

Board of Water and Sewerage Commissioners
Monday, August 10, 2015
12:00 P.M.

MINUTES

PRESENT: Paul Adamski, Mae Nachman, Carl Rasmussen and Jim Cooper.

ALSO PRESENT: Joel Lemke, Mary Klesmith, Gary Kuplic, Chris Lefebvre, Jason Draheim, Jaime Zdroik, Corey Ladick-City Treasurer, Jodi Dobson of Baker Tilly and Chris Fish-resident 2110 Birch Dr. Plover.

Excused Absence: Eugene Tubbs

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ADMINISTRATION

1. **Approval of minutes of the July 13, 2015 meeting.**

Motion made by Jim Cooper, seconded by Carl Rasmussen to approve the minutes of the July 13, 2015 Water & Sewerage Commission meeting.

Ayes all. Nays none. Motion carried.

2. **Audit presentation.**

Jodi Dobson, Baker Tilly, presented the audits for the Water, Wastewater and Stormwater Departments.

WATER DEPT:

The overall water sales decreased from 2013 to 2014 which is consistent throughout water utilities across the state. Our major customer has stayed consistent with their usage. With decreased usage and costs not going down we need to monitor the accuracy of rates more closely.

The authorized rate of return for 2014 was 2.75% our actual rate of return was 3%. The authorized rate of return is lower than the PSC benchmark. This decision was made by management back in the 2012 rate case in order to help lower the cost burden to the customers.

The bond resolution requires earnings to be greater than 1.10 times the highest annual debt service. The Water Department debt coverage is 3.56 which is very strong and has been stable the past three years.

There should be at least one quarters billings cash on hand. The Water Department has 4.20 quarters billings of cash on hand.

The percent of net plant funded by debt is 32%. Normal utility target is 50% or less debt.

WASTEWATER DEPT:

The total volume treated decreased slightly which is consistent with decreased water usage.

The operating revenues are outpacing the expenses.

The actual debt coverage is 3.89; the required debt coverage is 1.25.

There should be at least one quarters billings cash on hand. The Wastewater Department has 3.42 cash on hand.

The percent of net plant funded by debt is 28%. Normal utility target is 50% or less debt.

STORMWATER DEPT:

The operating revenues exceed the operating expenses.

The Stormwater Department has 1.10 quarters billings on hand.

The Stormwater Department does not have any debt.

Communication to those charged with governance and management: There are two items reported in this document, one is a material weakness related to financial reporting which states we assist management with completing the financial statements. The accounting standards say that when we come to do the audit, the financial statements should be completed already. This not uncommon, they see this in other utilities as well who don't have a CPA on staff. Also, as in regards to segregation of duties in the payroll process, the utility doesn't have enough staff to segregate every HR duty from the payroll process.

Recommendations: IT controls, restricted cash accounts and there will be new pension accounting standards.

There were no red flags or concerns.

Motion made by Mae Nachman, seconded by Carl Rasmussen to approve the audits for the Water, Wastewater and Stormwater Departments.

Ayes all. Nays none. Motion carried.

II. ACCOUNTING

3. Discussion and possible action on approval of department claims.

WATER DEPARTMENT

Paul Adamski also presented the statement of claims for the Water Utility for July. The balance as of July 1, 2015 was \$5,360,816.48; the bank deposits recorded in July 2015 were \$1,877,993.09. Checks issued July 2015 numbered 49233 through 49304 were in the amount of \$2,533,694.97. The net balance on hand July 31, 2015 was \$4,705,114.60.

WASTEWATER DEPARTMENT

Paul Adamski presented the statement of claims for the Sewage Treatment Utility for July. The balance as of July 1, 2015 was \$5,763,690.22; the bank deposits recorded in July 2015 were \$561,268.90. Checks issued July 2015 numbered 31162 through 31209 were in the amount of \$229,393.87. The net balance on hand July 31, 2015 was \$6,095,565.25.

STORMWATER DEPARTMENT

Paul Adamski also presented the statement of claims for the Stormwater Utility for July. The balance as of July 1, 2015 was \$888,537.64. The bank deposits recorded in July 2015 were \$187,846.61. Checks issued July 2015 meeting numbered 1409 through 1428 were in the amount of \$47,382.64. The net balance on hand July 31, 2015 was \$1,029,001.61.

Motion made by Jim Cooper, seconded by Carl Rasmussen to approve the department claims for the month of July 2015 as audited and read.

Ayes all. Nays none. Motion carried.

4. Discussion and possible action on land for sale at 1917 Cypress St.

Joel explained this property abuts other property owned by the City. The property is currently on the market for \$98,000.00. HUD has foreclosed on the property and both Joel and Paul feel they can get the property for considerably less than asking price.

Motion made by Carl Rasmussen, seconded by Mae Nachman to approve Joel and Paul to negotiate a purchase with realtors. If they are successful in getting an accepted offer to purchase, they would report back to the Commission.

Ayes all. Nays none. Motion carried.

5. Verbal update on sewer rate study.

Joel stated that at the previous Commission meeting he explained that in order to not get points deducted on our annual CMAR report a review of sewer rates needs to be completed every two years. Joel contacted the DNR to ask if we could use our current audit standing, which states the Wastewater Department is financially strong, instead of spending the money on completing a new sewer rate study.

Joel has received a written response from the DNR allowing us to use our current audit standing and not having to complete a sewer rate study.

A sewer rate study will only be completed if it is necessary to do so depending on costs of upcoming projects.

III. WATER OPERATIONS

6. **Discussion and possible action on well abandonment agreement for the Patch St. well.**

Joel explained that the Patch Street well has been inactive since the mill turned their operations over to City water back in the 1990's.

The DNR sent a request that we abandon the well since it has been inactive for so long. Joel made a request to the DNR asking for an extension for filling and sealing of the Patch Street well to allow the City more time to determine if there was a possible future use for this well. The DNR granted a five year extension.

Motion made by Mae Nachman, seconded by Jim Cooper to approve the well abandonment agreement with the DNR for the Patch Street well.

Ayes all. Nays none. Motion carried.

7. **Report on water distribution operations.**

Gary stated the crew is very busy. They have been working on manholes, installing storm sewers, and #4 filter media replacement is just about complete.

The water operation report was distributed and reviewed for the month of July. A total of 336 valves have been operated in 2015.

8. **Report on water supply operations.**

Our pumpage in July was 187,544,000 gallons, a decrease of 27,919,000 gallons of water from July 2014.

IV. SEWAGE TREATMENT OPERATIONS

9. **Report on Collection System Maintenance.**

The new vac truck will be delivered within the next couple of days. They have been working on manhole reconstruction, flushing and jetting.

The sewer report for the month of July was reviewed by the Commission.

10. **Report on sewage treatment operations.**

Chris stated all permit levels were met for the month of July. They produced 90% of their own electricity which is a little lower than normal due to the generator being down for annual maintenance as well as replacement of the gas treatment media. Kraft Power inspected the generator and said it is in phenomenal shape for the amount of hours it has on it.

There was a complaint from one of the farmers where biosolids were applied to one of their fields. One of the trucks had garbage in it and it was placed on their fields. They are in the process of working on an agreement with the haulers and farmer regarding this situation. The field has been cleaned up. In the future the trucks will be flushed out prior to hauling.

B.O.D. (5 average ppm), Phosphorus (0.342 average ppm) and Suspended Solid (6.25 average ppm) limits were met for the month of July 2015.

11. **Discussion and possible action on pump repair/purchase.**

The submersible rotary lobe pump, pumps a lot of our dairy waste into the digesters and due to this corrosive environment the non-stainless portions of the pump need to be rebuilt. The entire pump will be made out of stainless steel once repairs are complete. When this pump was first purchased they didn't have an all stainless option.

A second bid was not received because they are the only company that makes and sells this particular pump.

Motion made by Carl Rasmussen, seconded by Jim Cooper to approve the pump repair/purchase by Boerger, LLC in the amount of \$9,782.00.

Ayes all. Nays none. Motion carried.

12. **Distribution and discussion of the ECMAR.**

Joel stated the Electronic Compliance Maintenance Annual Report is done annually. We scored good grades as usual.

Motion made by Mae Nachman, seconded by Jim Cooper to approve the 2014 Compliance Maintenance Annual Report and Resolution.

Ayes all. Nays none. Motion carried.

13. **Presentation on the high strength waste project.**

This item will be brought back next month.

V. STORMWATER OPERATIONS

14. **Report on Stormwater operations.**

Joel stated the crews have been working projects together and addressing local issues when they come up.

VI. DIRECTOR'S REPORT

15. **Verbal Report.**

Joel stated tomorrow is Gary's 35 year anniversary with the department. Joel and Commission congratulated Gary and thanked him for his years of service.

The next Water & Sewerage Commission meeting will be on Monday, September 14, 2015 at noon.

VII. ADJOURNMENT

Motion made by Carl Rasmussen to adjourn the meeting.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

12:45pm

BOARD OF WATER AND SEWERAGE COMMISSIONERS

EUGENE TUBBS, SECRETARY