

**City of Stevens Point**  
**Board of Water and Sewerage Commissioners**  
**Monday, October 9, 2017**  
**12:00 P.M.**

**MINUTES**

**PRESENT:** Paul Adamski, Carl Rasmussen, Ray Schmidt and Anna Haines

**ALSO PRESENT:** Joel Lemke, Mary Klesmith, Chris Lefebvre, Rob Molski, Eric Southworth  
Jason Draheim, Jaime Zdroik, Logan Beveridge-City Attorney, Corey  
Ladick-Comptroller/Treasurer and Jodi Dobson with Baker Tilly

**EXCUSED ABSENCE:** Mae Nachman

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## **ADMINISTRATION**

### **1. Approval of minutes of the September 11, 2017 meeting.**

**Motion made** by Ray Schmidt, seconded by Anna Haines to approve the minutes of the September 11, 2017 Water & Sewerage Commission meeting.

*Ayes all. Nays none. Motion carried.*

## **II. ACCOUNTING**

### **2. Discussion and possible action on approval of department claims.**

#### **WATER DEPARTMENT**

Paul Adamski presented the statement of claims for the Water Utility for September. The balance as of September 1, 2017 was \$5,101,386.38; the bank deposits recorded in September, 2017 were \$1,326,200.62. Checks issued September 2017 numbered 51499 through 51583 were in the amount of \$534,258.67. The net balance on hand September 30, 2017 was \$5,893,328.33.

#### **WASTEWATER DEPARTMENT**

Paul Adamski also presented the statement of claims for the Sewage Treatment Utility for September. The balance as of September 1, 2017 was \$7,085,439.40; the bank deposits recorded in September 2017 were \$271,472.59. Checks issued September 2017 numbered 32633 through 32701 were in the amount of \$428,949.34. The net balance on hand September 30, 2017 was \$6,927,962.65.

#### **STORMWATER DEPARTMENT**

Paul Adamski also presented the statement of claims for the Stormwater Utility for September. The balance as of September 1, 2017 was \$1,762,150.65. The bank deposits recorded in September 2017 were \$75,194.92. Checks issued September 2017 numbered 1972 through 1991 were in the amount of \$61,130.06. The net balance on hand September 30, 2017 was \$1,776,215.51.

**Motion made** by Carl Rasmussen seconded by Anna Haines to approve the department claims for September 2017 as audited and read.

*Ayes all. Nays none. Motion carried.*

3. **Discussion and possible action on a Draft Water Rate Study by Baker Tilly.**

Jodi Dobson of Baker Tilly presented the Draft Water Rate Study to the Commission.

Jodi explained that there was almost six million dollars invested in our infrastructure system over a 6 year period this is the big driving factor in looking at increasing water rates in order to recover those costs.

The rates in 2012 were designed to recover 4.364 million and only 4.2 million in revenues right now, the rates have not changed since 2012 and the usage of our customers has decreased, therefore, less revenue today at the same rates. Customers are using less water.

Depreciation expense and PILOT both increased with the increase in capital.

Jodi also explained the alternatives for the Commission to consider. The 2012 rates were designed to earn a 2.75% rate of return. She explained the current PSC benchmark is a 5% rate of return, based on municipal borrowing rate and adding 2%. This can fluctuate with interest rates.

The Commission was provided information on how the rate of return chosen starting at 2.75% on up to 5% would impact the rate payers and the forecasted net cash flow that would be generated at those rates. At a 5% rate of return the rate increase would be 26% and a \$13 increase per quarter for average residential customer. At a 4% rate of return the rate increase would be 20% and a \$10 increase per quarter; 3% rate of return, rate increase would be 13% and a \$7 increase per quarter, and a 2.75% rate of return would be a 12% rate increase and a \$6 increase per quarter for the average residential customer.

Jodi explained that Baker Tilly needs direction from the Commission as to what rate of return they want to file the application for through the Public Service Commission. Jodi explained the application process through the PSC, stating the the PSC reviews the entire rate study report to make their decision as to what rate increase they will approve.

Paul explained to the other Commission that in 2012 rate study we decided to go with the lower rate of return and cash flows have been fine.

Anna asked how long the rates are in place. Jodi explained that after rates are in effect for 1 year you can go back to the PSC and filed what is called a simplified rate increase which is approximately 3%; these small adjustments could be done in the interim between rate cases.

Joel explained earlier in the year we talked about a simplified rate increase but as data was received we knew we'd need more than the 3% and at that time we decided to hold off.

Ray stated he reviewed the rate comparisons of the other surrounding utilities provided by Baker Tilly and even though those utilities compare well to Stevens Point in size, he'd still like to be provided how our rates compare with Plover. Joel stated we are close to Plover, meter fees are less by volume charges are higher the last time he looked at Plover rates.

Paul recommends asking the PSC for a 2.75% rate of return.

Ray asked Joel if he felt we can do a good job running the utility at the 2.75% rate of return. Joel explained that he is okay with it as long as they are open to filing a simplified rate increase when needed. Joel stated the City is getting into more Capital intensive, total reconstructs projects and we typically pay for the those utilities out of cash balance. Joel recommends 3% rate of return because it would only affect the average residential customer an additional \$1 more per quarter and the percent rate increase by 1 percent from 12% to 13%.

**Motion made** by Ray Schmidt, seconded by Anna Haines to recommend applying for a 3% rate of return with the Public Service Commission.

*Ayes all. Nays none. Motion carried.*

4. **Discussion and possible action on a report on forecasted revenue requirements for Wastewater by Baker Tilly.**

Jodi explained that with the Wastewater utility we do not look at the rate of return we look at the cash flow needs. Sewer rates do not go through the PSC. Total revenue required for 2018 is just over 4.4 million which includes operating and maintenance expenses, DNR equipment replacement fund, other replacement fund, routine collection system additions and debt service.

The last sewer rate increase was in 2010. Sewer rates are required to be reviewed every 2 years and they were but no adjustments were made since 2010.

Baker Tilly stated a 2% increase in revenue is needed.

Jodi explained the two options for the rate increase which are a distributed structure, flat increase of 2% of all current rates or only a 2% increase in volume charges.

Joel and Chris discussed the impacts on different users residential, industrial etc. They prefer flat increase of 2% across the board.

Ray asked if there was a downside to just going with the 2% increase in volume charges? Joel said there is not a huge downside to this. Jodi explained by going with this option you allow more variability in revenue base especially if there is less usage. Jodi explained that by going with the 2% flat increase the revenue base would be more stable.

**Motion made** by Carl Rasmussen, seconded by Anna Haines to approve a 2% flat increase across the board to the sewer rates.

*Ayes all. Nays none. Motion carried.*

### **III. WATER OPERATIONS**

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

Eric stated Prentice Street project is complete. The overpass on Hoover is almost complete.

Eric stated we have to test for lead and copper every 3 years as required by the DNR and we did that this year and we were well within compliance with only one high result.

The water operations report was distributed and reviewed for the month of September.

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

Eric stated pumpage is up approximately 5 million gallons from last September.

Our pumpage in September was 157,626,000 gallons, an increase of 6,388,000 gallons of water from September 2016.

#### **7. Discussion and possible action on well replacement guarantee and associated workplan – Town of Hull Well 11 matter.**

Joel stated we completed the settlements with the individual well owners awhile back but this would be with the City and the Town of Hull.

Logan Beveridge, City Attorney, explained the Settlement Agreement and the Well Replacement Guarantee to the Commission. Logan stated the Town of Hull was looking into to filing a nuisance claim that could have made us shut down the well and we didn't want that. Instead that lead to this, which is the framework for evaluating any future potential claims by individuals.

The Settlement Agreement's essential purpose is to resolve dispute without further litigation. It stated the City shall adopt and implement the Well Replacement Guarantee and address claims for well impacts for which notice is provided after the date of execution of agreement. The Well Replacement Guarantee is essential term of agreement and is a binding and enforceable commitment by the City to the Town and the owners of wells within the Town. The Conditional Waiver of Claims by the Town states the Town waives any and all claims that it may have again the City relating to the loss of or damage to private or public wells due to the operation of Well 11. The cost reimbursement to the Town of Hull stated the City shall pay the Town \$47,000.00 as reimbursement of costs incurred by the Town for technical investigation and analysis of the impacts of Well 11 on wells in the Town. Logan felt this number is reasonable and actually somewhat modest.

Well Replacement Guarantee - the purpose is to have a system to sort out the reasonable claims verses the unreasonable claims. Part A consists of the claim area; the well must be located within the Well Compensation Area. Part B is well inspection. Logan explained the map/claim areas. Any well owner invoking this guarantee must have the impacted well inspected by a licensed plumber or well driller prior to or in conjunction with the well replacement that would determine type of well (drilled or sand point), age of well and pump, depth of well relative to surrounding ground elevation and the static water level, depth of pump intake, depth of screen, and estimated well capacity. Part C is ineligible wells are wells replaced prior to the date that Well 11 went online in May 2012, wells within a submergence of less than 10 feet below static water level which coincides with the DNR requirements, wells used exclusively for non-potable water purposes, such as irrigation, non-residential high-capacity wells, well for which a claim was filed with the City prior to the adoption of this Guarantee, and wells that fail to satisfy the eligibility criteria in Appendix A.

Appendix A sorts out the different reasons for causation for example regional trends, impact of different well in the area (agricultural wells) etc. Monitoring wells were installed to help monitor water level changes. Logan explained the monitoring well map and graphs included.

Joel explained that Appendix A #3 states that if the average pumping at Well 11 has remained relatively constant, no future well claims can be attributed to pumping at Well 11. "Relatively constant" means increases in pumping that are not more than 20% for any month and 10% for any quarter over 2.88 million gallons per day. Joel stated we have adequate pumping and sees no need to increase this; it has stayed consistent for 5.5 years.

Ray questioned why monitoring wells 17 and 20 are not shown on the maps.

Paul stated there has been a lot of time and effort put into this and recommends approval.

**Motion made** by Ray Schmidt, seconded by Carl Rasmussen to approve the Well Replacement Guarantee and associated workplan with the changes to details corrected in regards to monitoring wells 17 and 20 being shown on map.

*Ayes all. Nays none. Motion carried.*

8. **Discussion and possible action on the purchase of a new tractor backhoe.**

Joel explained this would've been put on Capital for 2018 either way so he thought why put money into it now for repairs.

Joel recommends the Commission approve the purchase of a new tractor backhoe for an amount not to exceed \$110,300. Joel explained that because the quotes for the Case and the Caterpillar were so close he would like the crews to operate both to see which one would be best for the operation.

**Motion made** by Carl Rasmussen, seconded by Anna Haines for an amount not to exceed \$110,300.00 on the purchase of a new tractor backhoe.

*Ayes all. Nays none. Motion carried.*

**IV. SEWAGE TREATMENT OPERATIONS**

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

Rob stated the crew worked on jetting more this September than last and everything is going well.

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

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

Chris stated the plant met all permit requirements for September. The piping and pump portion of the West side lift station rehab was completed a couple of weeks ago. The controls portion of the rehab will be done once WPS changes over power service. Both crews replaced the Ridge Road lift station and did great. The PLC and scada upgrades are being planned for next week. The biogas generator is scheduled to be worked on as soon as parts arrived.

B.O.D. (4 average ppm), Phosphorus (.378 average ppm) and Suspended Solid (4.96 average ppm) limits were met for the month of September 2017.

## **V. STORMWATER OPERATIONS**

### **11. Report on Stormwater operations.**

Rob said everything is going well. They replaced 110' of sanitary sewer on West Zinda.

The stormwater operations report was reviewed by the commission.

### **12. Discussion on the formation of a Community Area Network (CAN).**

Joel explained that back in 2009 the City installed 6 miles of conduit and fiber to connect buildings we all work in to have the ability to share resources for example; internet service, phone, IT support, servers, backup etc.

In the years that follow, the idea of Community Area Network has come up across the State where the infrastructure can be used by other organizations, for example hospitals, educational facilities, non-profit/Red cross etc. There is a private sector component to this too. City tried creating a CAN back in 2010. The City owns the infrastructure and we already working with Wisconsin Independent Networks, Portage County, Amherst telephone, and the library system, so we are looking for a way to further document this and make it official and let this asset we have act like a utility and at first make it available for those that are eligible for WISNET services.

There's a potential we will bring ordinances forward that transfer those assets to the Sewer or Stormwater Utilities and we would then bill a recurring monthly fee.

## **VI. DIRECTOR'S REPORT**

### **13. Verbal Report.**

Joel stated he will have scope on 5<sup>th</sup> and Grant issues to talk about resolutions for the flooding issues.

Joel also stated they will be working on Stormwater ordinances so they are comparable to the County's storm ordinance.

*The next Water & Sewerage Commission meeting will be on Monday, November 13, 2017 at noon.*

## VII. ADJOURNMENT

**Motion made** by Ray Schmidt to adjourn the meeting.

*Ayes all. Nays none. Motion carried.*

MEETING ADJOURNED

1:14 pm

BOARD OF WATER AND SEWERAGE COMMISSIONERS

A handwritten signature in black ink, appearing to read "Carl Rasmussen". The signature is written in a cursive, flowing style.

CARL RASMUSSEN, SECRETARY