

## Meeting Minutes

Board of Water and Sewage Commissioners

Monday, May 8, 2006, 12:00 P.M. PRESENT: Paul Adamski, Eugene Tubbs, and Ed Bancker.

ALSO PRESENT: Kim Halverson, Brenda Thomas, Jeremy Cramer, Joel Lemke, Jaime Zdroik, Roger Trzebiatowski District 7 Alderperson, and John Andres of Virchow Krause.

EXCUSED ABSENCE: John Wandrey and Dave Eckholm.

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### I. ADMINISTRATION

1. Approval of minutes of the April 10, 2006 meeting.
2. Discussion and consideration of increasing Commissioners salaries.

### II. ACCOUNTING

3. Discussion and action on Water and Sewage Department audits.
4. Consideration of claims for the Water and Sewage Departments.
5. Consideration of quotes for testing and replacing (if necessary) large cold water meters.

### III. WATER OPERATIONS

6. Report on water distribution operations.
7. Report on water supply operations.
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9. Report on sewage treatment operations.
10. Discussion and action on request from Joseph Euclide to share cost of sewer study.

### V. ADJOURNMENT

#### I. ADMINISTRATION

1. Approval of minutes of the April 10, 2006 meeting.

Motion made by Ed Bancker, seconded by Eugene Tubbs to approve the minutes of the April 10, 2006 Water & Sewage Commission meeting.

Ayes all. Nays none. Motion carried.

2. Discussion and consideration of increasing Commissioners salaries.

Paul explained four years ago a recommendation was made to the Personnel Committee to increase the stipend and at that time there hadn't been an increase in over ten years.

In a letter to the Commissioners, Kim compiled the figures with a 3% per year increase since the last increase. This was the same process as last time. The new rates would be \$696.00 for the President and \$580.00 for the other Commissioners per year. The Mayor was consulted about this and thought it was o.k.

Motion made by Ed Bancker, seconded by Eugene Tubbs to approve increasing the Commissioners stipend to \$696.00 for the President and \$580.00 for the other Commissioners per year.

Ayes all. Nays none. Motion carried.

#### II. ACCOUNTING

3. Discussion and action on Water and Sewage Department audits.

John Andres from Virchow Krause presented the Water and Sewage Department audits.

#### WATER DEPARTMENT

- Revenues increased from 2004 to 2005 due to growth in Stevens Point, a dry summer and a water rate increase in 2004.
- April 1, 2006 another water rate increase went into effect.
- Expenses increased 10% due in part to maintenance of wells, mains and meters.
- Net Operating Income increased \$31,000.00.
- The Water Department paid \$431,587 to the City's general fund as a tax equivalent.
- The Water Department had a 6.4% rate of return this year versus 6.75% last year. Our approved rate of return is 6.75%
- Unrestricted Cash and Investments are down from last year due to construction costs being paid off in 2005.
- The Water Department has 9 months of billings of cash on hand.
- Net Assets - The Water Department owns 88% of the assets and 12% is financed. The percent we own went up 3% from last year.

#### SEWER DEPARTMENT

- Revenues increased from 2004 to 2005. More water sold so more sewage was billed. There was also a rate increase in April of 2004.
- Expenses increased more than 10%.
- Operating income declined.
- Sewage rates are set on debt service cash flow method.
- Net Defined Earnings- money generated to pay debt service. Annual debt service to the Clean Water Fund is a \$1,006,000. The Sewage Department has to have a 10% cushion or 110% of that debt service according to the bond resolution with the State or 1.1 millions of required earnings and the department only had \$924,367. In the audit report that goes to the State of Wisconsin, Virchow Krause stated the coverage requirement was not met in 2004 or 2005. The sewage rates were increased in April of 2004 and 2006 to make sure the coverage requirement is met in the future.
- Statement of Net Assets - Cash & Investments is \$305,093 which is about a month ½ of revenues.
- Bond Redemption Account is money set aside every month for payment to the Clean Water Fund debt.
- Replacement Account is an account set aside for repairs or replacement of equipment.
- Liabilities - 55% of the assets are financed through the Clean Water Fund Program.
- The Clean Water Fund will be paid off in 2012-2013.
- The Sewage Department is not as strong financially as the Water Department.

#### RECOMMENDATIONS:

- John explained GASB 40 Deposits and Investment Risk Disclosure and recommends the investment policy be updated to address the custodial credit risk.
  - Virchow Krause recommends that managers initial all time sheets to strengthen internal controls.
  - Management needs to work with Springbrook to correct errors in some of the reports.
- John stated external and internal review of controls is good.

Motion made by Eugene Tubbs, seconded by Ed Bancker to accept the Water and Sewage Department audits completed by Virchow Krause.

Ayes all. Nays none. Motion carried.

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

The Water Department balances for March were provided to the Commissioners. The bank deposits since the March 13th meeting were \$500,776.94. The net balance on April 10, 2006 was \$1,299,121.06.

Paul Adamski presented the statement of claims for the Water Utility for April. The balance on hand after the April 10, 2006 meeting was \$1,299,121.06; the bank deposits since the April 10, 2006 meeting were (Not Available). Checks issued since the April 10, 2006 meeting numbered 40294 through 40353 were in the amount of \$728,826.70. Checks numbered 40343 through 40360 for \$130,829.44 were presented for action on May 8, 2006. The net balance on hand May 8, 2006 was (Not Available).

Motion made by Eugene Tubbs, seconded Ed Bancker to approve the water utility claims for the month of April 2006 as audited and read.

Ayes all. Nays none. Motion carried.

The Sewer Department balances for March were provided to the Commissioners. The bank deposits since the March 13th meeting were \$201,227.01. The net balance on April 10, 2006 was \$1,914,486.95.

Paul Adamski also presented the statement of claims for the Sewage Treatment Utility for April. The balance on hand after the April 10, 2006 meeting was \$1,914,486.95; the bank deposits since the April 10, 2006 meetings were (Not Available). Checks issued since the April 10, 2006 meeting numbered 24958 through 24992 were in the amount of \$1,031,086.86. Checks numbered 24993 through 25014 for \$27,784.87 were presented for action on May 8, 2006. The net balance on hand May 8, 2006 was (Not Available).

Motion made by Ed Bancker, seconded by Eugene Tubbs to approve the sewage utility claims for the month of April 2006 as audited and read.

Ayes all. Nays none. Motion carried.

5. Consideration of quotes for testing and replacing (if necessary) large cold water meters.

Kim stated that we received three quotes but one of them was received late so it was returned to the company unopened.

Kim recommends Vanguard as low quote.

Motion made by Ed Bancker, seconded by Eugene Tubbs to accept the low quote from Vanguard Utility Service Inc..

Ayes all. Nays none. Motion carried.

### III. WATER OPERATIONS

6. Report on water distribution operations.

The report was distributed.

A total of 02 valves were operated in April 2006.

A total of 14 business properties have been checked for backflow preventors in April 2006 for a total of 27 in 2006.

Kim stated the city-wide hydrant flushing has been completed. The leak detection company started this week.

Joel stated the Elizabeth Avenue construction has been completed.

Kim stated College Avenue will be started next month.

7. Report on water supply operation.

Our pumpage in April was 189,954,000 gallons, a decrease of 17,296,000 gallons of water from April 2005.

Kim stated we didn't receive the power bills for Wells 5 and 6. She hopes this will be fixed for next month. Kim also stated she received notice from Wisconsin Public Service stating they are requesting a 14% rate increase for electric in 2007 and 3% for gas. This increase is not reflected in our rates.

8. Report on Water Street Tower painting.

Kim stated everything is going well and we have had no complaints.

### IV. SEWAGE TREATMENT OPERATIONS

9. Report on sewage treatment operations.

Jeremy Cramer stated the phosphorus levels are higher in the winter months due to the weather. This will probably be seen every year during this

time. Everything else is running well. The biosolids application will be finished today.

B.O.D. (3.37 ppm), Phosphorus (0.805 ppm) and Suspended Solid (4.02 ppm), limits were met for the month of April 2006.

10. Discussion and action on request from Joseph Euclide to share cost of sewer study.

A memo from Joe Euclide requesting funding for a Sanitary Sewer Master Plan was included in the packet.

The City's Sewer Service Area has grown and future needs and operation of the sewer system need to be planned for. Joe Euclide requested quotes for a sanitary sewer master plan which would include flow monitoring, basic analysis and report on collection system and lift stations. Ortho-photography of the new area would also be part of this planning process.

Kim reminded the Commissioners that the City of Stevens Point actually owns the collection system. Therefore, the request for cost sharing to the Wastewater Department would be \$39,288 of the total \$107,181.00.

Kim also stated the money for the lift station expense can be taken out of the replacement fund.

Motion made by Eugene Tubbs, seconded by Ed Bancker to approve sharing the cost of the Sanitary Sewer Master Plan in the amount of \$39,288.

Ayes all. Nays none. Motion carried.

Next month's meeting will be held on Friday, June 9, 2006 starting at 12:00 p.m.

#### VI. ADJOURNMENT

Motion made by Eugene Tubbs to adjourn.

Ayes all. Nays none. Motion carried.

MEETING ADJOURNED

12:55 pm

BOARD OF WATER AND SEWAGE COMMISSIONERS  
EUGENE TUBBS, SECRETARY

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