

City of Sheboygan  
2017-05-15

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SHEBOYGAN BOARD OF WATERWORKS COMMISSIONERS

May 16, 2017 at 4: 00 PM

Members present:

Gerald Van De Kreeke, Mark Heinz, Ray HaenStaff/officials:

Utility Superintendent Joe TruebloodVisitors:

Ms. Nancy DesJardins, Town of Wilson

1. OPENING OF MEETING

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

1.1 Pledge of Allegiance

2. MINUTES

2.1 Approval of minutes from the April 24, 2017 meetingMotion by Commissioner Haen to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

3. REPORTS

Financial reportsSuperintendent reviewed the financial reports for April.

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

Motion carried unanimously.

Superintendent's reports Superintendent reviewed the operations and construction-maintenance reports for April. Motion by Commissioner Haen to accept, seconded by Commissioner Van De Kreeke.

Motion carried unanimously.

#### 4. ITEMS PREVIOUSLY HELD OVER FOR DISCUSSION AND POSSIBLE ACTION

4.1 UV project close-out Superintendent informed Board that final payment on the UV project is expected within

one month.

The system continues to operate without fault.

4.2 Lead water lateral replacement program Superintendent advised that 22 service laterals are currently involved in the program.

Superintendent and Distribution Supervisor attended a meeting at Kohler DPW on technology used to line lead and galvanized water laterals.

Update on financial forecasts based on funding options for south water tower and future intake projects Superintendent used information on funding options provided by Ms. Carol Wirth at the April meeting to forecast revenue requirements to support the

south water tower and intake projects going forward to 2029.

Although many variables complicate the forecasts, Superintendent

used annual expense increase figures of 2 - 3 %, typical capital expenditures, and

estimates of other key financial figures

to estimate

future cash balance going forward.

Using an estimate of \$16 M for the intake project

starting in 2021, significant revenue growth is needed to support additional debt service.

Some of the revenue growth might come

as the City grows into new areas such as an expansion of the Business Center.

However, in recent years, water usage has remained relatively flat, which indicates revenue growth can only come through rate increases.

In order to support the intake project, ongoing rate increases would be likely on

an estimated two year cycle

starting in 2018.

Superintendent displayed various scenarios depending on different revenue

growth estimates.

The Commissioners

felt that reinvestment in critical infrastructure is necessary and will require ongoing revenue growth, probably through rate increases.

Nonetheless, Sheboygan will continue to have extremely low water rates.

Review proposals for purchase of replacement truckThis

matter was tabled until fall, when quotes on 2018 vehicles will be available.

#### 5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

Proposal for completing a water rate study and rate application with WI  
PSCSuperintendent requested approval for

Baker Tilly to complete a water rate study and to file an application with WI  
PSC for

rates to go into effect in 2018.

This is necessary because the Utility did not qualify for the Simplified Rate  
Case that had been submitted.

With large and critical infrastructure

projects (south water tower and intake pipeline)

anticipated in the near future, it is paramount that the Utility has water  
revenues sufficient to support the projects.

The proposal from Baker Tilly indicated a cost estimate of \$18,000 - \$19,500  
for the project.

Motion by Commissioner Haen, seconded by Commisisoner Heinz, to approve the  
proposal.

Motion carried unanimously.

PSC code changes:

none.

Proposal for health insurance renewal contract Superintendent reviewed renewal information provided by Ms. Julie Meyer of Hub International and Ms. Lori Rortvedt of Prairie States.

lowest cost renewal option included stop loss coverage provided by Orient Risk/Gerber at a specific deductible of \$50,000.

The renewal came in with an increase in fixed costs of 0.3 %.

Superintendent also reviewed a communication from Prairie States recommending the inclusion of 3 D mammography in the plan.

Superintendent also

reviewed information on an increase in the plan deductibles to \$500 /\$1,000 along with a change in Supervisor Vision coverage to include exams.

Motion by Commissioner Van De Kreeke, seconded by

Commissioner Heinz, to approval the renewal and

all proposed changes.

Motion carried unanimously.

5.4 Approve vouchers Commissioner Heinz made a motion, seconded by Commissioner Van De Kreeke, that gross payroll for May of \$143,898.45 and general vouchers of \$185,009.98 be allowed and approved.

Motion carried unanimously.

Review investment option comparison Superintendent advised that a CDAR account was coming due for renewal, but other options are now available that would offer greater returns with similar liquidity and security.

Motion by Commissioner Heinz, seconded by Commissioner Haen, to move the CDAR funds into a fully collateralized CD account.

Motion carried unanimously.

Review proposals for engineering services on south water tower project Superintendent distributed proposals submitted by AECOM, Ruckert Mielke, and Strand for engineering services on the south water tower project.

Donohue & Associates had declined to submit a proposal.

The Commissioners reviewed the three proposals, which were all detailed and complete.

The Commissioners asked about Dixon, which was indicated as a subcontractor on the proposals from AECOM and Ruckert Mielke:

Superintendent advised the Dixon is a specialty firm offering services in tank coating, welding, maintenance, and construction;

Commissioner Heinz had experience with Dixon.

Strand had in-house expertise in those areas and thus did not partner with Dixon.

Superintendent reviewed the qualifications of each firm and the proposed project managers.

Each firm had been involved in similar water tower construction.

The proposal costs were as follows:

AECOM at \$97,886 - \$105,886 with a \$12,000 for additional surface prep and coatings observation;

Ruckert-Mielke at \$183,994 ;

and Strand at \$189,938.

Superintendent indicated that each proposal appeared to include all necessary work scope as indicated in the RFP.

Superintendent noted that AECOM had completed the Utility's hydraulic model and site evaluation project.

Ruekert Mielke was working for the City on the business center expansion.

Superintendent advised that AECOM's proposed project manager had tank experience as an engineer but not as project manager.

Superintendent felt that each firm understood the project and could implement it at a high level of professionalism.

Motion by Commissioner Haen, seconded by Commissioner Van De Kreeke, to accept the proposal from AECOM including the optional service.

Motion carried unanimously.

Discussion on possible annexation and provision of service to proposed Kohler Company golf course Commissioner Van De Kreeke moved this item forward in the meeting to accomodate the visitor.

Superintendent distributed a public map showing the proposed golf course area relative to the Utility's infrastructure.

Superintendent advised that there was no other new information yet to present.

However, as in any case, if land comes into the City, the Utility has an obligation to provide water service as development becomes imminent.

Commissioner Van De Kreeke then opened the floor to Ms. DeJardins, who introduced herself as a Town of Wilson supervisor.

provided additional information about the annexation corridor and mentioned the possibility of the course installing high capacity wells regardless of the access to municipal water.

There was some discussion about the timing of the annexation proposal and

other issues related to the Town's concerns about

the project.

The Commissioners advised that the Water Board was not involved in annexation actions and thanked Ms. DeJardins for coming.

Proposal on testing services on Broadway Ave. project Superintendent reviewed

a proposal from Miller Engineers & Scientists for Field and Laboratory testing services for the water main construction

project on Broadway Avenue, from S.

7 th to S. 13 th Street, at an estimated cost of \$4,500.

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

Motion carried unanimously.

## 6. PERSONNEL

7. NEXT MEETING Next meeting will be on June 19, 2017

## 8. ADJOURN

8.1 Motion to Adjourn Motion by Commissioner Haen, seconded by Commissioner Van De Kreeke, to adjourn at 5: 23 pm.

Motion carried unanimously.

Joe Trueblood on Tuesday, May 16, 2017