

BOARD OF WATERWORKS COMMISSIONERS - 3: 00 PM (Monday, October 21, 2019)Generated by Joe Trueblood on Wednesday, October 23, 2019

Members:

Gerald Van De Kreeke, Mark Smith.

Ray Haen, excused.Staff/visitors:

Superintendent Joe Trueblood, Accountant Lisa Gottsacker, Carol Wirth of WI Public Finance Professionals, Tom Howe

1. OPENING OF MEETING

1.1 Pledge of AllegiancePresident Van De Kreeke called the meeting to order at 3: 20 pm.

All present honored the flag.

2. MINUTES

2.1 Approval of minutes from the September 16, 2019 meetingCommissioner Smith made a motion, seconded by Commissioner Van De Kreeke, to approve the minutes of the September 16, 2019 meeting.

Motion passed unanimously.

3. REPORTS

3.1 Financial reportsSuperintendent and Ms. Gottsacker reviewed the monthly financial reports.

The Commissioners accepted the report as presented.

Superintendent's report including operations, construction-maintenance, and customer relations/fiscalSuperintendent reviewed the monthly reports, which were accepted as presented.

4. ITEMS PREVIOUSLY HELD OVER FOR DISCUSSION AND POSSIBLE ACTION

4.1 Lead service line replacement programSuperintendent noted that the Utility is very close to submitting its lead service line replacement program to WI PSC for approval.

The submittal will take place within days.

It is unclear how long the WI PSC will take to review the proposal.

However, as the current WDNR grant program is running short on funding, the Utility might face funding some lead service line replacements ahead of formal approval of the new program.

This would likely mean that a small amount of funding might not be recoverable through rates.

4.2 Raw water improvements/intake project Superintendent noted that several elements are coming together on this project including a 50 year water demand study and funding options.

With those in place, along with more communication with WDNR and WI PSC, the Utility anticipates moving to preliminary engineering in 2020.

Superintendent reviewed current engineering work done on the feasibility study and how this might lead into preliminary engineering on the project.

Intake pipeline expertise and extensive knowledge of the existing water treatment plant are essential for a successful project.

The Utility has also supported local engineering firms when possible, as that keeps rate-payer dollars in the community.

Superintendent indicated that the Utility has only worked with a handful of engineering firms in recent years, and most of those do not have intake expertise.

The Commissioners indicated their support for reviewing an engineering proposal in the near future based on a teamed approach as used on the UV disinfection project.

4.3 Water demand study Superintendent indicated that a review teleconference had taken place.

The next action item will likely be a meeting between AECOM and CDM Smith for more discussion.

4.4 Horizon Drive water tower project Superintendent stated that the project is

complete minus a few possible punch list items.

The water tower is fully operational.

4.5 Clear well sluice gate and UV bypass projectNo update

4.6 Georgia Avenue pump station projectSuperintendent stated that the project is complete minus a few possible punch list items.

The new pump and backup generator are fully functional.

## 5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

5.1 Review funding options with WI Finance Professionals for upcoming raw water/intake projectSuperintendent introduced Ms. Carol Wirth to the Board.

She is the president of WI Public Finance Professionals, LLC, and a long time financial advisor to the Water Utility and City of Sheboygan.

Superintendent had invited Ms. Wirth to prepare possible funding plans for the raw water/intake project.

Ms. Wirth used the following assumptions:

preliminary cost estimate of \$26 M, engineering work completed by June 2021, project bid out by early 2022, construction begins as of fall 2022, and construction completed by fall 2024.

Ms. Wirth then reviewed options in the Safe Drinking Water loan program and the municipal bond market.

With a 20 year drinking water loan of \$26 M, annual principal and interest payments @ 1.76 % would be approximately \$1.52 M.

With a 30 year drinking water loan of \$26 M, annual principal and interest payments @ 1.76 % are at \$1.11 M.

With a 30 year municipal bond issuance of \$27.3 M

at 3 %, annual principal and interest payments would be approximately \$1.38 M;

the loan amount includes the mandatory funding for a bond reserve.

Ms. Wirth explained the challenge of funding engineering costs ahead of receiving a loan or issuing debt.

Without some type of bridge financing, the engineering costs would significantly impact cash reserves, but could be replenished later with permanent funding.

However, a water revenue bond anticipation note (BAN)

is designed to provide funding without decreasing cash reserves.

Ms. Wirth provided details of a \$2.97 M BAN issued in June 2020 and repaid by November 2023.

Superintendent stated that, with Ms. Wirth's estimates now in hand, he would like to run financial forecasts to determine the timing of rate increases needed to support this large new debt service.

More results would be presented at the next Board meeting.

The Commissioners thanked Ms. Wirth for her report and presentation.

5.2 Request Board approval for purchase of three (3) Surface Pro tablets  
Superintendent reviewed the request to purchase three MS Surface Pro 6 tablets for the meter shop.

These will work in synch with Badger Meter reading software and the Utility's Caselle mobile service order software to allow the

service

technicians to read meters and complete work orders remotely in the field.

Commissioner Smith made a motion, seconded by Commissioner Van De Kreeke, to approve the purchase of the units at a total cost of \$4,428.00.

Motion passed unanimously.

5.3 Request Board approval for purchase of mobile service order application  
Superintendent reviewed a request to purchase Caselle 's mobile service order software module that will allow service technicians to record information in the field and import it back into the Caselle billing software.

This will entirely eliminate the need to reenter information back in the office, allowing paperless work orders.

Commissioner Van De Kreeke made a motion, seconded by Commissioner Smith, to approve the purchase at a cost of \$3,600.

Motion passed unanimously.

6. PERSONNELNone

7. NEXT MEETING

7.1 Next meeting will take place on Monday, November 18, 2019 at 4: 00 pm.

8. ADJOURN

8.1 Motion to AdjournCommissioner Van De Kreeke made a motion, seconded by Commissioner Smith, to adjourn the meeting at 4: 45 pm.

Motion carried unanimously.