

NEW RICHMOND UTILITY COMMISSION MINUTES

October 30, 2017

The regular meeting of the New Richmond Utility Commission was held on October 30, 2017 at 3:30 p.m. at the Civic Center.

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

Members Present: Jerry Frey, Bob Mullen, Dan Casey, Gerry Warner, and Pat Becker.

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

A motion was made by Gerry Warner to approve the minutes of the October 11, 2017 meeting, seconded by Jerry Frey, and carried.

Public Comment: None

Community Solar Discussion:

Kevin Westhuis, Utility Director at River Falls Municipal Utilities, was unable to attend this meeting. He had planned to share some of the innovative efforts that River Falls undertook with their community solar garden. Weston Arndt did an overview of what River Falls is currently doing to promote their solar garden. In conjunction with the tax increment financing (TIF) district for the Sterling Ponds Corporate Park, the City of River Falls included 90 shares, valued at \$51,030, as part of the incentive package for new businesses building in the TIF district. They had three projects that proceeded with this in the developer's agreement: two with Winfield United, and one with TW Equities.

River Falls also wanted to address the situation where the fixed cost of the panels and the shortening of the energy credit time horizon would make the simple payback even longer for new participants. River Falls chose to purchase the remaining available shares from WPPI Energy. They placed these shares on three utility and city electric accounts. This allowed them to receive the energy credit for these shares, and transfer them to new customers at any time in the future. Additionally, River Falls offers their shares to retail customers, available to be transferred at a price that reflects the previously produced energy credits. The initial price was \$567 per share; the price per share in River Falls is expected to drop below \$500 this winter.

The New Richmond community solar garden currently has 190 subscribed shares. The promotion of New Richmond Utilities remaining solar panel shares will be discussed during future utility commission meetings.

2018 Budget Approval:

Rae Ann Ailts presented the 2018 Operating and Capital Budget. The combined proposed Utilities budget for FY2018 is \$12,963,705.00 and incorporates the following highlights and notable changes:

Revenue

- Health, dental & vision insurance premium costs remain at 2017 rates. Employee and employer cost share remain at 2017 level.
- Contracting of IT and Print Managed Services
- Proposed wage increase of 3%: occurring with the following splits 1.5% at 1/1/18, and 1.5% at 7/1/18
- Addition of one full time management analyst, one full time lineman (started in 2017) and one fulltime public works position shared with the City.

Debt

- Debt coverage exceeds bond resolution requirements for FY2018 for all utilities.

Rate Analysis

- Cash flow remains sufficient for FY2018 to support infrastructure.
- A rate review of all Utilities is proposed for FY2018

Capital Budget

- Proposed annualized savings of \$575K is projected for the combined utilities.
- \$807K in proposed FY2018 capital projects includes various infrastructure and pole replacement, two vehicle replacements, iPads for the field, manhole refurbishment, lift station control updates at Fox Run, sewer lining, thickening equipment replacement and sanitizing washer.

A motion was made by Gerry Warner to approve the New Richmond Utilities Budget as presented, seconded by Dan Casey, and carried.

2018-2022 Capital Improvement Plan Update:

Rae Ann Ailts presented the 2018 -2022 Capital Improvement Plan. Rae Ann explained the color coding prioritization:

- **Red identified as 1:** Project is in need of immediate replacement/repair. There is a direct impact of safety or health of staff, residents, etc.
- **Yellow identified as 2:** Project is in need of replacement/repair soon, but not immediately, and can be addressed in the midterm.
- **Green identified as 3:** Project would be nice, but does not directly impact the safety or health of the community.

Over the next several weeks the Council and Commission will have the opportunity to review the projects and funding sources in greater detail, allowing staff the time needed to complete the balance of community engagement events. Upon completion of the community engagement activities, staff will provide a summary of the community's priorities as it relates to capital projects at the November 13th regular council session and at the next utility Commission meeting.

Collateralization of Utility Funds:

The City of New Richmond and New Richmond Utilities currently utilizes a repurchase agreement to collateralize the funds of the city. While the repurchase agreement has been effective in collateralizing the City and Utility funds, there are some limitations. For example, at year-end when tax collections peak, transferring of funds is critical to ensure proper collateralization is in place. Additionally, operational expenses associated with monitoring and purchasing corresponding securities is expensive, which reduces the rate of interest earned.

Staff has researched using a letter of credit instead of a repurchase agreement to secure funds. There are many benefits of moving to a letter of credit, such as, zero costs, less administrative burden at year-end, and rapid payout in the event of a default. Additionally, letter of credits are irrevocable. Staff has also consulted with our legal counsel, auditors and other municipalities, which utilize a letter of credit. Our legal council and auditors have indicated a letter of credit meets all state and accounting requirements and standards. A motion was made by Gerry Warner to proceed in obtaining a draft letter of credit to be reviewed by legal counsel and our auditors, seconded by Bob Mullen, and carried.

Bidding for Replacement of Truck #63:

Jeremiah Wendt updated the Commission on the condition of the Water Department's 2008 Ford F-250 truck #63. The replacement is in the 2018 capital budget. Jeremiah is asking to start the bidding process now with delivery in early 2018. We will be replacing this vehicle with another ¾-ton or 1-ton full size pickup truck with a regular cab. A motion was made by Dan Casey authorizing staff to solicit bids for a ¾-ton or 1-ton pickup truck with standard cab and 8-foot bed, and to accept the lowest bid that meets our specifications provided that the total cost does not exceed \$35,000. Further, staff is authorized to dispose of the existing Ford F-250 by the most competitive means, seconded by Bob Mullen, and carried.

Department Reports

Bob Meyer, Water Superintendent:

- Jetting continues throughout the year until it gets to cold.
- Still doing a lot of locates.
- Finished up with the televising, and annual inspections. There are some issues by BOSCH, which will be looked into further once videos are reviewed.
- Ducktail Court was completed in 2001. However, no water hookups were installed at the sites. The island was removed during the dig to install the water hookups.
- Fall flushing is ongoing.
- There are still a few ongoing projects in conjunction with the street projects.
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Over the next two years all mains should be televised. The plan for 2018 is to start lining and injection grout around the mains. The biggest gauge is how much flow we have at the treatment plant. The televising program will continue so we can stay ahead of any issues.

Steve Skinner, Sewer Department:

Fall tank cleaning is complete. Tanks are in good condition. All but eleven of the trees that were in the gravel bed nursery have been planted. Waiting for the final locates to plant the remainder. The cement slab has been poured, and the underground trenched in for Well #3 project. The generator has been built, but has not yet been delivered. The DNR rep will be here on Thursday to review the rules for the new .075 phosphorus discharge permit limit. We will be exploring options over the next 5 years to target the hot spots of phosphorus origin.

The Annual Biosolids meeting will be held on November 14th at the Phoenix in Baldwin, beginning at 10:30 a.m. Any Commissioners interested in attending should notify Steve.

Tom Rickard, Electric Superintendent:

- Paperjack Bend project is complete.
- Hirsh subdivision is finished.
- Finished the relocate for Phillips.
- Finished the tie line between the bus garage and Cox Motors.
- Johnson Ford project scheduled to begin later this week.
- Locates and new services are ongoing.
- Richmond Prairie Condo project is scheduled to begin later next week.
- Work has begun on Cernohous Avenue lights, with ground work scheduled to be done before it freezes.

Jeremiah Wendt, Director of Public Works:

Projects are being wrapped up. North 4th Street radar signs need to be installed. The pavement marking has been completed on Pierce Avenue converting it to a one way. Staff is overseeing a number of the private projects to make sure shortcuts are not taken. Contractors are pushing to get things completed before it freezes.

Rae Ann Ailts, Finance Director:

Staff has been working on the new website which is scheduled to go live on November 1st at 8:00 a.m. Tax roll lien process has begun. Final numbers are not yet available.

Weston Arndt, WPPI Energy Services Rep:**Customer Work**

Phillips-Medisize applied to WPPI Energy's RFP for Energy Efficiency program in conjunction with their facility expansion. They were not awarded a grant in this cycle. Lakeside Foods continues lighting measures. Weston Arndt assisted in submitting the incentives for Focus on Energy. Westfields Hospital was awarded a technical study grant through WPPI Energy to evaluate air conditioning options for their facility, in an amount up to \$10,000.

Electric Vehicle Charging Stations

A new business on S. Knowles has expressed interest in having an electric vehicle charging station at their business. This is timely as WPPI Energy is developing a program to assist members in promoting the technology through grants and incentives. The program development has worked through the member services advisory group, and is expected to go to the Executive Committee for approval with roll out in 2018.

Noah Wiedenfeld, Management Analyst:

The City of New Richmond recently received the draft facility assessment from CESA 10, which was funded through a grant that was received earlier this year. The report includes recommendations for energy efficiency improvements in each City-owned building. After the report is finalized by CESA 10, City staff will begin to identify projects that could be completed in 2018 or incorporated into the new Capital Improvement Plan (CIP).

Mike Darrow, Utility Manager:

January 3, 2018 will be the next meeting. Mike thanked everyone for their work this past year. There have been 94 meetings since September.

There being no further business, a motion was made by Dan Casey to adjourn, seconded by Bob Mullen, and carried. The meeting adjourned at 4:45 p.m.

Pat Becker, President

Gerry Warner, Secretary