

**City of Stevens Point
Board of Water and Sewerage Commissioners
August 9, 2021 - 12:00 PM**

**Stevens Point Public Utilities
300 Bliss Avenue, Stevens Point, WI**

OR

Zoom Teleconferencing

Meeting URL to connect: <https://us02web.zoom.us/j/82026885705>

Dial in number: (301) 715-8592

Meeting ID: 820 268805705

MINUTES

Discussion and Possible Action on:

1. Roll Call.

PRESENT: Paul Adamski, Carl Rasmussen, Anna Haines and Ray Schmidt

EXCUSED ABSENCE: Mae Nachman

STAFF PRESENT: Joel Lemke, Mary Klesmith, Chris Lefebvre, Eric Southworth, Craig Czaikowski, Jason Draheim and Jaime Zdroik

ALSO PRESENT: Jodi Dobson-Baker Tilly

2. Approval of Minutes

Motion made by Carl Rasmussen, seconded by Ray Schmidt to approve the July 12, 2021 meeting minutes of the Board of Water & Sewerage Commission.

Ayes all. Nays none. Motion carried.

3. 2020 Audit Presentation by Baker Tilly, Jodi Dobson

Jodi Dobson of Baker Tilly summarized the 2020 Audit for the Water, Wastewater and Storm Departments.

The complete audit process was done remotely and wanted to thank management and staff for getting us the information needed to do this.

Jodi explained the auditors' responsibilities, management responsibilities, audit approach and explained that the financial statements received an unmodified opinion. Which is the highest level of assurance they can give.

Internal Control Matters: Similar to prior years, they did assist with preparation of year end adjustments and financial statements and they have to report this as a material weakness but very few governments have the staff to dedicate the time once a year to do this.

Required Communications: No new accounting standards or any concerns or policies, account estimates-no concerns, no difficulties, audit findings or issues, no disagreements, unusual transactions or consultations, and identified material adjustments during the audit which can be found in Appendix C under Reporting & Insights. No non-compliance, fraud or going concern was noted.

WATER UTILITY:

The Actual Rate of Return for the current year and prior year was just slightly below the authorized rate of return of 3.5%, so it makes sense to start looking at filing for a simplified rate case increase.

There's a very consistent margin between revenues and expenses during the last five years.

Unrestricted Case Reserves - minimum required cash on hand is 3 months and we have 7.30 months of cash on hand

Debt Coverage - required to have 1.10 and the actual is 3.84

At the end of 2020 only 22% of the capital assets are financed by outstanding debt. We like to see this under 50% debt.

WASTEWATER UTILITY:

Relatively consistent margin in operating revenues and expenses.

Unrestricted cash on hand is at 2.07 months is a little below the benchmark. It has been drawn down over the years due to projects. Need to look at building that back up.

Debt Coverage - required to have 1.25 and the actual is 1.64

At the end of 2020, 49% of the capital assets are financed by outstanding debt so below the 50% benchmark, understandable with the significant projects being done at the WWTP

STORMWATER UTILITY:

In the past five years there have been some ups and downs with this type of utility. Due to the rate adjustments, in 2020 revenues did outpace expenses.

Unrestricted cash on hand is at 3.35, cash reserves were drawn down but has stayed consistent the last couple of years.

Debt Coverage - required to have 1.10 and actual is 5.16.

At the end of 2020, 9% of the capital assets are financed by outstanding debt.

AIRPORT:

We look at operating revenues and what makes up those operating revenues. The City and other local subsidies have been a significant portion of the revenues. Maybe a little larger portion with the grant funding. Both operating revenues and expenses had decreased in 2020 due to the operational impact of the Covid 19 pandemic.

Unrestricted cash on hand is at 11.62, operating costs were lower so it looks higher but it actually has been pretty consistent.

Carl stated on page 20 it states that we do not have a formal investment policy. Do we need one? Jodi explained that if you have an investment policy it needs to be disclosed. The City has a formal investment policy which follows state statutes and should cover the utilities. Page 25 it says the investment policy does address this, but we do not have an investment policy.

Anna Haines asked if Jodi was going to go over the Fiber Dept. Jodi because it is so new they didn't have any trend information to go through. Anna asked if there was anything to be concerned about. Jodi stated there are cash and investment reserves. The bulk of the equity or net position comes from capital assets. Page 3 slight operating loss and the largest driver of that is depreciation. It is still in the building phase at this point.

Paul does not see the need for a specific investment policy because we follow the City's investment policy. Corey Ladick explained that it does cover all of the funds of the City. The City investment policy follows state statutes. They will note we are following the City-wide investment policy in the next audit.

Carl asked why there was a significant increase in land and land rights under capital assets and wanted to know why. Joel explained that was due to the property purchase from Kyle Kluck on Torun Road for wellhead protection.

Motion made by Ray Schmidt, seconded by Carl Rasmussen to approve the 2020 audit prepared by Baker Tilly.

Ayes all. Nays none.

4. Filing with the PSC for a simplified rate case to adjust water rates - Joel Lemke

Joel stated the last time we did a full rate case with the PSC. At that time, we discussed when we were eligible again to do a simplified rate increase through the PSC which generally comes back with a 3 to 3.5% rate increase. One of the ways to do maintenance to the rates, rather than do big adjustments. We had to wait a year from the last rate case before we could file a simplified rate case.

Joel would like approval to file the application with the PSC.

Motion made by Anna Haines, seconded Ray Schmidt to approve filing an application with the Public Service Commission for a simplified rate case.

Ayes all. Nays none. Motion carried.

5. Evaluating the need for rate adjustment for storm and wastewater rates - Joel Lemke

Joel said at the same time we are evaluating the water rates, we will also be reviewing the storm and wastewater rates. Joel said when we get the results back from the simplified rate case we will bring information back to the Commission on the storm and wastewater rates.

6. Approval of Department Claims

Motion made by Anna Haines, seconded by Carl Rasmussen to approve the department claims for the month of July 2021 as audited and read.

Ayes all. Nays none. Motion carried.

7. Water Supply and Distribution Reports - Eric Southworth

Eric stated water usage is up again this month.

8. Sewage Treatment Operations Report - Chris Lefebvre

Chris stated the WWTP met all permit requirements for the month of July. We were able to replace the variable frequency drive on the gas treatment skid that provides fuel for our biogas engine. So, mid month we were able to get that back up and running. We produced 8% of our own electricity and 62% of our heat utilized on site.

Anna asked Joel how much electricity the solar panels on the garage roof produce for us? Joel said he will bring this item back for next month's meeting and maybe provide a year's worth of data for the Commission to review.

9. Approval to replace building heat boilers at the Wastewater Treatment Plant - Chris Lefebvre

Chris explained the two building heat boilers were originally installed in 1992 and have reached the end of their life cycle. The replacement of the boilers was an item on the 2021 Capital Operations and Maintenance Plan without a dollar value when the plan was accepted by the Commission in January 2021. Two quotes have already been received and we are waiting on at least one more before a final

selection is made. Chris is requesting the Commission approve the use of a maximum of \$50,000 of replacement fund money for this project.

Motion made by Ray Schmidt, seconded by Anna Haines to approve the use of replacement fund money, not to exceed \$50,000.00 to replace building heat boilers.

Ayes all. Nays none. Motion carried.

10. Construction and Maintenance Report - Craig Czaikowski

Craig stated the Water Service Crew replaced 19 lead service lines this year and plan on getting 6 more replaced in 2021. The Storm sewer crew finished up a project on Echo Dells and the homeowners are happy with the outcome. The construction project on Coye Drive is coming along well. The north side project is moving very slowly. They are looking at closing First Ave this week or next week.

11. Community Area Network Report - Joel Lemke

Joel stated they will be getting out bids for more work for current and potential customers. These would be pass through costs. They are looking at secondary connections to Wisnet to make the system more robust in the time of an outage.

12. Directors Report - Joel Lemke

Nothing to report.

13. Adjournment.

Motion made by Ray Schmidt to adjourn the meeting.

Ayes all. Nays none. Motion carried.

Meeting Adjourned: 12:34PM