

NEW RICHMOND UTILITY COMMISSION MINUTES

May 9, 2018

The regular meeting of the New Richmond Utility Commission was held on May 9, 2018 at 3:30 p.m. at the Civic Center.

Pat Becker called the meeting to order at 3:30 p.m.

Members Present: Bob Mullen, Dan Casey, and Pat Becker.

A motion was made by Bob Mullen to approve the agenda, seconded by Dan Casey, and carried.

A motion was made by Dan Casey to approve the minutes of the April 4, 2018 meeting, seconded by Bob Mullen, and carried.

A motion was made by Bob Mullen to approve April 2018 bills and disbursements, seconded by Dan Casey, and carried.

Public Comment:

None

Commissioner Application Review and Recommendation:

Mike Kastens, Jeremy Poole and John Mike are interested in the Utility Commission opening. John Mike introduced himself. He stated he was a dentist for 36 years in New Richmond, and just recently retired. He has been involved in different committees throughout the City, and would like to give back to the community. Bob Mullen moved to submit all three names to the Mayor for selection, seconded by Dan Casey, and carried.

Appointments to WPPI Energy Board of Directors:

Mike Darrow welcomed the new Electric Supervisor, Weston Arndt. Currently Mike Darrow and Rae Ann Ailts are the representatives on the WPPI Energy Board of Directors. Bob Mullen moved to have Weston Arndt become the WPPI Director Representative, and Mike Darrow be the WPPI Alternate Representative on WPPI Energy Board of Directors, seconded by Dan Casey, and carried.

Itron Software Upgrade Recommendation:

New Richmond Utilities currently uses Itron MV-RS version 8.7.5 for our meter reading software. The software will reach end of life and will not be supported as of December 31, 2021. Itron is encouraging MV-RS customers to upgrade to Itron Field Collection System (FCS) prior to the end of life support period.

Upgrading our MV-RS software to FCS will provide additional features and functions and is also compatible with our current hardware. The cost to upgrade to the Itron FCS software is \$1,500 when done in conjunction with our annual support renewal, which renews on June 1st. The cost of upgrade also includes onsite training. Deferring the software upgrade to a later date would cost an estimated \$7,000 with additional charges for training of \$2,000.

The cost of the upgrade, while not included in the 2018 budget, would significantly reduce future costs associated with upgrading. The cost of the upgrade would be shared by the Utilities and due to the minimal cost will not affect the 2018-operating budget. Dan Casey moved to upgrade the meter reading software to Itron FCS at a cost of \$1,500, seconded by Bob Mullen, and carried.

Capital Improvement Plan 2018-2022:

As part of the 2018 budgeting process, Utility Commission members and staff began working to update the Utility's five year CIP. Projects from the previous CIP as well as new projects identified by staff, Commission, Council and community input have been included for consideration. Staff prioritized the projects categorizing each project into one of the following three categories:

Red (Critical) = Project is in need of immediate replacement/repair in the year identified. There is a direct impact on the safety or health of staff, residents, etc.

Yellow (Very Important) = Project is in need of replacement/repair soon, but not immediately, and can be addressed in the midterm.

Green (Important) = Project would be nice, but does not directly impact the safety or health of the community.

In January, the Commission was asked to review the projects based upon priority given by staff as well as themes established by council, which include:

- Safety, health, and general welfare
- Preserving the past, engaging the present, and ensuring the future
- Public/private partnerships,
- Economic development
- Fiscal responsibility.

In the following months, we will continue to move through the remaining projects not identified as critical with the same process. Below is the proposed timeline for completion of the CIP project.

June- Sources and uses of funds for critical projects and definition of "very important" projects for 2018-2019. Staff will take photos to help understand what some of the items are

July- Identification of very important projects

Aug- Sources and uses of funds for critical and very important projects

The feasibility study will be on the June agenda.

Request to Proceed with RFP for Water and Sewer Rate Case:

New Richmond Utility's current water rates have been in place since 2013, while sewer rates have been in place since 2012. Over the intervening 5-6 year period, population growth have increased demand and inflation has increased the costs of operation and maintenance. Our rates are not sufficient to sustain growth and inflation into future years. As discussed during the last budget cycle, an analysis of our rates should be conducted in 2018 to determine if rate adjustments are necessary and, if so, help properly align rates with ongoing costs. Rate studies are also a required component of the Public Service Commission's rate setting process for water utilities. Bob Mullen moved to authorize to proceed with the RFP for Water and Sewer Rate, seconded by Dan Casey, and carried.

4Q17 Financial Report:

Joel Enders gave the financial updates on the following departments:

- Electric-Expenses were slightly higher than budgeted, but more than offset by higher than anticipated revenues. Ending net position is favorable to budget by \$476K.
- Water-Revenues and expenses were both marginally above budget through fourth quarter, ending with an operating income of \$243K. Net position is favorable to budget by \$435,537, primarily due to the end-of-year capital contributions.

- Sewer-Revenues were slightly less than estimated while expenses ended \$115K over budget. Operating losses for the year were \$126K greater than budgeted. Net position is favorable to budget due to end-of-year capital contributions.

2018 Street/Utility Projects Bid Results:

Jeremiah Wendt did an overview of the three bids received for the street/utility projects. These projects included 125th Street reconstruction, East 4th Street utility improvements, County Road A Trail (Phase 1) and the 125th Street/Paperjack Creek Nature Trail. The bids ranged from \$1,420,482.69 to \$1,810,442.83. Haas Sons Inc., of Thorp, WI, submitted the low bid. Based on our experience and review, it is our opinion that Haas Sons Inc. has the required equipment and expertise to perform the work as outlined in the contract specifications. Dan Casey moved to accept the bid from Haas Sons, Inc., seconded by Bob Mullen, and carried.

James Place II Electrical Line Extension:

In 2004, the City approved Phase I of James Place, the first 18 lots of a planned 61 lot residential development. In June 2017, the City approved a development agreement for Phase II of James Place, authorizing the development of an additional 22 lots. The developer, Bass Lake Inc., elected to contract with the City Utility for the extension of electrical lines and the installation of three streetlights in Phase II. The formal estimate communicated to the developer for this work totaled \$16,724. In late July / early August, a private utility contractor was hired to assist with line installation and expedite project completion, resulting in final project costs that were \$6,099.13 higher than initially estimated. However, the request for and/or communication of this change order was not formally documented, causing a billing dispute between the City and the Developer when the work invoice was received in late October. Staff met with the developer on May 4, 2018, to discuss this issue, whereupon the developer offered to pay \$4,000 of outstanding project costs. While this amount is approximately \$2,000 less than the billed amount, litigating this dispute would be an even less cost-efficient option. Bob Mullen moved to recommend accepting payment in the amount proposed by the developer of \$4,000, absorbing the remaining \$2,099.13, seconded by Dan Casey, and carried.

Department Reports

Bob Meyer, Water Superintendent:

- Water Department held their annual demonstration/class at Starr, Hillside, Paperjack and St. Mary's Schools.
- Multiple locates continue to take place.
- 95% of irrigation meters are back in service
- 2017 CCR Report has been completed. Needs to be submitted to DNR by July 1, 2018.
- Flushing will begin next week.
- Meters, cross connections, and project inspections are ongoing.
- Adam Jackson has been working on the Hockey Center drainage.

Steve Skinner, Lead Wastewater Treatment Plant Operator:

- The Effluent sampler has been repaired and is back online.
- Pump #1 VFD at main lift station failed. Currently getting cost estimate for replacement.
- Thanks to the Electric Department for their help in getting the SCADA communication system running effectively. SCADA system currently has communication to all sites with no issues.
- Waiting for an answer on whether the city is able to remove electric meter at Tower #2, and reimburse St Croix County for electric use. This would simplify generator tie in and helps County protect their equipment.

Kevin Blader, Electric Lead:

- Kevin welcomed Wes Arndt to the Electric Department.

- North Knowles substation went off line on April 17, 2018 for repairs and maintenance, was back on line April 20, 2018.
- Power outage on North Shore Drive was caused when a goose hit the power line, affecting approximately 50 customers.
- Underground power line failed on the 500 block of South Knowles Avenue resulting in a power outage.
- Power outage on E 5th Street was due to a squirrel.
- Electric disconnects have begun.
- Winter underground faults are being repaired.
- Eleven new services were installed last week, and nine more are scheduled for this week.
- Richmond Prairie Condos Subdivision is still in the works, waiting for curb to be poured.
- Street light project on 140th Street will begin in four to five weeks.
- West 8th Street primary upgrade continues to be worked on.
- Truck testing has occurred, resulting in hydraulic line repair on truck 31.
- Cooper Motors should be hooked up to permanent service within two weeks.

Mike Darrow thanked Kevin and his crew for helping out during the transition period.

Jeremiah Wendt, Director of Public Works:

- Getting design wrapped up for projects
- Sewer construction is in on Noble Road
- Wrapping up Richmond Prairie Condos

Joel Enders, Management Analyst:

Joel stated work will begin soon on 2019 budgets. He also presented and read a thank you card from former Utility Commissioner, Jerry Frey.

Weston Arndt, WPPI Energy Services Rep:

Wes thanked the Commission for the opportunity to take the roll of Electric Superintendent. Today is Wes' first day in this new role.

Staff has been at schools with Powertown & Pedal Power.

Focus on Energy

Focus on Energy "Connected Device Kits" customer mailing reached mailboxes about two weeks ago. Customers that have high speed internet can receive free connected devices or reduced prices on smart/wifi-enabled thermostats.

Customer Work

Recent customer work includes efforts with Bosch, WITC, Lakeside Foods, and Simma Properties. Phillips-Medisize hired an energy intern to assist in evaluating energy efficiency measures within their facilities. WPPI Energy is supporting the position through a grant that will cover 50% of the cost up to \$5,000.

WPPI Energy Services Representative

WPPI has posted the ESR position to serve River Falls Municipal Utilities and New Richmond Utilities. They will take the lead on the application review and initial interviews. Member staff will be included in second interviews on two or three candidates to evaluate the fit for the communities. The goal is to have the position filled by mid-summer.

Tax Cuts and Jobs Act

WPPI Energy is expected to see cost savings from various partners that will be passing on their tax savings. These include transmission through American Transmission Company, and contracts with investor owned utilities. The annual savings is estimated at \$11.4 million, which is a 3% reduction in the

budgeted annual wholesale power costs. The savings will be passed on to members beginning May 1. This will effectively be passed through the PCAC to retail customers.

Mike Darrow, Utility Manager:

The 2019 budget process will begin soon. Staff will be looking into the possibility of a two year budget cycle.

Utility Update:

Debbie Powers gave a brief utility office update. Office operations are running smoothly. The electric moratorium ended, which resulted in a large volume of electric disconnections taking place. Debbie explained the process for these disconnects. Susan Affeldt and Leigh Alexander will be attending a roundtable in Cornet.

Motion was made by Bob Mullen to move into closed session per State Statute 19.85 (1)(c), seconded by Dan Casey, and carried.

Bob Mullen made a motion approve as discussed in closed session, seconded by Dan Casey, and carried.

There being no further business, a motion was made by Dan Casey to adjourn, seconded by Bob Mullen, and carried. The meeting adjourned at 5:00 p.m.

Pat Becker, President

Gerry Warner, Secretary