the big quid pro quo that this new contract represents. A bigger unit, same contract extended over a period of time in exchange for releasing WPSC from its lease payment obligations. One thing that will happen as this moves forward is that Marshfield will take its transmission facilities, upgrade them; which it has already done for some of those facilities and transfer them to the American Transmission Company, which is the state's independent transmission company and earn a return on the assets that it contributes to ATC, so the loss of the lease payment revenue will be replaced with an increase return from Marshfield's ownership interests in the American Transmission Company. Ultimately, the Council will be approving the M-1 contract simultaneously with the approval of the amendment of the 1993 agreement. The existing contract will remain in place until that point in time when the M-1 unit is complete. If the M-1 unit never gets built, then there really would be no need to terminate the existing contract and that contract will continue on in time. What that allows to happen is basically as the M-1 unit is constructed and if for some reason the PSC were not going to approve that unit and that M-1 unit would not get built or never get built Marshfield's existing contractual arrangements with WPSC would remain in place and Marshfield would retain ownership over that piece of the Marinette unit and everything would go on in time. The contract would be extended another 10 years.

American Transmission Company is the only transmission owning entity in the State other than smaller entities like the City of Marshfield and a few others that do have some transmission assets. When the 1993 agreement was signed with WPSC there was no ATC. Back in 2001 the state legislature required those big companies to transfer their transmission assets and form ATC, but did not require municipal utilities to transfer their assets, so cities like Marshfield were able to retain their transmission assets. What Marshfield would be doing is turning over its transmissions to ATC, let ATC run them, operate them and maintain them in exchange for having an increased ownership interest in the company itself.

The 1993 Agreement obligates WPSC to pay Marshfield close to \$1,000,000 a year. Once this transaction occurs where they are transferred to ATC, ATC will in effect pay the City of Marshfield roughly 50% of the debt investment in those facilities. A rough estimate is about \$6,000,000 of net investment.

Marshfield Utility Manager Pacovsky mentioned that the million dollars that is paid for leased payments isn't entirely free money, we have maintenance costs associated with the transmission system, we have depreciation; which is charged to our customers, and we have a rate of return that is charged to our customers based on the book value of those assets. So there are actually costs that offset some of the million dollars, so it is actually a depreciating asset. Where one of the benefits of an ATC investment it is an appreciating asset. For the ownership interest that we would have in ATC, we would get about 80% of our dividends paid out in cash each quarter. 20% would be retained, so the book value would increase. It would be an appreciating asset versus a depreciating asset.

Marshfield Utility Manager Pacovsky said the way that the Federal Energy Regulatory Commission regulates transmission systems now or assets; even if we did not have an operation agreement with WPSC or ATC, we would still not be free to just use the transmission line as we felt we should or could. It is all up to an open access and other users can use that line just like any other line. In the last Federal Power Act, there was also mandatory standards for transmission operation and previous to that it was all voluntary, but now the Federal Energy Regulatory Commission has charged NERC, North American Electric Reliability Council, to have mandatory regulatory standards for transmission. If you haven't met the standards and you cause an impact on the bulk power system you can face a million dollars a day in fines. There are some major obligations that go with having transmission and we are going to have to deal with it. One way to deal with it is not have transmissions. There are going to be costs associated with making sure that we meet those new standards.

Some of the benefits of an ATC investment that were mentioned were:

- It is an appreciating asset versus a depreciating asset.
- Reliability (ATC has the same standards of improving their lines as we would.)
- More capacity credits and capacity costs are going up.

Gary Price said the transmission facilities that are currently owned by Marshfield are leased by WPSC. WPSC is paying roughly a million dollars to Marshfield. Now ATC pays to WPSC for those facilities some number and that is in the rates that we pay to ATC for transmission. While all this is going on the investment associated with those facilities are in your rates. So they are leasing it from you, you are getting revenue, but you are paying for them as this makes its way into to ATC charges. You are actually paying to ATC those costs through your transmission rights and at the same time those facilities are in your retail rates to your citizens. You have got roughly two to three million dollars in your rates that the citizens are paying a return through the rates to the City. Now once those facilities are transferred to ATC, those facilities will come out of your rates. So the investment is no longer on the city's books instead that investment is on ATC's books. Theoretically, your retail rates would go down just because the investment comes out of your retail rates. Then at the same time you contribute them to ATC, you stop getting the lease money from WPS, but you will get roughly \$3,000,000 cash back from ATC for one half of the investment that includes the upgrades and you will be getting a quarterly payment. If you run the numbers all the way through it is a benefit. At the very worst it would be a wash.

Negative effect of not transferring to ATC:

- Future potential liability. We still have 4 or 5 miles of transmission that was built in 1973 or so that goes around the west side of the City that is 4 or 5 miles between the McMillan substation and the Wildwood substation. If MISO or ATC come up with a flow study and say we have to improve that, we could be spending \$3,000,000 to improve an existing line that we wouldn't receive any additional lease payments for.

Aldersperson Kraus pointed out that if we build the M-1 unit and never turn it on; we are still saving \$170,000 a month, because we don't have to contractually sign up for available 20 Mega Watts of power every month.

Marshfield Utility Manager Pacovsky said the original ownership units in ATC were about \$10.00 an ownership unit and now they are somewhere in the \$12.00 or \$13.00 range. In their dividends they pay out 80% and 20% is retained and actually builds up.

Gary Price explained there is \$6,000,000, \$3,000,000 in cash that you get back and \$3,000,000 stays in ATC, and you are earning that 12% on the \$3,000,000. And 20% of that builds additional equity.

Richard Heinemann said if you talk about the concept of flexibility, you get a certain amount of economic benefit over time just by extending the contract from 2018 to 2028 and preserve a number of flexibilities that will allow Marshfield to have better control over how it manages its load needs over that period of time.

Marshfield Utility Manager Pacovsky explained that if we don't do anything and go out to the year 2018, we have transmission at that point that is depreciated another eleven years from now, we will have no lease payment at that point and we will have no power supply contract, so at that point we kind of run into a brick wall and we have to figure out how to get the difference and try and keep the same competitive advantage. Also as far as the generator, we will end up with a share of a unit at Marinette 150 miles away electrically remote from Marshfield. We had an issue last August where a number of the generators at Weston had some issues and we went into a potential low voltage situation. With this we have a good size unit in Marshfield that has reliability and provides lots of benefits and it is interconnected with the Marshfield distribution system through local transmission.

Aldersperson Kraus said that he wasn't comfortable on voting on this tonight. He felt that it would be best to hold this over until the next meeting to give the Council members time to really look through the information that they received and do their homework.

**CC07-158** Motion by Kraus, second by Hendler to hold over the contract with Wisconsin Public Service Corporation until the next Common Council meeting. All Ayes.

**Motion carried**

### **PUBLIC COMMENT PERIOD**

Mayor Meyers spoke about the sirens that went off three times last Monday evening when there really was no apparent threat of nasty weather. He explained that after the third siren went off, he called Steve Kreuser, the Wood County Emergency Management Director. They were both concerned that people wouldn't pay attention to the sirens if they kept sounding them. They found out that the decision to run the whole county on one system was part of the implementation when the Dispatch Center was turned over to Wood County. Questions are being posted with all entities of the

County this week on their preference as to blowing their sirens for thunderstorm warnings or tornado warnings. That is something that we will be asked to respond to and see what action we might want to take in the future. There is a variety of opinions on that. Thunderstorms develop into tornados, so the warning really doesn't hurt anything. But there is also the majority of the people who were brought up to believe that when the sirens go off, you grab a radio and a flashlight and you go in the basement, so the public is confused and we need to get a handle on that and Wood County is going to work with us on that. We will have to educate the public no matter what we do if we go with the thunderstorms or tornados. Wood County has been very cooperative with us. There is no blame to be put on Dispatch. He will keep us informed as they go along.

#### **MINUTES OF GOVERNING BOARDS AND COMMISSIONS**

**CC07-159** Motion by Wagner, second by Kraus to receive and place on file the minutes of the Fairgrounds Commission of April 18, 2007; Fire and Police Commission of May 3, 2007 and Marshfield Utility Commission of May 7, 2007. All Ayes

**Motion carried**

#### **MINUTES OF ADVISORY BOARDS, COMMISSIONS AND COMMITTEES**

**CC07-160** Motion by Feirer, second by Feddick to approve the minutes of the Electrical Board of May 2, 2007; Convention and Visitors Bureau of May 9, 2007; Industrial Park Authority of May 14, 2007; Plan Commission of May 15, 2007 and Business Improvement District Board of May 17, 2007. All Ayes

**Motion carried**

#### **MINUTES OF COUNCIL COMMITTEES**

**CC07-161** Motion by Buttker, second by Krueger to approve the minutes of the Parks, Recreation and Forestry Committee of May 10, 2007. All Ayes

**Motion carried**

**CC07-162** Motion by Feirer, second by Wagner to approve the minutes of the Board of Public Works of May 14, 2007.

Aldersperson Siegler spoke in regards to the closing of 6<sup>th</sup> Street. She said that she spoke with several residents on 6<sup>th</sup> Street along with the adjacent businesses and many of the individuals involved that live on 6<sup>th</sup> Street and adjacent properties are against closure of 6<sup>th</sup> Street for multiple different reasons including the fact that Heinzen Printing would have difficulty getting their trucks in and out. We have a good traffic flow onto Central access points from 6<sup>th</sup> Street and because of that it is difficult to look at those negatives and try to come out with a true positive in extending that park. The negatives to this project out way those positive aspects. She said that she is against the closure of 6<sup>th</sup> Street for the expansion of the park and she hopes that the Board of Public Works declines that closure.

Director of Public Works Knoeck pointed out that the Board of Public Works will be taking this up at the second meeting in June; June 18<sup>th</sup> rather than June 4<sup>th</sup>.

Vote on motion **CC07-162**; All Ayes

**Motion carried**

**CC07-163** Motion by Feddick, second by Siegler to approve the minutes of the Finance, Budget and Personnel Committee of May 15, 2007. All Ayes

**Motion carried**

**CC07-164** Motion by Feddick, second by Wagner to approve the minutes of the Judiciary, License and Cemetery Committee of May 15, 2007. All Ayes

**Motion carried**

**CC07-165** Motion by Buttke, second by Kraus to receive and place on file the minutes of the Joint Plan Commission – City of Marshfield/Town of McMillan Boundary Agreement Plan of April 27, 2007. All Ayes

**Motion carried**

Motion by Hendler, second by Feddick to adjourn at 8:50 p.m.

**Motion carried**

Lori A. Panzer  
Deputy City Clerk