

BOARD OF WATERWORKS COMMISSIONERS - 4: 00 PM - (Monday, January 20, 2020)Generated by Joe Trueblood on Wednesday, January 22, 2020

Members present:

Gerald Van De Kreeke, Mark Smith, Tom HoweStaff/officials:

Superintendent Joe TruebloodVisitors:

Ms. Carol Wirth, WI Public Finance Professionals

1. OPENING OF MEETING

1.1 Pledge of AllegianceAll present honored the flag.

2. MINUTES

2.1 Approval of minutes from the January 20, 2020 meetingCommissioner Smith made a motion, seconded by Commissioner Howe, to approve the minutes of the January 7, 2020 meeting.

Motion carried unanimously.

3. REPORTS

3.1 Financial reportsSuperintendent reviewed the monthly financial reports.

The Commissioners accepted the reports as presented.

3.2 Superintendent's report including operations, construction-maintenance, and customer relations/fiscalSuperintendent reviewed the monthly reports produced by the supervisors.

The Commissioners accepted the reports as presented.

4. ITEMS PREVIOUSLY HELD OVER FOR DISCUSSION AND POSSIBLE ACTION

4.1 Lead service line replacement program Superintendent advised that WI PSC has requested a teleconference with legal counsel to discuss the proposed lead service line replacement program.

4.2 Raw water improvements/intake project Funding to be discussed later during this meeting.

4.3 Water demand study Superintendent noted that the final report has been received and will be presented at the February Board meeting.

The Utility is planning a meeting with WI PSC and WI DNR to review the study.

4.4 Clear well sluice gate and UV bypass project The project is out for bids.

5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

5.1 Review financing options for raw water improvements project Superintendent introduced Ms. Wirth and distributed a Report on Preliminary Interim Financing Plan for Sheboygan Water Utility Intake project.

Ms. Wirth had presented an earlier version of the plan at the October 2019 Board meeting.

However, with more detailed cost estimates now available, Ms. Wirth has been able to update the plan.

Overall, the financing issue must cover earlier costs for preliminary and final engineering along with bidding costs; and then must cover construction costs, including engineering services during construction.

Preliminary and final engineering should be concluded by June 2021, with bidding shortly thereafter.

Construction is anticipated to begin as early as spring of 2022.

The recommended vehicle for the initial funding is a Bond Anticipation Note (BAN) in the amount of approximately \$3,000,000.

This would cover preliminary and final engineering costs, along with bidding.

BANs are available either tax-exempt or taxable.

Tax-exempt has a spend-down schedule of 24 months.

Taxable BANS have no spenddown schedule.

Rates are somewhat higher on the more flexible taxable BANs.

After discussion about project uncertainties, such as a single versus dual intake pipeline, the Commissioners felt that the taxable BAN would be the best solution, particularly if it can be paid off before the end of 2022, greatly decreasing the interest payments.

Ms. Wirth also presented information on long-term financing options including Safe Drinking Water Loans and private market water revenue bonds.

Due to the size of the project, a 30 year period is the most desirable to spread the costs over time and to allow ongoing capital improvements in smaller projects.

Costs for paying off the BAN would be included in the long term financing.

Ms. Wirth provided figures for \$31.5 M (excluding BAN) and a \$39.7 M (excluding BAN) issuances.

Superintendent noted this is a very large project but is replacing critical infrastructure dating to 1887.

By August of 2020, the project should be more clearly resolved into either a single or dual intake configuration, which will have a significant impact on cost.

Superintendent noted that he would like to review the financing with City officials including the City Administrator, Mayor, and City Finance Director, and also evaluate the latest information in terms of revenue requirements projected into the future.

The Commissioners discussed a number of related issues and concluded that the matter should be taken up again at the February Board meeting.

If everything looks good, the Board could then make a request to the Common Council for issuance of the \$3.0 M BAN, with funds available during June 2020.

5.2 Request approval for bid on water main replacement at Maryland & Illinois Ave
Superintendent advised that the Utility had included its water main replacement work in DPW's overall bid package for Maryland and Illinois Avenue - S. 10 th to S. 11 th Street.

The low bid costs from Vinton Construction were reviewed.

The total cost was \$573,311.84 for 2,411 LF of 12 " PVC water main along with appurtenances and street work.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Smith, to accept the bid from Vinton for the water main replacement.

Motion carried unanimously.

5.3 PSC code changes None

5.4 Approve Vouchers
Commissioner Van De Kreeke made a motion, seconded by Commissioner Smith, that gross payroll for December of \$161,584.62 and general vouchers of \$340,879.50 be allowed and accepted.

Motion carried unanimously.

6. PERSONNEL

6.1 Inform Board of upcoming 40 th anniversary for staff member
Superintendent advised the Board members of the upcoming, unusually long anniversary of 40 years for Mr. J. Gorr.

7. NEXT MEETING

7.1 Next meeting will take place on Monday, February 17, 2020.

8. ADJOURN

8.1 Motion to Adjourn Commissioner Howe made a motion, seconded by Commissioner Smith, to adjourn at 5: 40 pm.

Motion carried unanimously.