

Board of Water and Sewerage Commissioners

Monday, May 13, 2013

12:00 P.M.

MINUTES

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

ALSO PRESENT: Mayor Halverson, Joel Lemke, Gary Kuplic, Brenda Thomas, Rob Molski, Jeremy Cramer, Jaime Zdroik, Corey Ladick-Comptroller/Treasurer, John Andres and Lisa Herfel of Baker Tilly, Scott Beduhn of S.E.H. and Angel Gebeau of AECOM.

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I. ADMINISTRATION

1. Approval of minutes of the April 8, 2013 meeting.

Motion made by Eugene Tubbs, seconded by Carl Rasmussen to approve the minutes of the April 8, 2013 Water & Sewage Commission meeting.

Ayes all. Nays none. Motion carried.

2. Directors Report.

Joel wanted to acknowledge Roger Lepak on 20 years of service. The Commissioner's congratulated him as well.

II. ACCOUNTING

3. Discussion and possible action on the following:

a. Claims for the Water, Wastewater and Stormwater Departments.

Paul Adamski presented the statement of claims for the Water Utility for April. The balance as of April 1, 2013 was \$4,298,021.86; the bank deposits recorded in April 2013 was \$1,169,695.22. Checks issued since the April 8, 2013 meeting numbered 46898 through 46986 were in the amount of \$1,551,902.08. Checks numbered 46987 through 47012 for \$70,500.31 were presented for action on May 13, 2013. The net balance on hand May 13, 2013 was \$3,849,113.75.

Motion made by Mae Nachman, seconded by Jim Cooper to approve the Water Utility claims for the month of April 2013 as audited and read.

Ayes all. Nays none. Motion carried.

Paul Adamski presented the statement of claims for the Sewage Treatment Utility for April. The balance as of April 1, 2013 was \$4,499,811.14; the bank deposits recorded in April 2013 were \$490,707.34. Checks issued since the April 8, 2013 meeting numbered 29541 through 29610 were in the amount of \$766,553.14. Checks numbered 29611 through 29628 for \$25,564.31 were presented for action on May 13, 2013. The net balance on hand May 13, 2013 was \$4,235,506.89.

Motion made by Carl Rasmussen, seconded by Eugene Tubbs to approve the Sewage Utility claims for the month of April 2013 as audited and read.

Ayes all. Nays none. Motion carried.

Paul Adamski also presented the statement of claims for the Storm Water Utility for April. The balance as of April 1, 2013 was \$18,282.85. The bank deposits recorded in April 2013 were \$115,719.78. Checks issued since the April 8, 2013 meeting numbered 1001 through 1004 were in the amount of \$4,482.41. Check numbered 1005 for \$920.16 was presented for action on May 13, 2013. The net balance on hand May 13, 2013 was \$131,925.22.

Motion made by Mae Nachman, seconded by Jim Cooper to approve the Storm Water Utility claims for the month of April 2013 as audited and read.

Ayes all. Nays none. Motion carried.

b. 2012 Audits of the Water & Wastewater Departments.

John Andres of Baker Tilly presented the audits to the Commission.

Water sales increased 7% in 2012 due to the drought. One industrial customer makes up 43% of all water sales.

The Water Department Rate of Return increased in 2012. The authorized rate of return for 2012 was 2.75% and the actual rate of return for 2012 was 4.52%.

Water Debt Coverage, the annual debt service increased from last year to this year due to Well 11. The bond resolution requires that earnings from the system be greater than 1.10 times the highest annual debt service. The Water Department is at 3.43.

Water Department had 3.52 months of cash on hand; the minimum they want to have on hand is 3 months.

The Water Department is at 67% equity in the system and 33% debt. The target equity is 50% and no more than 50% debt.

The Sewer Department sales increased 2% in 2012.

The Sewer Department operating revenues increased due to a 1% increase in consumption. The expenses for 2012 decreased 1.5% due to having to buy less electricity due to the Biogas Project. The ACT 10 pension and benefit decrease was another factor in decreased expenses.

The Sewage Treatment Plant Clean Water Fund Loan was paid off for the upgrade that was done in 1992. The bond resolution require that earnings from the system be greater than 1.25 times the revenue bond annual debt service based on the bond year. Bond coverage went up to 3.86 in 2012. This gives the department some latitude to do things financially going forward.

Mayor Halverson stated there will be several major projects in the future specifically related to water and sanitary infrastructure replacement. The reason we did not change the sanitary rate structure was to cover roughly two million dollars a year for the foreseeable future just for the Division Street project. This will also bring in line the water infrastructure replacement that will commence in 2015. The rate structure was not changed in order to absorb some cash to up the reserves. We will gain some fund balance on the sanitary side and keep the rate structure stable to pick up several million in debt service as we progress through the Division Street project. To be clear, there will be millions of dollars in revenue debt that the utilities will be taking on in roughly three years. As we look at rate structure and we think about the accumulation on the coverage side on the Water Department and the fund balance growing, we want to keep the fund balance growing for the Water at least in foreseeable future but there will have to be a redirection of the bulk of those rates to cover more debt for at least a four or five year window between the utilities for two to three million a year starting in the spring of 2015. This does not take into account any changes or upgrades to the plant.

The Wastewater Department has 2.20 quarters billings of unrestricted funds on hand.

The Sewer Department is at 68% equity in the system and 32% debt.

The Water & Wastewater Departments are in a good financial position.

Due to the fact we received federal grant monies for the Biogas project, a single City-wide audit was done to make sure we are complying with all the laws and regulations of the Federal Government. They found no issues.

c. The creation of Internally Restricted Funds.

Joel explained since the budget for the Stormwater Utility was developed with dollars budgeted for activities that take place outside of the Utilities Department staff requests the ability to create internally restricted funds. The two areas where dollars were specifically budgeted are; Street tree related activities performed by the Parks Department - \$20,000 and street sweeping activities performed by the Department of Public Works - \$75,000. This would allow staff to better manage and track dollars spent.

An annual recap of this will be done and provided to the Commission.

III. WATER OPERATIONS

4. Report on water distribution operations.

Gary stated we flushed hydrants City-wide. It went well only have 7 dirty water calls and no leaks. There were 50-56 hydrants that do need repair and the crew is currently working on those. They are also working on hooking up temporary water for the Ellis Street Project. Our leak detection will start next Monday.

The water operations report was distributed and reviewed.

A total of 14 valves have been operated in 2013.

5. Report on water supply operations.

Our pumpage in April was 145,137,000 gallons, a decrease of 7,035,000 gallons of water from April 2012.

6. **Discussion and possible action on Water System Master Plan Update.**

We received a proposal from S.E.H. for the Water System Master Plan Update. Master Plan Updates are typically done approximately every five years. We have done a lot to the system since the last Master Plan was done for example Well 11. There are special evaluations included in this; looking into the possibility of decommissioning the Georgia Street reservoir and pump station, construction of an east side water storage tower, and future use of the Water Street Tower.

Scott Beduhn of S.E.H. said the bulk of the Master Plan Update would be completed in four to six months.

Motion made by Mae Nachman, seconded by Eugene Tubbs to approve the proposal from S.E.H. to complete the Water System Master Plan Update in the amount of \$37,000.00.

Ayes all. Nays none. Motion carried.

IV. **SEWAGE TREATMENT OPERATIONS**

7. **Discussion and possible action on pilot testing of phosphorus removal.**

Joel explained our permit is reissued in 2017 and the permitted phosphorus levels are likely to drop significantly. In order to be prepared for these changes they would like to conduct pilot testing on phosphorus removal in our effluent stream at a cost not to exceed \$6,000.

Joel stated Donohue & Associates will also be completing a study at the same time and the information we get from this will be very valuable.

Jeremy stated this would also tell us the cost of the chemicals needed.

8. **Approval to repair submersible mixer.**

Joel stated one of the mixers failed. A quote to repair the sludge storage mixer from Crane Engineering was received in the amount of \$5,198.67.

9. **Discussion and action on the 2012 Compliance Maintenance Annual Report & Resolution.**

The Wastewater Treatment Plant received A's in all sections except for financial management where they received a grade of C. They received the C grading due to the fact that our bond requirements state a rate review needs to be done every two years and we have not done one.

Jeremy stated the rerating of the plant last year definitely helped because we received an F in our influent loadings but this year we received an A.

Motion made by Eugene Tubbs, seconded by Jim Cooper to approve the 2012 Compliance Maintenance Annual Report & Resolution.

Ayes all. Nays none. Motion carried.

10. **One year report/update on the Biogas Combined Heat & Power Project.**

Paul commented that it was great to hear that one of the reasons our expenses decreased is due to savings in electricity due to the Biogas Project. Paul congratulated staff on recommending doing the Biogas Project and it being effective.

Jeremy stated our last full year of electrical costs without the Biogas Project was \$105,000.00. Last year we were at \$42,000 when the money paid back to us is subtracted out for the amount we pushed onto the grid. Also, we received \$61,000 in tipping fees from the haulers that bring in high strength waste.

Jeremy stated to run the generator at 100% we need 80,000 cubic feet of gas per day and we are actually at 79,300 cubic feet per day and the reason we can't run at 100% is because of how the gas is produced, it fluctuates up and down. Having a high strength waste receiving station would help with these fluctuations and the material could be fed in at a slower rate and gas could be made when needed.

Joel stated we recently received a Focus on Energy Grant for the High Strength Waste Receiving Station Project.

Jeremy is doing a presentation in Madison on the Biogas Project at the Central States Water Environment Federation that covers Illinois, Minnesota and Wisconsin.

Joel stated the Sewage Treatment Plant is one of the case studies in the Water Environment Federation Publication, "The Energy Roadmap.."

11. **Report on Collection System Maintenance.**

Rob stated everything is going well. The crew is focusing on cutting roots currently. They have also been doing some work on the storm as well.

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

12. **Report on sewage treatment operations.**

Jeremy stated the plant is running well.

B.O.D. (6 average ppm), Phosphorus (0.753 average ppm) and Suspended Solid (7.91 average ppm) limits were met for the month of April 2013.

V. STORMWATER OPERATIONS

13. **Discussion and possible action on the evaluation of storm water rate structure and credit policy.**

Joel stated all of the Commissioners were not present at last month's meeting so it was brought back this month.

Joel stated residential properties can receive a credit on the storm water by installing a rain barrel or rain garden or if they are a riparian property. For non-residential it is based on peak flow reduction. Joel is proposing a credit for non-residential properties that have 90% pervious surface to receive a credit of 60% of the stormwater fee. An example of this would be Sentry's golf course, the golf paths throughout the course are delineated. Those areas are 90% pervious. An application for credit would have to be filed to receive this credit.

Joel explained the rate structure to the Commission.

Joel stated there was interest from the Board of Public Works and the Common Council to bill residential customers on their actual impervious surface. 100 single family households were sampled to come up with an average of 3,364 square feet and that is what single family residences are billed for currently.

Joel is also recommending talking to consultants, engineers and higher education institutions in an effort to develop a program that could efficiently develop and maintain a dataset for individual impervious area measurements related to residential properties. An estimate of cost to implement and maintain this rate structure will be developed as part of this effort.

The Commission gives staff approval to gather information on the staff time and costs involved for the possibility of billing residential customers for their actual impervious surface in the future.

Motion made by Mae Nachman, seconded by Eugene Tubbs to develop ordinance revision language that would revise the “Non-Residential Properties (Commercial, Public, Industrial)” portion of the credit policy in Chapter 13 of the Revised Municipal Code (RMC) to allow additional language as follows: Properties or portions of properties that have 90% perviousness – This credit applies to properties where either the entire property, or significant portions of the property can be calculated at 90% or more pervious surfaces. The amount of credit given to eligible properties will be equal to 60% of the stormwater fee. The customer must submit documentation demonstrating eligibility for this credit to the Department in order to receive the credit.

Ayes all. Nays none. Motion carried.

14. **Report on storm water operations.**

Joel stated they are doing some maintenance being handled by the Water & Wastewater crews. They are working on hiring for the stormwater crew.

15. **Discussion and possible action on vehicle purchases.**

Quotes were received from Len Dudas and Scaffidi’s. Len Dudas was low quote on the ¾ ton truck and Scaffidi’s was low on the ½ ton truck. The additional trucks will be needed for the stormwater crew once hired.

Motion made by Eugene Tubbs, seconded by Jim Cooper to approve the low quotes from Scaffidi’s for the ½ ton truck in the amount of \$20,430.00 and Len Dudas for the ¾ ton truck in the amount of \$33,335.00.

Ayes all. Nays none. Motion carried.

The next Water & Sewage Commission meeting will be on Monday, July 8, 2013 at noon.

VI. **ADJOURNMENT**

Motion made by Mae Nachman to adjourn the meeting.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

1:09pm

BOARD OF WATER AND SEWAGE COMMISSIONERS

EUGENE TUBBS, SECRETARY