

Meeting Minutes

Board of Water and Sewage Commissioners

Monday, May 14, 2007, 12:00 P.M.

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

ALSO PRESENT: Kim Halverson, Brenda Thomas, Eric Niffenegger, Joel Lemke, Jaime Zdroik, Angel Gebeau of Earth Tech, Joe Hoban and Pat Planton of S.E.H. and John Andres of Virchow Krause & Co.

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I. ADMINISTRATION

1. Approval of minutes of the April 9, 2007 meeting.

II. ACCOUNTING

2. Consideration of claims for the Water and Sewage Departments.

3. Discussion and action on the 2006 audit and financial statements.

4. Consideration of adjustment to Stora Enso water bill.

III. WATER OPERATIONS

5. Discussion and possible action on Water Department Master Plan.

6. Report on water distribution operations.

7. Report on water supply operations and well meters.

8. Report on Pharmaceutical Take-Back Event.

IV. SEWAGE TREATMENT OPERATIONS

9. Consideration of purchasing a final effluent sampler.

10. Report on sewage treatment operations.

V. ADJOURNMENT

The next Water and Sewage Commission meeting will be June 11, 2007.

I. ADMINISTRATION

1. Approval of minutes of the April 9, 2007 meeting.

Motion made by Eugene Tubbs, seconded by Carl Rasmussen to approve the minutes of the April 9, 2007 Water & Sewage Commission meeting.

Ayes all. Nays none. Motion carried.

II. ACCOUNTING

2. Consideration of claims for the Water and Sewage Treatment Utilities.

Paul Adamski presented the statement of claims for the Water Utility for April. The balance on April 1, 2007 was \$1,648,743.54; the bank deposits recorded in April 2007 were \$701,862.55. Checks issued since the April 9, 2007 meeting numbered 41240 through 41284 were in the amount of \$1,255,881.69. Checks numbered 41285 through 41324 for \$73,707.71 were presented for action on May 14, 2007. The net balance on hand May 14, 2007 was \$984,367.74.

Motion made by Mae Nachman, seconded Jim Cooper to approve the water utility claims for the months of April 2007 as audited and read.

Ayes all. Nays none. Motion carried.

Paul Adamski also presented the statement of claims for the Sewage Treatment Utility for April. The balance on April 1, 2007 was \$2,397,814.22; the bank deposits recorded in April 2007 were \$1,282,771.79. Checks issued since the April 9, 2007 meeting numbered 25538 through 25559 were in the amount of \$1,986,547.27. Checks numbered 25560 through 25578 for \$48,657.46 were presented for action on May 14, 2007. The net balance on hand May 14, 2007 was \$1,596,215.86.

Motion made by Eugene Tubbs, seconded by Jim Cooper to approve the sewage utility claims for the month of April 2007 as audited and read.

Ayes all. Nays none. Motion carried.

3. Discussion and action on the 2006 audit and financial statements.

John Andres of Virchow Krause & Company presented the audit and financial statements for the Water and Sewer Departments.

John stated in Virchow Krause's opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Stevens Point Water & Sewage Treatment Departments. These numbers can be relied upon by anyone.

WATER DEPARTMENT:

ASSETS

Unrestricted cash and investments are at 2.3 million it is down a little bit from 2.4 million in 2005. This money is used to pay bills and do routine replacements and repairs. The Water Department has approximately 8 months of cash on hand. Virchow Krause's goal is to never have the utility go below 3 months cash on hand.

CAPITAL ASSETS

Plant in service is 29 million dollars. This is the original cost of all the facilities, water mains, hydrants, wells, etc.

LIABILITIES

The water utility owns 20 million of the net plant and the bank owns 1.7 million dollars. We own 90% of our assets. Debt goes out to 2012 at a rate of 3.25% and is tax exempt.

ACCUMULATED DEPRECIATION:

We have 6.3 million dollars of accumulated depreciation.

INCOME STATEMENT

The water utility rates are governed by the Public Service Commission. The last water rate increase was 4/1/06. The revenue increased \$300,000 from 2005 to 2006 due to the last water rate increase.

OPERATION & MAINTENANCE EXPENSE

These include labor, electricity, chemicals, etc. and increased \$324,000. This includes the painting of the water tower at \$375,000. When backing this amount off, we actually have a \$50,000 decrease.

OPERATING INCOME

The operating income is at \$1,080,000 with a little bit of improvement from last year.

TRANSFERS - TAX EQUIVALENT

The Water Department paid the City \$460,000 as a tax equivalent, making the Water Department one of the highest tax payers of the City.

The water and sewer utilities are split because the water utility is governed by the P.S.C. and the sewer utility is governed locally with recommendations from Virchow Krause.

SEWER DEPARTMENT:

ASSETS

Cash and investments are at \$760,000 an increase from 2005. This is about 3 months of billings to our customers.

Redemption account - This is cash in the bank set aside each month to make the debt payments.

Replacement account - This is cash in the bank set aside each month to cover equipment replacement costs.

The D.N.R. gave the sewer utility a subsidized low interest loan to build the wastewater treatment plant with the understanding the above accounts are funded and enough money is collected to meet 1.1 times the annual debt service. A rate review is completed biennially to make sure this is achieved. The utility's actual debt coverage for 2006 was 1.07 just under the requirement. A rate review will have to be completed in 2007.

Sewer rates are set locally and indirectly from the D.N.R. through the Compliance Maintenance Report which asks if the utility has reviewed their rates in the last two years.

Plant in service - This only includes the treatment plant and the large interceptor pipe. The sewer mains are actually owned by the City of Stevens Point and managed by the Public Works Department.

NET ASSETS

Net assets invested in capital assets, net of related debt - 4.9 million. We own 48% of the plant and the State owns 52% of the plant.

INCOME STATEMENT

We had a sewer rate increase on 4/1/06 also so there was some revenue growth.

Operation & Maintenance Expenses - decreased \$19,000.

Operating Income - Improved from the prior year

STEVENS POINT WATER DEPARTMENT - RATE OF RETURN

Our authorized rate of return is 6.75%. Our rate of return in 2006 is 5.80%.

John Andres gave a handout to the Commission showing that the Stevens Point Water Utility rates are lower than other utilities of similar size.

John Andres stated Kim and Brenda are doing a great job.

Motion made by Jim Cooper, seconded by Carl Rasmussen to approve the 2006 audit and financial statements completed by Virchow Krause & Company.

Ayes all. Nays none. Motion carried.

4. Consideration of adjustment to Stora Enso water bill.

Paul felt Kim did a good job in her letter to the Commission explaining how this situation came about.

Kim explained to the Commissioners the money for the refund is available in the restricted funds that we set aside from payments from the mill.

Motion made by Mae Nachman, seconded by Eugene Tubbs to approve the adjustment of \$149,009.32 to Stora Enso.

Ayes all. Nays none. Motion carried.

III. WATER OPERATIONS

5. Discussion and possible action on Water Department Master Plan.

Pat Planton and Joe Hoban of S.E.H. presented the Water Department Master Plan.

Pat said the Stevens Point Water Utility is one of the best run utilities he has ever worked with.

WATER NEEDS

- Annual Pumpage - 2.6 billion gallons per year.

- Maximum Day Pumpage -13.67 mgd in 2002; 13.17 mgd in 2006 and will increase to 15.21 mgd in 2025.

EXISTING WATER SYSTEM

- System Operation-one pressure zone, two tower system
- Supply -7 wells, 1 booster pump station
- Storage - Two towers and ground reservoir
- 39% of water mains are 10" or larger
- Well Maintenance - ground water wells need to have maintenance done to them at least every 8 to 10 years.
- Well 10 has never been rehabbed. Wells should be rehabbed on a more frequent cycle.

WATER QUALITY

- No significant changes to distribution system samples or well water samples for inorganic parameters
- No violations of the Safe Drinking Water Act
- No unsafe bacteriological tests
- Iron & Manganese are a secondary health standard because they do not cause disease or illness but customers can tell these items are in the water at times.
- Manganese levels have been a problem in Stevens Point in the past.
- Nitrate levels - Well 5 has had elevated levels of nitrate for the last few years and will probably exceed the nitrate standard within the next four years or less. The well will have to be shut down if we reach 10 ppm.
- No major impacts anticipated for future EPA regulations as of this time.

WATER TREATMENT

- Water is disinfected using chlorine
- Fluoride is added for dental protection
- Water has a polyphosphate chemical added to it for corrosion control
- New water treatment station added at the Airport Well Field
- Wells 6 & 7 may need to be treated for manganese and Well 5 for nitrates

WATER SYSTEM EVALUATION

- System pressures-DNR Code requirements is 35 psi minimum and 100 psi maximum
- System fire flows are very good throughout the city. The weakest areas are the dead ends and on Water St. near the brewery.
- Supply reliability with power outage - right now the utility can meet an average day of demand using standby power. In the future, 2025, we will need 9.07 mgd. Standby power is recommended for the next supply well.

YEAR 2025 PLANNING AREA

- Utility Planning Area - Growth expected to the east on USH10/CTH HH and northeast STH 66

RECOMMENDATIONS

SUPPLY ANALYSIS

- Additional supply capacity needed now (Well 11)
- Well 12 could be needed by 2013 (depending on the yield from Well 11)

STORAGE ANALYSIS

- No storage concerns

SPECIAL EVALUATIONS

- Well 5 Nitrate concerns - Plan for an exceedance next year. There are three options if this happens; 1. Blending - blend with other sources of water that have lower levels of nitrate; need D.N.R. approval for blending. 2. Treat the water for nitrate. 3. Abandon Well 5 and look for another supply source to replace it.

FUTURE WELL SITES

- Four general areas for future high capacity wells were considered.

PATCH STREET COLLECTOR WELL

- Future water supply well- water would have to be treated for iron and manganese
- D.N.R. will be requesting at some point for the utility to either use this well or abandon it

SHORT TERM IMPROVEMENTS: (2007 - 2008)

- Water Supply & Treatment Investigations - Phase 1
- Well 11 Test Well Construction & Testing
- Well 5 Nitrate Blending Study
- Patch Street Collector Well Feasibility Study
- Variable Frequency Drive Installations for Wells 5, 8, & 9

MEDIUM TERM IMPROVEMENTS: (2008 - 2010)

- Well 5 Blending Improvements
 - Water Supply & Treatment Investigations - Phase 2
- If no major treatment required for Well 11(Phase 2A)- Construct collector well & reduce dependence on Wells 6 & 7; If collector well not feasible then water quality issues at Wells 6 & 7 would have to be addressed; Replacement wells for 6 & 7

If major treatment is required for Well 11(Phase 2B)- Perform treatment pilot testing for Wells 6, 7, & 11 ; Complete Phase 2B Treatment Feasibility Study-Well 11 treatment plant; or Patch St. well treatment plant; and/or Wells 6 & 7 treatment plant

- Water Street Water Main Replacement scheduled for 2009.
 - Implement East Pressure Zone (recommends booster stations, water tower)
- Infrastructure replacement program

LONG TERM IMPROVEMENTS: (2011 - 2025)

- Annual infrastructure replacement
- Transmission main system expansion to serve future service area

Paul Adamski suggested the Commissioners write down any questions they have and we will go over those next month. Paul also suggested we consider deciding sometime within the next 30 to 90 days on what recommendations we want implemented in 2007-2008.

Kim would like to see the Variable Frequency Drives installed. The wells are pumping at higher levels since they have been rehabbed and also explained in the D.N.R. water survey completed last year, the number one recommendation from them was adding additional capacity (well 11).

Carl Rasmussen asked if there are any energy incentives available for the installations of the variable frequency drives. Kim said we will check into this. There probably are.

Mae Nachman would like the costs from the rehabilitation of the wells.

Eugene Tubbs asked if there would be any consideration from the D.N.R. if Well 5 would exceed the Nitrate levels and we had the Well 5 Blending study in progress. Pat Planton felt there would be as far as getting the blending approach approved.

6. Report on water distribution operations.

Kim stated the bid opening was this week for the water main projects. The bids came in close to the amounts budgeted.

The report was distributed.

A total of 192 valves were operated in 2007.

A total of 12 business properties have been checked for backflow preventors in April 2007 for a total of 28 in 2007.

7. Report on water supply operations and well meters.

Our pumpage in April was 174,652,000 gallons, a decrease of 15,302,000 gallons of water from April 2006.

8. Report on Pharmaceutical Take-Back Event.

Kim stated the Pharmaceutical Take-Back Event was not as well attended as hoped but there were major events planned for the same weekend. Approximately 100 lbs. of pharmaceuticals were turned in. They hope to do this on an annual basis.

IV. SEWAGE TREATMENT OPERATIONS

9. Consideration of purchasing a final effluent sampler.

Eric stated he would like to replace a final effluent sampler that was new in 1995. They would like to replace it now so they don't run into problems with the Whole Effluent Toxicity testing coming up. The money for this would come out of the equipment replacement fund.

Motion made by Mae Nachman, seconded by Jim Cooper to approve purchasing a final effluent sampler in the amount of \$4,650.

Ayes all. Nays none. Motion carried.

10. Report on sewage treatment operations.

B.O.D. (3.30 ppm), Phosphorus (0.368 ppm) and Suspended Solid (4.75 ppm) limits were met for the month of April 2007.

The next Water & Sewage Commission meeting will be June 11th, 2007 at noon.

V. ADJOURNMENT

Motion made by Jim Cooper to adjourn the meeting.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

1:47 pm

BOARD OF WATER AND SEWAGE COMMISSIONERS
EUGENE TUBBS, SECRETARY

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