

City of Sheboygan
2017-04-24

ALLHNG494F70

SHEBOYGAN BOARD OF WATERWORKS COMMISSIONERS

April 24, 2017 at 4: 00 PM

Members present:

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

Superintendent Joe TruebloodVisitors:

Ms. Carol Wirth, WI Public Finance Professionals, LLC.

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 March 27, 2017 meetingMotion by Commissioner Haen to accept, seconded by Commissioner Heinz.

Motion carried unanimously.

3. REPORTS

Financial reportsSuperintendent reviewed the financial reports for March.

Superintendent's reports Superintendent reviewed the operations and construction-maintenance reports for March. 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 1 - 2 months.

The Utility has received an extended warranty on the clear well extension and is still waiting for an extended warranty from Trojan.

The system continues to operate without fault.

4.2 Update on simplified rate case application with WI PSC On completing the Simplified Rate Case application form, the Utility's accountant, Ms. Gottsacker, identified that, due to a strong year in 2016, the Utility did not qualify for a SRC.

The Utility's adjusted total operating income to average net rate base ratio was 6.89 %, and the threshold is a ratio below 5.2 %.

Therefore, the Utility can only pursue a full rate case at this time.

SRC does not accommodate future expenses due to large projects, such as the south water tower or future intake pipeline.

Superintendent advised that a full rate case should be considered later in the year due to these upcoming large projects.

4.3 Lead water lateral replacement program Superintendent advised that a successful customer meeting was held for the Broadway project.

Several other lead water laterals have failed and received partial reimbursement from the program.

4.4 Request for Utility employee compensation info to be included in City employee compensation report On request for more information, the City HR Director had supplied Superintendent with the Village of Grafton compensation report, which is serving as a template for the City of Sheboygan compensation report.

The Commissioners reviewed

the Grafton report.

Commissioner Van De Kreeke noted that, as a

village, Grafton is not required to have a separate Board of Water.

Superintendent stated that similar information was printed in the Sheboygan Press in earlier years, and many Utility employees felt it was unnecessary to attach names to

salaries, as the same information could be conveyed by job titles.

Superintendent stated that it

is more respectful of employees to use titles rather than personal names.

Superintendent did not know how the report would be distributed

but assumes it would be on the City website and distributed to local officials.

Commissioner Van De

Kreeke noted that, in

the interest of transparency, any such information should be annotated to show that Utility wages and salaries are paid out of water revenues

and not out of tax monies or general fund monies.

Commissioner Haen noted that Utility employees are not City employees.

After further discussion, the Commissioners agreed with providing the information as requested but with additional explanatory language for better transparency to the citizenry.

The Commissioners also felt that similar information would be included in future Utility reports.

5. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

Purchase of replacement radar level transmittersSuperintendent requested approval for the purchase of two radar level transmitters to replace aging units in the suction well and sludge pit.

The requested units are Flowline EchoPulse transmitters available at \$2,500 per unit from BlueBook.

These units are essential for monitoring levels in those sites.

Motion by Commissioner Van De Kreeke, seconded by Commisisoner Heinz, to approve the purchase of \$5,000 for the units.

Motion carried unanimously.

5.3 WI PSC construction authorization at Union Pacific railroad at S. Business DriveSuperintendent noted receipt of construction authorization from WI PSC for a project to install water main underneath the UP railroad tracks at S. Business Drive.

This longtime dead-end needs to be connected southward due to upcoming developments.

WI PSC approval was required because of a short passage through Town of Wilson lands.

5.4 Review of funding options for future projects Ms. Carol Wirth reviewed a report on potential 2018 Water Utility financing plans prepared by WI Public Finance Professionals, LLC.

Superintendent had asked Ms. Wirth to include financing options for a water tower and future intake pipeline project.

Ms. Wirth also noted a refinancing opportunity coming up early in 2018.

Ms. Wirth reviewed existing Utility debt, which includes both safe drinking water loans and water utility revenue bonds.

Ms. Wirth also reviewed issues involved with the City's financing plans and the ramifications for bank-qualified debt, which comes at a higher interest rate.

Ms. Wirth detailed the call feature on the

2007 Revenue bonds:

by calling those in early 2018, the Utility could save approximately \$230,000 with a refinancing issuance at a lower interest rate.

Ms. Wirth also detailed a \$2.5 M issuance for the south water tower.

Finally she considered a \$16 M issuance for the intake pipeline project.

The Board has taken a long-term view of managing debt for its large capital projects.

It appears the the intake pipeline debt is manageable, but revenues must continue to increase to support the new debt expenses that could begin as early as 2021.

The Board indicated interest in refinancing the 2007 water revenue bonds.

Superintendent stated that he doubted if the water tower project would receive state funding due to its low scoring, which is a result of

the project having little effect on water quality.

Ms. Wirth reviewed the spend-down requirements and Superintendent reviewed some issues with the water tower project that would relate to the requirements.

Commissioner Van De Kreeke noted that, with some more information, the Board would be prepared to meet soon with the City Finance Committee to review the Utility's proposed borrowing in 2018.

The Commissioners thanked Ms. Wirth for her detailed report.

5.5 Purchase of Orion radio generators Superintendent requested approval of 1,200 Orion generators at a cost of \$125.44 each, or a total of \$150,528.00.

The Utility currently has 60 % of its customer on radio meter systems.

Commissioner Heinz made a motion, seconded by Commissioner Haen, to approve the purchase.

Motion carried unanimously.

5.6 Approve vouchers Commissioner Heinz made a motion, seconded by Commissioner Van De Kreeke, that gross payroll for March of \$142,860.01 and general vouchers of \$367,437.39 be allowed and approved.

Motion carried unanimously.

5.7 Review Communication to Those charged with Governance and Management Superintendent distributed the Communication, which was produced by Baker Tilly.

No deviations were noted.

5.8 Review Independent Auditors' report Superintendent distributed the Report, which was produced by Baker Tilly.

No deviations were noted.

The Utility Accountant, Ms. Gottsacker, CPA, had worked in detail with Baker Tilly on the Utility's annual audit.

5.9 Review annual report to WI PSC Superintendent distributed the Report, which was produced by Ms. Gottsacker.

It has also been submitted to WI PSC as required.

5.10 Review printing quotes for annual consumer confidence report (CCR) Superintendent reviewed quotes for printing 19,000 copies of 4 color reports as follows:

Franzen graphics at \$1,705, Diamond Printing at \$1,022.29, Boneck Printing at \$1,294.47, and Zimmerman Printing at \$1,190.

Superintendent advised that both Diamond and Zimmerman were direct Utility customers, but Diamond apparently does printing in the Fox Valley.

Motion by Commissioner Van De Kreeke, seconded by Commissioner Haen, at accept the low cost proposal of Diamond Printing.

Motion carried unanimously.

5.11 Purchase of water main fittings and appurtenances Superintendent reviewed a tabulation of miscellaneous project materials including valve box lids, valve boxes and risers, along with assorted fittings.

The Utility received the following quotes:

Ferguson at \$12,064.20, HD Supply at \$13,910.85, and First Supply at \$19,175.00.

Superintendent reviewed a tabulation of materials specifically for N. 15 th Street including fittings, hydrants, and valves.

The Utility received the following quotes:

HD Supply at \$33,164.00, Ferguson at \$35,837.00, and First Supply at \$39,796.00.

Motion by Commissioner Heinz, seconded by Commissioner Haen, to approve the low cost quotes from Ferguson and HD Supply.

Motion carried unanimously.

5.12 Update on health insurance contract renewal Superintendent advised that the Utility's renewal contract is expected to have no cost increase for the coming plan year.

5.13 Purchase of replacement pavement saw Superintendent reviewed two quotes for a replacement Husqvarna FS 5000 D 30 " walk-behind flat saw, used in pavement cutting.

The Utility's existing older unit can only cut 5 " depth, which is not always sufficient.

The Lead Distribution Technician considered used options but these tend to be heavily used and in poor mechanical condition.

Diamondbladewarehouse.com provided a quote of \$32,251.70, Lincoln Contractors provided a quote of \$29,213.00, and Concore provided a quote of \$26,800

including all prep and delivery.

Although the cost would exceed the budgetary figure (\$25,000), another item (tapping machine) can be delayed if needed.

Motion by Commissioner Van De Kreeke, seconded by Commissioner Haen, to approve the low cost quote from Concore.

Motion carried unanimously.

5.14 Purchase of replacement truck Superintendent reviewed proposals for a replacement half ton pick-up truck.

The Ford F- 150 and Chevrolet Silverado 1500 were considered.

After review of the proposals, the Commissioners noted that

a local dealer had been omitted.

Motion by Commissioner Van De Kreeke, seconded by Commissioner Haen, to table

the purchase until the next Board meeting.

Motion carried unanimously.

5.15 Options for admin office roof repair Superintendent advised the Board members of ongoing issues with leakage through the tile roof section of the administrative office.

This roof dates to 1988.

After evaluation, the

original ice and water shield over the roof deck is failing.

The Utility sought options which included tear off of tile and replacement

metal roofing at a cost of \$15,700, tear off and salvage of existing tile roof with installation of new ice and water shield over existing deck at \$13,300, and tear off and replacment with architectural shingle at a cost of \$10,700.

Motion by Commissioner Haen, seconded by Commissioner Van De Kreeke,

to accept the proposal for

tear off and salvage of existing roof tile at \$13,300.

Motion carried unanimously.

5.16 Approval of R.O. submitting 2017 first quarter report Motion by Commissioner Van De Kreeke, seconded by Commissioner Heinz, to submit the first quarter report to Council.

Motion carried unanimously.

6. PERSONNEL

7. NEXT MEETINGNext meeting will be on May 15, 2017

8. ADJOURN

8.1 Motion to AdjournMotion by Commissioner Haen, seconded by Commissioner Van De Kreeke, to adjourn at 5: 55 pm.

Motion carried unanimously.