

CITY OF SHEBOYGAN

BOARD OF WATERWORKS COMMISSIONERS MINUTES - 4: 00 PM

Monday, August 21, 2017

Members present:

Gerald Van De Kreeke, Mark Heinz, Ray Haen

Staff/officials:

Superintendent Joe Trueblood

Visitors:

none

1. OPENING OF MEETING

President Van De Kreeke called the meeting to order at 4: 00 pm.

1.1 Pledge of Allegiance All present recited the pledge.

2. MINUTES

2.1 Approval of minutes from the July 27, 2017 meeting Motion by Commissioner Haen to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

3. REPORTS

3.1 Financial reports Superintendent reviewed the financial reports for July.

Motion by Commissioner Van De Kreeke to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

3.2 Superintendent's report including operations and construction-maintenance Superintendent reviewed the operations and construction-maintenance work for July, indicating a variety of work.

Motion by Commissioner Van De Kreeke to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

4. ITEMS PREVIOUSLY HELD OVER FOR DISCUSSION AND POSSIBLE ACTION

4.1 Lead water service replacement program Superintendent updated the Board on the program, including recent water service replacements on Broadway Avenue.

5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

Purchase of meters and Orion radio systems Superintendent reviewed a proposal from Badger Meter Inc.

for 17 meter head assemblies (3 ") at \$450.90 each;

300 M 25 Orions at \$131.71 each;

and 2 bare M 70 disc meters at \$173.01 each, or a total cost of \$47,524.
32.

Commissioner Haen asked if the amounts were in the 2017 budget, and Superintendent responded affirmatively.

Motion by Commissioner Van De Kreeke to accept, seconded by Commissioner Haen.

Motion carried unanimously.

5.3 Approval of 2018 Utility budget

Superintendent reviewed the proposed 2018 Water Utility budget.

The Board had previously approved a list of capital projects for 2018, which had been incorporated into the budget with a few minor changes.

Superintendent provided some summary information on the total PILOT payment to the City at \$1,204,423 ;

the Utility's status as having the third lowest cost for 18,750 gallons of water per quarter among class AB utilities;

the \$1,550,000 amount budgeted for water main replacements;

and the \$2,400,000 amount budgeted for a new south water tower.

Superintendent stated that rates had not been increased during 2017, but the proposed budget included a rate increase estimated to provide a revenue increase of 6 %.

Superintendent reviewed the list of capital projects in detail, noting that masonry renovation at Taylor Hill reservoir came in much lower than estimated and that improvements to the Georgia AVenue pump station were largely rolled over to 2018.

Superintendent noted that the south water tower project will result in additional debt service, and various scenarios had been reviewed with Carol Wirth earlier in the year.

Commissioner Heinz asked about reductions in debt interest, and Superintendent responded this was primarily due to refinancing the 2005 bonds.

Commissioner Heinz also asked about the offset to revenues labeled as due to the

WDNR lead water service

replacement program, and Superintendent noted this

offset in transmission and distribution expenses.

Superintendent reviewed information about the estimated cash balance, indicating a number of factors that affect this estimate, including the final Safe Drinking Water loan monies that came in during 2017, higher initial cash position, lower capital outlay during 2017, and higher

estimated revenues during 2017.

Superintendent also noted efforts to include very conservative estimates in the budget overall.

Superintendent

commended the Utility Accountant, Ms. Gottsacker, for improvements to the budget format.

Superintendent stated that Ms. Gottsacker helps to review budget figures to ensure their accuracy.

Commissioner Haen asked if the water main budget has enough to allow for projects that might come up unexpectedly.

Superintendent responded that normally it does allow some flexibility, and in some years DPW will pursue projects that were not anticipated during budget time.

Superintendent reiterated that the budget is a planning tool and guideline for anticipated financial activity during the

next year.

Typically some projects change and others come up that were not anticipated.

Superintendent reminded the Board of the future intake project,

and noted initial construction

cost estimates are approximately \$25 M based on results from CDM Smith's feasibility study, not including engineering costs.

There was also some discussion of the

large water users in the community and the potential of their remaining in the community for the next 5 - 10 years.

Superintendent reminded that Board members that the Utility is certainly vulnerable to the loss of large customers, which would have significant effects on the Utility's finances.

However, with the potential of growth now in the new business center expansion and elsewhere in the City, some of this vulnerability could be

reduced.

There was some discussion on the need for the

new south water tower, and Superintendent reviewed results from recent hydraulic modeling,

which indicated the need for another water tower along with pumping upgrades at the

Georgia Avenue booster station.

Commissioner Haen mentioned that future borrowing would affect the City, as well.

Commissioner Van De Kreeke noted that Ms. Wirth had mentioned bank-qualified issues during her presentation.

After further discussion, Commissioner Haen

made a motion, seconded by Commissioner Heinz, to approve the proposed 2018 Water Utility budget and to submit an R.O. submitting the

approved budget to the Finance Committee as a matter of record.

Motion passed unanimously.

5.4 Approve vouchers Commissioner Van De Kreeke made a motion, seconded by Commissioner Haen, that gross payroll for July of \$173,360.45 and general vouchers of \$1,263,677.03 be allowed and approved.

Motion carried unanimously.

6. PERSONNEL None

7. NEXT MEETING Next meeting will take place on September 18, 2017.

8. ADJOURN

8.1 Motion to Adjourn Motion by Commissioner Haen, seconded by Commissioner Van De Kreeke, to adjourn at 4: 55 pm.

Motion carried unanimously.

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