

CEDARBURG LIGHT & WATER COMMISSION

May 17, 2021

The regular monthly meeting of the Cedarburg Light & Water Commission was held on Monday, May 17, 2021 at 6:00 p.m. at the utility office.

Call to order by Commissioner Joseph Dorr

Roll Call: Present – Joseph Dorr, Tim Larson, Andy Moss (via phone), David Pagel, Paul Radtke, City Council Member Patricia Thome

Excused – Blaine Hilgendorf

Also Present – General Manager Dale Lythjohan, Financial Manager Lynda Lalley, Administrative Manager Mari Lauer, Staff Accountant Keri Shumway, Associate Accountant Jessica Cotter

STATEMENT OF PUBLIC NOTICE

The Statement of Public Notice was read, and it was acknowledged that the agenda for this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

APPROVAL OF MINUTES

The minutes of the Regular Meeting held on April 19, 2021 were read and approved on a motion by Patricia Thome, seconded by Tim Larson. Motion carried.

VOUCHER SUMMARY FOR APR

Accounts Payable	\$ 816,580.82
ACH & Wire Transfers	657,797.51
Payroll	<u>69,409.96</u>
Total Vouchers	\$1,543,788.29

BANK BALANCE FOR APR

4/1/21 Balance Available	\$ 647,547.05
+ Deposits	1,297,125.83
- Checks and Other Debits	<u>1,628,299.54</u>
4/30/21 Available Balance	\$ 316,373.34

REVENUE ITEMS FOR APR

kWh Sold – 8,835,260	\$ 775,236.89
Water Sold 26,034,193 Gallons	<u>132,550.63</u>
	\$ 907,787.52

Water Pumped 35,604,810 Gallons
Power Purchased – 7,842,312 kWh

NEW BUSINESS

PRESENTATION OF FINANCIAL DEPARTMENT SUCCESSION PLANNING

Financial Manager, Lynda Lalley will be retiring this fall. Management has been working through options for the structure of the financial department after her retirement. Management recently met with the Personnel Committee and reviewed details.

The basics of the plan were reviewed with the commission and include:

1. Do not rehire the Financial Manager position at this time.
2. Continue to allow current accounting staff members to develop knowledge and expertise.
3. Identify gaps in expertise and coverage, and develop internal and external resources to cover the gaps.
4. Re-evaluate the financial team and overall office staffing needs in early 2022.
5. Integrate this plan into the succession planning effort for the general manager position.

REVIEW AND CONSIDER FINAL 2021 ELECTRIC AND WATER BUDGETS; AND ACTION THEREON

Financial Manager Lynda Lalley opened the discussion regarding the final budgets. The 2021 projected expenses are higher than 2020's actual expenses. Some of the training and/or maintenance items scheduled for 2020 were not completed as a result of COVID protocols, so 2021 will be a year to catch up.

The projected rate of return for electric is 2.45% (authorized 5.0%), and the rate of return for water is 3.10% (authorized 4.5%).

The cash flow model will be updated and presented at the June 2021 meeting.

A motion to approve the 2021 Final Electric and Water Capital and Extraordinary O&M budget as presented was made by Patricia Thome, seconded by Paul Radtke. Motion carried.

PRESENTATION OF THE WATER IMPACT FEE STUDY, AND ACTION THEREON

Management staff has been working with R&M on a water impact fee study. The study is complete, and the report was provided to the commissioners.

The impact fee study re-evaluated growth projections, system needs as well as how the new water tower and booster station will benefit existing customers as well as new growth customers.

The result was a recommendation of cost splits for the water tower and booster station as follows:

- New HLPZ Tower 75% Impact Fees/New Growth 25% Utility Existing Customers
- New Booster Station 45% Impact Fees/New Growth 20% Utility Existing Customers
- New Booster Station 35% *TIF Financed/New Growth*

These changes have both short and long-term effects on the utility and its customers

- Impact fee funding is booked as “customer financed plant” and does not end up in rates
- Utility financed plant does end up in rates
- TIF financed plant also ends up in rates since it is financed by the municipality

In a total dollars perspective the two projects are split as follows:

- Impact fee costs \$2,155,743
- Utility financed costs \$ 774,775
- TIF financed \$ 549,520

The next step was to evaluate the growth projections for the water utility. R&M reviewed probable growth over the next 20 years to establish a quantity of new users. This quantity was then used along with the new customer growth costs to establish the new water impact fee structure.

The existing impact fee (per/residential equivalent) is \$ 2,049.98. The recommended new fee as calculated is \$1,945 on a typical residential meter size. This number will be updated annually by the City using an industry standard “construction cost index.” Water Impact Fees are now proposed to be based on meter size so the larger the meter the larger the impact fee.

Staff recommends approval, and then forwarding to the City staff so they can go through their approval process that includes a public hearing and adoption of an impact fee ordinance.

A motion was made by David Pagel, seconded by Tim Larson, to approve the water impact fee report as presented by staff, and direct staff to make a recommendation to the Cedarburg City Council to consider adopting the new impact fee structure. Motion carried.

HLPZ WATER TOWER PROJECT UPDATE

The tower is erected and ready for paint. The painting contractor is scheduled to begin on June 1. The tower is on track for being operational by mid-October.

Utility staff has been working on logo and color options for the past couple months. The tower lettering will be the new city branding font. The manufacturer has made the utility aware that mold will potentially form on the sides that do not get adequate sun exposure. Germantown has experienced this on one of their towers with light colored paint. Staff is proposing a darker blue color that closely matches the City branding color for the tower stem and below the logo to minimize the visual appearance of any mold that may form on the tank.

Sample renditions were provided to the commissioners for feedback.

CITY COUNCIL, MANAGER AND DEPARTMENT REPORTS

The Manager & Department Reports were provided to the commissioners in advance of the meeting. The full reports can be reviewed in the electronic commission packet.

The DNR has requested additional testing at the former Power Plant site before considering closure at the site. Stantec is developing a plan, and expenses are included in the 2021 final budget to help address any additional testing costs.

2021 Electric Service Outages to date: 4

- 2020 Year-end total: 12
- 2019 Year end total: 20
- 2018 Year end total: 11
- 2017 Year end total: 21

Construction of the new water tower is complete. The painting contractor is scheduled to be on site in early June to start cleaning and priming. In addition to painting, the hydraulic control valve needs to be installed, a fire hydrant needs to be installed on the east side of the tower, and the driveway and storage area need to be constructed.

Wondra Construction has completed the installation of 5000' of water main within the business park, and they will pressure test the main sections. Once the testing is completed, several bacteria samples will be taken from strategic locations before opening this development up to the rest of the system.

The booster station is progressing as well. The vapor barrier is being applied, and the masons are scheduled to start installing the split-face block next week. The emergency generator is scheduled to be delivered soon. After the generator is set in place, the remaining trusses will be installed, and the roof will go on.

April Water Pumpage:

- 2021 = 35,604,810
- 2020 = 37,221,640
- 2019 = 35,765,320

The PSC recently informed us that they will be performing another utility billing audit. The intent of the audit is to ensure proper billing procedures are in place so that generated bills are accurate and consistent with Wisconsin statutes and administrative code.

Utility collections processes have returned to normal. The number of disconnection notices continues to trend down. 10-day disconnect letters were sent to 47 customers on May 10, slightly down from 52 in April.

REVIEW AND CERTIFY CODE OF ETHICS, AND ACTION THEREON

A motion was made by Paul Radtke, seconded by Tim Larson, to certify adherence to the City of Cedarburg Code of Ethics, Ordinance No. 2004-08. Motion carried.

APPROVAL OF BILLS

The bills, as listed on the Check Register were audited, and a motion was made by Tim Larson, seconded by Paul Radtke to approve the bills for payment. Motion carried.

ADJOURN

A motion was made by Paul Radtke, seconded by Tim Larson, to adjourn at 7:08 p.m. Motion carried.