

Board of Water and Sewerage Commissioners

Monday, July 14, 2014

12:00 P.M.

MINUTES

PRESENT: Paul Adamski, Eugene Tubbs, Jim Cooper, and Mae Nachman.
ALSO PRESENT: Mayor Halverson, Joel Lemke, Gary Kuplic, Chris LeFebvre, Rob Molski, Mary Klesmith, Jaime Zdroik, City Attorney –Logan Beveridge, Jodi Dobson of Baker Tilly and Angel Gebeau of AECOM.
EXCUSED ABSENCE: Carl Rasmussen

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ADMINISTRATION

1. **Approval of minutes of the May 12, 2014 meeting.**

Motion made by Mae Nachman, seconded by Jim Cooper to approve the minutes of the May 12, 2014 Water & Sewerage Commission meeting.

Ayes all. Nays none. Motion carried.

II. ACCOUNTING

2. **Discussion and possible action on the following:**

a. Claims for the Water Department.

Paul Adamski presented the statement of claims for the Water Utility for June. The balance as of June 1, 2014 was \$4,815,851.71; the bank deposits recorded in June 2104 was \$593,214.25. Checks issued since the May 2014 meeting numbered 48100 through 48184 were in the amount of \$536,400.40. The net balance on hand July 14, 2014 was \$4,872,665.56.

Motion made by Eugene Tubbs, seconded by Mae Nachman to approve the Water Utility claims for the month June 2014 as audited and read.

Ayes all. Nays none. Motion carried.

b. Claims for the Wastewater Department.

Paul Adamski presented the statement of claims for the Sewage Treatment Utility for June. The balance as of June 1, 2014 was \$5,318,269.88; the bank deposits recorded in June 2014 were \$306,297.40. Checks issued since the June 2014 meeting numbered 30366 through 30424 were in the amount of \$255,342.96. The net balance on hand July 14, 2014 was \$5,369,224.32.

Motion made by Jim Cooper, seconded by Eugene Tubbs to approve the Sewage Utility claims for the month of June 2014 as audited and read.

Ayes all. Nays none. Motion carried.

c. Claims for Stormwater Department.

Paul Adamski also presented the statement of claims for the Stormwater Utility for June. The balance as of June 1, 2014 was \$630,532.65. The bank deposits recorded in June 2014 were \$75,056.66. Checks issued since the June 2014 meeting numbered 1173 through 1189 were in the amount of \$75,056.66. The net balance on hand July 14, 2014 was \$668,571.39.

Motion made by Mae Nachman, seconded by Jim Cooper to approve the Stormwater Utility claims for the month June 2014 as audited and read.

Ayes all. Nays none. Motion carried.

d. 2013 Audit Presentation by Baker Tilly.

Jodi Dobson of Baker Tilly presented the audits for the Water, Sewer and Stormwater Utilities.

WATER DEPARTMENT

The water utility sales declined 9% from 2012 to 2013. In 2012 the summer was really dry and customers used more water because of that but the weather conditions in 2013 were more stable which attributed to the decrease in sales.

The water utilities rates are regulated by the Public Service Commission and they are designed to earn a specific rate of return. There was a significant change between 2011 and 2012 when new rates were put into effect and the PSC authorized a lower rate of return of 2.75% from 6.75%, doing this alleviated some of the cost burden to the customers. In 2013 the authorized rate of return was 2.75% but the actual rate of return was 3.38%.

Jodi complemented management and the Commission on cost-control.

As a requirement of having revenue bonds outstanding, the revenues need to cover your operating costs and 110% of the debt service. The actual debt coverage was 3.85 and the required debt coverage was 1.10.

The GFOA benchmark states the utility should have one quarter billings plus contingency. The Water Department has 3.90 quarters billings on hand. This is a very strong cash position.

At the end of 2013 67% of the plant was funded by equity and 33% funded by debt. Prior to Well #11 there was very little to no debt outstanding. We like to see no more than 50% debt.

Wastewater Department

There was a 7% decrease in volume billed from 2012 to 2013.

There was a decrease in operating revenues from 2012 to 2013 this was due to decrease in consumption. There was a decrease in operating & maintenance costs.

The debt coverage required was 1.25, the actual coverage was 3.71.

The Wastewater Department has 3.55 quarters billings on hand.

The percent of net plant funded by debt is 31% and the percent of net plant funded by equity was 69%.

Stormwater Department

Operating revenues verses expenses and it shows a positive bottom line generating enough in revenues.

The Stormwater Department has .74 quarters billings on hand. This should build up over time. It's lower because this department has only been in operation for one year.

The Stormwater Utility had no debt at the end of 2013.

The three utilities are in a stable, healthy position.

Motion made by Mae Nachman, seconded by Eugene Tubbs to approve the audit and financial statements completed by Baker Tilly.

Ayes all. Nays none. Motion carried.

III. WATER OPERATIONS

3. Report on water distribution operations.

Phase two of the downtown parking lot is completed. The crew is installing main-line valves for the Bukolt Avenue Project to help cut down on temporary water hook ups and inconveniencing customers.

They have also been installing swales in the problem areas around the City.

The water operation reports were distributed and reviewed.

A total of 157 valves have been operated in 2014.

4. **Report on water supply operations.**

Our pumpage in May was 151,986,000 gallons, a decrease of 15,097,000 gallons of water from May 2013.

Our pumpage in June was 182,687,000 gallons, an increase of 10,178,000 gallons of water from June 2013.

5. **Update and possible action on pending purchase of the Hyland Property.**

Joel explained that a couple of months ago this item was brought to the Commission to participate in a share of the cost associated with the acquisition of the Hyland Property. This would benefit our wellhead protection area. The grant associated with covering 50% of cost has been denied so now we are coming back to see if the Water Department would participate in covering the additional costs involved. The action taken previously had the Water Department's share at \$37,500 now since the grant has been denied the Water Department could consider funding more of the purchase.

Mayor Halverson stated there is a reasonable wellhead protection concern to not purchasing the property and there is a larger multijurisdictional approach that can be looked at for other opportunities for that particular site.

The other parties involved are UWSP, Schmeekle Reserve and Green Circle.

Motion made by Mae Nachman, seconded by Jim Cooper agreeing to fund ½ of the \$150,000.00 purchase of the Hyland Property contingent upon Schmeekle Reserve/Green Circle agreeing to pay the remaining ½.

Ayes all. Nays none. Motion carried.

IV. SEWAGE TREATMENT OPERATIONS

6. Report on Collection System Maintenance.

Rob stated in the two months there have been 5 calls and none were the City's problem so the crew is doing a great job on maintenance of the sewer mains. The new televising equipment came in last Thursday and the crew is getting familiar with it.

The sewer reports for the month of May & June were reviewed by the Commission.

7. Report on sewage treatment operations.

Chris stated everything ran well in May & June. The rehabilitation of Final Clarifier #3 should be complete by the end of the month.

B.O.D. (5 average ppm), Phosphorus (0.424 average ppm) and Suspended Solid (5.99 average ppm) limits were met for the month of May 2014.

B.O.D. (5 average ppm), Phosphorus (0.528 average ppm) and Suspended Solid (6.76 average ppm) limits were met for the month of June 2014.

8. Update on High Strength Waste Project.

The official bid opening for the project was last Friday. An on-line bidding system was used for this and there were some issues associated with it. One company was able to get their bid in and two others were not able to so Joel, Mayor Halverson & the City Attorney decided to refuse all bids and re-advertise in order to make sure the process is followed and is fair.

The time-line for the project will have to be extended.

9. Discussion and possible action on an agreement with the Stevens Point Brewery.

A draft of the agreement was included in the packet. The gives us the protection we need using the City assessment process to make sure we get our money back on a 50/50 split of the project.

This agreement will be executed on the Brewery's end once the bids start coming in and they are reviewed by both parties. During the bidding process, we will look into some value engineering to see if costs can be controlled further.

Currently the brewery's loading charges to the plant is capped at \$10,000 per quarter. The cap was set back in 2010 and since then their loadings have tripled so this amount needed to be reviewed. By doing this project, the Brewery's true loadings will actually be back at or below this amount. So participating in this capital improvement project for known period of time, 10 years, verses higher rates and perpetuity was the reason the brewery has agreed to do this.

The total construction of the project would involve an 1800 gallon tank in the basement of the brewery, the piping going to the tank, two lift station pumps, a forcemain from the brewery to the plant and the high strength waste receiving station. The grant from Focus on Energy in the amount of \$114,000 would come off the cost of the project with the remaining costs to be split between the treatment plant and the brewery.

This item will be brought back to the Commission once bids are received.

Mayor Halverson said the split is extremely equitable but ultimately the long term benefit that it provides the private entity from an economic development perspective is monumental. In fact, given the cap that Kim Halverson and Mayor Halverson established prior to Kim retiring may have been one of the major instigations for the brewery to expand as fast as they have. We have noticed that this created operational issues for the plant which this agreement/project will clearly address.

V. STORMWATER OPERATIONS

10. Report on Stormwater operations.

Swales have been installed in certain problem areas in the City that so far has been well received and very affective.

VI. DIRECTOR'S REPORT

11. Verbal Report.

No discussion held.

The next Water & Sewerage Commission meeting will be on Monday, August 11, 2014 at noon.

VII. ADJOURNMENT

Motion made by Eugene Tubbs to adjourn the meeting.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

12:42pm

BOARD OF WATER AND SEWERAGE COMMISSIONERS

EUGENE TUBBS, SECRETARY