

City of Stevens Point
Board of Water and Sewerage Commissioners
Monday, July 9, 2018
12:00 P.M.

MINUTES

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

ALSO PRESENT: Joel Lemke, Mary Klesmith, Rob Molski, Chris Lefebvre, Eric Southworth, Jaime Zdroik, Corey Ladick-Comptroller/Treasurer, and Dan La Haye-Baker Tilly Virchow Krause, LLP

EXCUSED ABSENCE: Anna Haines

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ADMINISTRATION

1. Approval of minutes of the May 14, 2018 meeting.

Motion made by Mae Nachman, seconded by Carl Rasmussen to approve the minutes of the May 14, 2018 Water & Sewerage Commission meeting.

Ayes all. Nays none. Motion carried.

II. ACCOUNTING

2. Presentation of the 2017 Audit by Baker Tilly.

Dan La Haye, from Baker Tilly presented the 2017 Audit.

Audited Financial Statements – Utilities received an unmodified opinion this year.

Communications to those charged with governance: there was one material weakness reported due to the Baker Tilly preparing financial statements. There was a significant deficiency and that has been corrected and they commended management for correcting that.

Dan told the Commission that Baker Tilly are there for any questions they might have.

Ray questioned why the reserve account for Wastewater was underfunded and Water Utility redemption account was overfunded. These funds are required to maintain accounts that are legally restricted for certain purposes. These are reviewed at year end. The Commissioners questioned if there are procedures in place so this doesn't have to be corrected in the future.

WATER DEPARTMENT:

- *Water Gallons Sold*-residential usage continues to decline but Industrial and Multifamily consumption did increase.
- *Water Rate of Return*-The utility met its 2.75% rate of return. The utility requested a 3% rate of return on the most recent rate study which is close to finalization by the PSC. The PSC is proposing a 3.5% rate of return. The last water rate increase was in 2012.
- *Water Debt Coverage*-The bond resolution requires that earnings from the system be greater than 1.10 times the highest annual debt service. The utility met the requirement at 3.35.
- *Water Unrestricted Funds on Hand*-A utility should maintain funds to cover its operations in a normal business operation cycle (quarterly) plus a contingency. The utility had 5.16 quarters billings on hand for 2017.
- *Water Net Position vs Net Plant*-The utility had 28% percent of net plant funded by debt and 72% percent of net funded by equity

WASTEWATER TREATMENT PLANT:

- *Wastewater Cubic Feet Billed*-Wastewater volumes normally follow the change in water consumption, consumption decreased which is consistent with industry trends.
- *Wastewater Revenues & Expenses*-Operating revenues decreased due to decreased usage and hauler revenue. There was also a decrease in O&M expenses due to decreased collection system and pumping equipment maintenance.
- *Wastewater Debt Coverage Calculation*-The bond resolutions require that earnings from the system be greater than 1.25 times the revenue bond annual debt service based on the bond year. The WWTP was at 3.55 for 2017.
- *Wastewater Unrestricted Funds on Hand*-The utility should maintain funds to covers it operations in a normal business operation cycle (quarterly) plus a contingency. The WWTP has 3.62 quarters billings on hand.
- *Wastewater Net Position vs Net Plant*-The percent of plant funded by debt in 2017 was 21% and the percent of plant funded by equity in 2017 was 79%.

STORMWATER UTILITY:

- *Stormwater Revenues & Expenses*-The stormwater rates charged generated sufficient operating revenues to recover the operating expenses incurred in 2017. There was a small increase in revenues as well as increases to operating expenses due to the swale project.
- *Stormwater Unrestricted Funds on Hand*-The utility should maintain funds to cover its operations in a normal business operation cycle (quarterly) plus a contingency. The utility had 4.04 quarters billings on hand.
- *Stormwater Net Position vs Net Plant*-There is 0% of net plant funded by debt everything financed by equity.

AIRPORT:

- *Airport Revenues & Expenses*-There was a slight increase in fuel sales for 2017
- *Airport Unrestricted Funds on Hand*-The Airport has 2.04 quarters billings on hand.

Dan thanked Joel, Mary and staff for their work in the 2017 audit.

The Commissioners thanked Dan for the graphs and for preparing the summary of the audit in a way all could easily understand.

3. Update on water & sewerage rates.

Joel provided handouts to the Commission, one was the Official Notice from the PSC that will appear in the newspaper and the other was customer bill comparisons at the present rates and proposed rates. The rate of return would be increased from 2.75% to 3.5%, which would be an overall rate increase of 11.69%.

Joel said there will be an August 1st telephonic hearing for the public or they can submit their comment electronically.

Paul said the average residential increase would be \$2.82 per quarter for a total of \$11.28 per year. Paul also stated since we haven't increased rates since 2012 the increase was actually only \$1.88 per year since the last rate increase.

Joel said since the WWTP project came in a little higher, they are redoing some figures for the sewer rate study. Joel said we will probably implement the rate increase for sewer in steps.

New rates would go into effect within 90 days after the telephonic hearing.

The Commission would like rate comparisons for the surrounding utilities once the rate increase is done.

Joel stated the proposed rate structure includes a schedule for monthly billing as well.

4. **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, 2018 was \$5,592,163.87; the bank deposits recorded in May, 2018 were \$579,467.89. Checks issued May 2018 numbered 52182 through 52274 were in the amount of \$575,907.54. The net balance on hand May 31, 2018 was \$5,595,724.22.

Paul Adamski presented the statement of claims for the Water Utility for June. The balance as of June 1, 2018 was \$5,561,779.46; the bank deposits recorded in June, 2018 were \$670,717.19. Checks issued June 2018 numbered 52275 through 52368 were in the amount of \$1,128,759.14. The net balance on hand June 30, 2018 was \$5,103,737.51.

WASTEWATER DEPARTMENT

Paul Adamski presented the statement of claims for the Sewage Treatment Utility for May. The balance as of May 1, 2018 was \$6,771,314.65; the bank deposits recorded in May, 2018 were \$332,802.47. Checks issued May 2018 numbered 33089 through 33154 were in the amount of \$638,669.32. The net balance on hand May 31, 2018 was \$6,465,447.80.

Paul Adamski presented the statement of claims for the Sewage Treatment Utility for June. The balance as of June 1, 2018 was \$6,776,592.89; the bank deposits recorded in June, 2018 were \$285,632.31. Checks issued June 2018

numbered 33155 through 33204 were in the amount of \$226,900.45. The net balance on hand June 30, 2018 was \$6,835,324.75.

STORMWATER DEPARTMENT

Paul Adamski also presented the statement of claims for the Stormwater Utility for May. The balance as of May 1, 2018 was \$1,523,645.96. The bank deposits recorded in May 2018 were \$83,012.86. Checks issued May 2018 numbered 2144 through 2169 were in the amount of \$95,063.39. The net balance on hand May 31, 2018 was \$1,511,595.43.

Paul Adamski also presented the statement of claims for the Stormwater Utility for June. The balance as of June 1, 2018 was \$1,513,658.57. The bank deposits recorded in June 2018 were \$85,732.46. Checks issued June 2018 numbered 2170 through 2191 were in the amount of \$195,576.54. The net balance on hand June 30, 2018 was \$1,403,814.49.

Motion made by Carl Rasmussen seconded by Ray Schmidt to approve the department claims for May and June 2018 as audited and read.

Ayes all. Nays none. Motion carried.

5. Distribution of modified Capital Operations and Maintenance Plans.

Joel provided the Commission an updated Capital Operations and Maintenance Plans for Water/Sewer/Storm as requested.

III. WATER OPERATIONS

6. Report on water distribution operations.

Eric stated we are getting into the busy part of the year. The Isadore Street Project will be a big part of our inspection for the summer. Utility work should be complete this week for the Roundabout Project. Back in May, Eric worked with staff on adjusting our hydrant flushing schedule. Eric, using the GIS, mapped dirty water calls/complaints from 2011 to current and they focused on those areas during flushing, they also remapped the flushing to move water from large mains through the small mains which is recommended by AWWA. We ended up having less dirty water complaints this year from flushing due to these changes. In May we had our DNR Sanitary Survey for the wellfield and all of operations. Eric said it went really well just with just some minor corrections, screens missing on vent etc. Eric will bring the survey back to the Commission in August.

The water operation reports were distributed and reviewed for the months of May and June.

7. Report on water supply operations.

Pumpage is up due to being the summer months.

Our pumpage in May was 168,410,000 gallons, an increase of 26,723,000 gallons of water from May 2017.

Our pumpage in June was 187,095,000 gallons, an increase of 11,373,000 gallons of water from June 2017.

8. **Report on Annual CCR.**

A copy of the 2017 CCR was provided to the Commission in their meeting packets. Joel said we had no violations.

The Commission stated in the CCR under conservation in regards to average gallons leaked per year for leaks if \$'s lost could be added.

IV. SEWAGE TREATMENT OPERATIONS

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

Rob stated they hired a new person in May and they are now fully staffed. The Collection crew moved out the current Collection garage to the WWTP building and will eventually be moving in the new garage once completed.

Reports for the month of May and June were provided to the Commission.

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

Chris said all permits were met for both months. We produced 89% of our own electricity and 96% of our own heat. Beginning in June we had a plant biological upset and because of this we won't be accepting any hauled waste into the head of the plant until at least August 1 to allow the plant to get back to normal.

We did have an operator resign last week so we are shorthanded again.

B.O.D. (5 average ppm), Phosphorus (.435 average ppm) and Suspended Solid (7.01 average ppm) limits were met for the month of May 2018.

B.O.D. (7 average ppm), Phosphorus (.678 average ppm) and Suspended Solid (15.75 average ppm) limits were met for the month of June 2018.

11. **Report on CMAR.**

Received all A's on the Compliance Maintenance Annual Report. Everything went well.

V. STORMWATER OPERATIONS

12. Report on Stormwater operations.

Rob stated the crew did a lot of inlet and manhole repairs and landscaping.

The stormwater operations report for May and June were reviewed by the Commission.

13. Discussion on a resolution authorizing continued participation in the North Central Wisconsin Stormwater Coalition.

Motion made by Ray Schmidt, seconded by Carl Rasmussen to continue participating in the North Central Wisconsin Stormwater Coalition.

Ayes all. Nays none. Motion carried.

VI. DIRECTOR'S REPORT

14. Verbal Report.

Nothing to report.

The next Water & Sewerage Commission meeting will be on Monday, August 13, 2018 at noon.

VII. ADJOURNMENT

Motion made by Ray Schmidt to adjourn the meeting.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

1:18 pm

BOARD OF WATER AND SEWERAGE COMMISSIONERS



CARL RASMUSSEN, SECRETARY