

Board of Water and Sewerage Commissioners

Monday, July 11, 2016

12:00 P.M.

MINUTES

PRESENT: Paul Adamski, Mae Nachman, Carl Rasmussen, and Ray Schmidt.

ALSO PRESENT: Joel Lemke, Gary Kuplic, Chris Lefebvre, Mary Klesmith, Corey Ladick, Dan La Haye from Baker Tilly and Jaime Zdroik.

EXCUSED ABSENCE: Anna Haines.

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VII. CLOSED SESSION

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| 14. | Adjourn into closed session (approximately 12:30 P.M.) pursuant to Wisconsin Statutes 19.85 (1)(g) (Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved.) on the following:

(a) Update on Well 11 settlement discussions with the Town of Hull. | 9 |
| 15. | Reconvene into Open Session (approximately 1:00 P.M.) for possible action on the above referenced closed session items. | 9 |

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ADMINISTRATION

1. **Approval of minutes of the May 16, 2016 meeting.**

Motion made by Ray Schmidt, seconded by Carl Rasmussen to approve the minutes of the May 16, 2016 Water & Sewerage Commission meeting.

Ayes all. Nays none. Motion carried.

II. ACCOUNTING

2. **2015 Audit Presentation by Baker Tilly Virchow Krause.**

Dan La Haye of Baker Tilly Virchow Krause presented the 2015 audits for all utilities.

WATER DEPARTMENT

Water Gallons Sold - In 2015 the utility saw decreased consumption of water. The decrease is consistent with the ongoing trend of water conservation throughout the industry.

Rate of Return – A typical municipal utility rate of return is 5.5%. The utility's rate of return was decreased to 2.75% in the last rate case to alleviate some of the cost burden to customers. 2015 actual rate of return was 2.14% and was due to bad debt write off. The rate of return would've been 3.1% without having the bad debt write off.

Debt Coverage - The bond resolution requires that earnings from the system be greater than 1.10 times the highest annual debt service. The utility's debt coverage in 2015 was 3.20.

Unrestricted Funds on Hand - A utility should maintain funds to cover one business operation cycle, which is one quarter. The utility had 4.51 quarters billings on hand.

Water Net Position vs. Net Plant – 69% of the plant is funded by equity, 31% funded by debt.

WASTEWATER

Cubic Feet Billed - Wastewater volumes normally follow the water consumption which is trending down.

Revenues and Expenses – operating revenues decreased, which corresponds with the decrease in usage. The increase in Operation & Maintenance expenses was mainly due to an increase in maintenance costs.

Debt Coverage Calculation – The bond resolution require that earnings in the system be greater than 1.25 times the revenue bond annual debt service based on the bond year. The Wastewater utility had 3.28 coverage in 2015.

Unrestricted Funds on Hand – The utility should maintain at least one quarters billings on hand, the Wastewater Department had 2.91 billings on hand in 2015.

Net Position vs. Net Plant – 74% funded by equity and 26% funded by debt

STORMWATER DEPT

Revenues & Expenses – The was a small decrease in revenues as well as increases to operating expenses due to increases in maintenance costs and depreciation.

Unrestricted Funds on Hand – The utility should maintain at least one quarters billings on hand, the Stormwater Department had 3.03 quarters billings on hand in 2015.

Carl Rasmussen questioned if having too much unrestricted cash would be considered a negative because it is a new utility.

Joel explained to the Commissioners that they have been holding off on bigger Capital Improvements projects. There is a Stormwater Management Facility project that will be coming relatively soon when the DNR issues our new permit in 2017.

Net Position vs. Net Plant – 100% of the plant is funded by equity.

Dan informed the Commission that Baker Tilly is open to them for any questions.

Paul Adamski questioned the material weakness referenced in the Communication to Those Charged with Governance and Management in relation to Internal Control over Financial Reporting. Dan said this is because Baker Tilly prepares the utilities financial statements and reassured the Commission that this is common for municipalities of this size. Paul said he'd like to see this in writing that this is common for municipalities of this size. Corey Ladick, Treasurer, stated the City's financial statements also include the same material weakness and also segregation of duties.

Motion made by Mae Nachman, seconded by Ray Schmidt to approve the 2015 audits for the Water, Wastewater and Stormwater Departments.

Ayes all. Nays none. Motion carried.

Motion made by Carl Rasmussen, seconded by Mae Nachman to recess the Board of Water and Sewerage Commission at 12:25p.m.

Ayes all. Nays none. Motion carried.

The Board of Water and Sewerage Commission meeting reconvened at 12:29p.m.

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

WATER DEPARTMENT

Paul Adamski presented the statement of claims for the Water Utility for May. The balance as of May 1, 2016 was \$4,397,012.69; the bank deposits recorded in May 2016 were \$646,824.44. Checks issued May 2016 numbered 50094 through 50184 were in the amount of \$573,906.40. The net balance on hand May 31, 2016 was \$4,469,930.73.

Paul Adamski presented the statement of claims for the Water Utility for June. The balance as of June 1, 2016 was \$4,499,600.92; the bank deposits recorded in June 2016 were \$568,186.55. Checks issued May 2016 numbered 50185 through 50271 were in the amount of \$506,683.81. The net balance on hand June 30, 2016 was \$4,561,103.66.

WASTEWATER DEPARTMENT

Paul Adamski also presented the statement of claims for the Sewage Treatment Utility for May. The balance as of May 1, 2016 was \$6,314,090.86; the bank deposits recorded in May 2016 were \$246,422.74. Checks issued May 2016 numbered 31738 through 31801 were in the amount of \$301,376.92. The net balance on hand May 31, 2016 was \$6,259,136.68.

Paul Adamski also presented the statement of claims for the Sewage Treatment Utility for June. The balance as of June 1, 2016 was \$6,309,260.90; the bank deposits recorded in May 2016 were \$292,570.38. Checks issued May 2016 numbered 31802 through 31858 were in the amount of \$262,829.99. The net balance on hand June 30, 2016 was \$6,339,001.29.

STORMWATER DEPARTMENT

Paul Adamski also presented the statement of claims for the Stormwater Utility for May. The balance as of May 1, 2016 was \$1,384,389.93. The bank deposits recorded in May 2016 were \$67,436.24. Checks issued May 2016 meeting numbered 1630 through 1656 were in the amount of \$114,278.10. The net balance on hand May 31, 2016 was \$1,337,548.07.

Paul Adamski also presented the statement of claims for the Stormwater Utility for June. The balance as of June 1, 2016 was \$1,270,472.79. The bank deposits recorded in June 2016 were \$89,281.10. Checks issued May 2016 meeting numbered 1657 through 1675 were in the amount of \$50,320.09. The net balance on hand June 30, 2016 was \$1,309,433.80.

Motion made by Mae Nachman, seconded by Carl Rasmussen to approve the department claims for the months of May and June 2016 as audited and read.

Ayes all. Nays none. Motion carried.

4. **Discussion and possible action on awarding the “Hoover Grade Separation – Utility Relocation Project” to McCabe Construction of Eau Claire, WI in the amount of \$1,070,680.82.**

A recommendation letter from AECOM was included in the packet. This project was listed in the Capital Improvements for this year for all three utilities. The original estimate for this project was 1.2 million. The bid came in at \$931,026.80. The approval would include the 15% contingency.

Motion made by Ray Schmidt, seconded by Carl Rasmussen approved awarding the “Hoover Grade Separation – Utility Relocation Project” to McCabe Construction of Eau Claire, WI in the amount of \$1,070,680.82.

Ayes all. Nays none. Motion carried.

III. WATER OPERATIONS

5. **Report on water distribution operations.**

Gary stated the crew is working on maintaining the system, hydrants and swales were installed and crews are working together. The leak survey in May went well, only three main breaks and water loss was really low. They also worked on preparation for the Sixth Avenue project. The project is going better now because they hit a lot of rock at first.

There was only one leak on a customer's private lateral.

The water operation reports were distributed and reviewed for the months of May and June. A total of 555 valves have been operated in 2016.

6. **Report on water supply operations.**

Our pumpage in May was 175,174,000 gallons, an increase of 1,568,000 gallons of water from May 2015.

Our pumpage in June was 187,693,000 gallons, an increase of 20,276,000 gallons of water from June 2015.

IV. SEWAGE TREATMENT OPERATIONS

7. **Report on Collection System Maintenance.**

Joel stated crew is staying busy, cleaning, cutting and jetting lines. They will be starting a sewer lining project in the Schmeekle area.

The sewer reports for the months of May and June were reviewed by the Commission.

8. **Report on sewage treatment operations.**

Chris stated all permit limits were met for both months, May and June. The biogas generator is up and running again. Chris stated there was a little spike at end of June and they are taking steps to correct it. Paul stated Chris could explain this in more detail at next month's meeting.

B.O.D. (5 average ppm), Phosphorus (.492 average ppm) and Suspended Solid (4.83 average ppm) limits were met for the month of May 2016.

B.O.D. (6 average ppm), Phosphorus (.765 average ppm) and Suspended Solid (15.59 average ppm) limits were met for the month of June 2016.

9. **Discussion and possible action on the 2015 CMAR.**

The Sewage Treatment Plant received all A's on their 2015 Compliance Maintenance Annual Report.

Motion made by Mae Nachman, seconded by Carl Rasmussen to approve the 2015 Compliance Maintenance Annual Report.

Ayes all. Nays none. Motion carried.

10. **Report on biogas and energy update for 2015.**

Chris provided the Commission with a biogas and energy update for 2015.

V. STORMWATER OPERATIONS

11. **Report on Stormwater operations.**

Joel stated they are talking with engineers now on scoping out a design to see what would be involved with a Stormwater Management Facility.

The Stormwater Annual Report was also submitted.

VI. DIRECTOR'S REPORT

12. **Verbal Report.**

Nothing to report.

13. **Consumer Confidence Report.**

The CCR's aren't mailed out anymore. The DNR only requires a postcard be mailed out. The CCR can be viewed on the City's website.

VII. CLOSED SESSION

14. Adjourn into closed session (approximately 12:30 P.M.) pursuant to Wisconsin Statutes 19.85 (1)(g) (Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved.) on the following:

- (a) Update on Well 11 settlement discussions with the Town of Hull.

Motion made by Ray Schmidt, seconded by Mae Nachman to adjourn into closed session.

Roll Call: **Ayes:** Paul Adamski, Ray Schmidt, Carl Rasmussen, and Mae Nachman.

Nays: None. Motion carried.

15. Reconvene into Open Session (approximately 1:00 P.M.) for possible action on the above referenced closed session items.

Reconvened into Open Session at 1:16 P.M.. No action taken.

The next Water & Sewerage Commission meeting will be on Monday, August 8, 2016 at noon.

VIII. ADJOURNMENT

Motion made by Paul Adamski to adjourn the meeting.
Ayes all. Nays none. Motion carried.

MEETING ADJOURNED
1:17 pm

BOARD OF WATER AND SEWERAGE COMMISSIONERS

A handwritten signature in cursive script, appearing to read "Carl Rasmussen".

CARL RASMUSSEN, SECRETARY