



October 3, 2018

TO ALL UTILITY COMMISSION MEMBERS:

GERRY WARNER  
BOB MULLEN  
DAN CASEY  
PAT BECKER  
MIKE KASTENS

This is to inform you that there will be a Utility Commission Meeting on **Wed., October 10, 2018 at 3:30 p.m.** in the Administrator's office at the Civic Center.

**AGENDA**

1. Call to order
2. Adoption of agenda
3. Approval of previous commission meeting minutes (September 5, 2018)
4. Approval of bills and disbursements – September 2018
5. Public Comment
6. 2019 Utilities Draft Budget Review
7. 2018-2022 Capital Improvement Plan
8. Wood Pole Testing Results and Replacement Plan
9. Staff Reports
10. Communications and miscellaneous correspondence
11. Closed Session per Wis. Stat. 19.85(1)(c)
  - a. Employee Compensation and Benefits
12. Adjourn

A handwritten signature in black ink, appearing to read "Mike Darrow", is written over a white background.

Mike Darrow  
Utility Manager

A majority of the members of the New Richmond City Council may be present at the above meeting.

Pursuant to State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553, 494 N.W. 2<sup>nd</sup> 408 (1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

**NEW RICHMOND UTILITY COMMISSION MINUTES  
SEPTEMBER 5, 2018**

The regular meeting of the New Richmond Utility Commission was held on September 5, 2018 at 8:00 a.m. at the Civic Center.

Pat Becker called the meeting to order at 8:00 a.m.

Members Present: Bob Mullen, Dan Casey, Gerry Warner, Mike Kastens, and Pat Becker.

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

A motion was made by Gerry Warner to approve the minutes of the August 1, 2018 meeting, seconded by Bob Mullen, and carried.

A motion was made by Dan Casey to approve July 25-31, 2018 & August 2018 bills and disbursements, seconded by Gerry Warner, and carried.

**Public Comment:**

None

**Baker Tilly – Report to the Utility Commission:**

Kim Schultz from Baker Tilly gave an overview of the 2017 Audit report for utilities. Debt to equity and financial are very strong.

**Capital Improvement Plan:**

Joel Enders distributed and reviewed books containing a draft 2018-2022 Capital Improvement Plan. Staff recommended Commissioners take 30 days to review the draft CIP, particularly project priority rankings. Concurrently, staff will be refining funding options and scenarios with Trilogy Consulting as part of the ongoing Water and Sewer Rate Study.

**2019 Budget:**

The following were reviewed, and key needs identified as part of the 2019 budgeting process:

- Budget Vision
- General Themes
  - ⊙ Safety & Family First
  - ⊙ Efficiency through Technology
  - ⊙ Destination Employer
  - ⊙ Health Insurance
- Budget Timelines

More information containing dollar amounts will be presented in October, with the finalizing of the 2019 Budget expected to take place in November.

**Emergency Mass Notification System:**

Several years ago, City staff identified the need for a mass notification system that would alert residents in the event of a power outage, water main break, sudden road closure, utility work, or localized emergency such as a gas leak. Last summer, the City and St. Croix County investigated the possibility of jointly adopting a mass notification system, but were unable to resolve concerns over access control and situational use.

Recognizing the continued need for a mass notification system, staff recently contacted several vendors for updated price quotes and information. Demonstrations were provided by Civic Ready, Nixle, and Rave Mobile Safety. All three systems offered similar functionality, but staff (including Police, Fire, and Utility personnel) concluded that Rave offered the best fit for New Richmond at the

best price. Rave allows designated staff to quickly send notifications via text, email, phone, RSS feeds, and/or social media to all users or to a geographically defined area. Residents sign up for notifications via portals on the City/Utility website, and may choose sign up for all or specific types of notifications. This system will allow the City to quickly and effectively notify residents about situations/conditions that affect them.

The proposal specifies an annual fee of \$3,000, plus a one-time setup fee. Costs are proposed to be shared between the Utility and the City. Gerry Warner moved to enter into a service agreement with Rave Mobile Safety according to proposal, seconded by Mike Kastens, and carried.

### **2018 Sewer Televising/Repairs:**

In 2014, the City began an annual sewer televising program which has carried on for four years. The information gathered in the sewer televising program has helped to identify areas for reconstruction, such as N Starr Avenue, to address infiltration and deficient pipe conditions.

Because of the amount of sewer line televised (roughly 27 miles), there is a lot of data for City Staff to catalogue, and thanks to Kyle Wells, GIS Analyst and Kayla Harle, Summer Intern, much of that work has finally been done this summer.

With the organization of this information, many areas have been identified for minor repairs, such as root control, or grout injection to address infiltration. Knowing that these items need to be addressed, and that we have televised all of the older areas of town, staff is proposing to take a year off from televising, use the \$25,000 in televising funds to implement some of the needed repairs in 2018, and pick up the televising in 2019.

Staff have specifically reached out for proposals to address infiltration in the area where the Knowles Avenue sewer main crosses Paperjack Creek, which showed significant infiltration. Proposals from two firms ranged from \$22,032 to \$57,728.

Bob Mullen moved to approve the proposal from VisuSewer for grouting the sewer main along Knowles Avenue at the Paperjack Creek crossing, not to exceed \$25,000 with a one-year warranty, seconded by Dan Casey, and carried.

### **WWTP Facility Plan/EVAAL Presentation:**

City staff have worked with MSA to prepare a Facility Plan for the Wastewater Treatment Plant, which was completed in 2018 using funds allocated through the STH 64 Coalition. Jeremiah Wendt reviewed the executive summary of the WWTP facility plan:

#### **WASTEWATER FACILITY PLAN EXECUTIVE SUMMARY**

The City of New Richmond is located in St. Croix County, Wisconsin, approximately 8 miles east of Somerset, WI and 65 miles west of Eau Claire, WI. The population of New Richmond was 8,375 in the 2010 Census, with current 2017 estimates of the population at 8,909 (WI State Demographer).

The original wastewater plant was constructed in 1981 and underwent a significant upgrade in 1999. The 1999 upgrade expanded the plant through the addition of primary and final clarifiers as well as an additional aeration tank. A UV disinfection system was added in 2010 and improvements to the aeration system were made in 2013 that included a new PD blower and EPDM membrane diffusers added to the aeration tank. The facility discharges to the Willow River which eventually feeds into Lake St. Croix.

The City began the Wastewater Facility Planning process in 2016 due to projected rapid growth from the construction of the St. Croix Crossing project. The project involves the construction of a new bridge across the St. Croix River which is anticipated to lead to significant regional growth. Part of the project included a growth mitigation package of \$400,000 designated to St. Croix County to

help Cities plan for wastewater treatment facility needs and expansion alternatives that will accommodate projected population growth while protecting human health and water resources. The New Richmond Wastewater Treatment Facility Plan was one project that was selected by a coalition of impacted Cities for funding.

The purpose of this Facility Plan is to evaluate the condition of the existing treatment facility and collection system and assess the ability of the systems to meet the 20-year wastewater treatment needs of the City of New Richmond. Based on the existing capacity of facility, it appears that the existing wastewater treatment facility largely has the capacity to meet the projected 20-year wastewater design flows and comply with the future effluent requirements without upgrades.

The primary exception to this statement is the new phosphorus Water Quality Based Limits (WQBELs) that are being imposed on the facility as part of the Lake St. Croix TMDL process. The new limit was imposed as part of the new WPDES permit issued in 2018. The new permit changes the facilities effluent phosphorus limit from 1.0 mg/L to 0.075 mg/L and 0.62 lbs/day (6-month average), and 0.225 mg/L (monthly average). The existing facility will not meet this limit without upgrades.

The WDNR gives permittees three options for compliance with the ultra-low phosphorus effluent requirements: 1) technology upgrades to meet the limits, typically tertiary filtration and chemical addition; 2) adaptive management within the basin to reduce in stream phosphorus levels below an established in stream threshold (0.075 mg/L in the case of the Willow River); 3) phosphorus trading with area agricultural concerns to offset the amount of phosphorus discharged by the facility above the permitted limit.

In order to determine the best possible strategy for the City of New Richmond, the facility planning process evaluated all three potential options. It was determined that the best alternative initially for the City to pursue would be adaptive management. The aim of the adaptive management program would be to use the first 5 year permit term after adaptive management adoption to begin to develop partnerships within the basin with the aim of transitioning to a trading program once projects and partnerships were solidified. The City will also use the next four years of their interim permit to add a variety of minor upgrades to the facility to prepare for phosphorus compliance and minimize the phosphorus release of the existing facility.

Bob Mullen moved to approve the WWTP Facility Plan, seconded by Dan Casey, and carried.

### **Community Outreach Meal Donation Request – September 18<sup>th</sup>:**

The Community Outreach Meal is a monthly community-wide meal held at United Methodist Church the 3<sup>rd</sup> Tuesday of each month from 5:00 – 6:30 p.m. The meal is free and open to everyone in the community. Typically, each month one of the local churches takes a turn preparing and serving the meal.

This year, one of the churches dropped out of serving the meal. We were asked to assist in sponsoring a meal in the month of September. Staff recommended New Richmond Utilities sponsor the event with the use of community funds in the amount not to exceed \$600.00.

Gerry Warner moved to approve \$600 towards the Community Outreach meal in the month of September, seconded by Mike Kastens, and carried.

### **Department Reports**

#### **Bob Meyer, Water Superintendent:**

- Mandated items pertaining to the DNR survey with a September 1<sup>st</sup> deadline have been addressed.
- Staff is working on water service replacements on the east alley west of Minnesota Avenue
- Locates continue to increase in numbers

- Staff continues to do meter work, as well as sewer and water inspections for new construction
- Jetting has begun
- Lift Station inspections are scheduled for mid-September
- North Shore lift station – Quality flow will be installing panels above ground
- Root control – about 6200 feet of pipe have been treated

**Steve Skinner, Lead Wastewater Treatment Plant Operator:**

- Last month the brush assembly was removed from the fine screen at the plant, the replacement cost is \$2,000. Discussion took place between Steve and Jeremiah, and they are not going to replace the brush assembly at this time.
- The City wide generator service is being done
- Lift station antennas have been raised at two sites, communication has improved
- Doing a lot of plant maintenance this month – including changing oil on all major equipment

**Weston Arndt, Electric Superintendent:**

- WPPI Energy Services Representative Stacie Running was introduced as the new WPPI ESR.
- WPPI Energy Annual Meeting is scheduled to be held on September 13 and 14 at the Madison Marriott West.
- Customer Mailings - WPPI is performing a residential customer satisfaction survey.
- Focus on Energy will be sending out a postcard to encourage participation in a furnace tuneup and smart thermostat bundle program.
- Staff is planning efforts for public power week, which is the first full week of October. With not having a customer appreciation picnic, staff are looking into a grab-n-go breakfast concept.
- WPPI Selected Finance and Operating Ratios  
WPPI provided a benchmarking report that compares New Richmond Utilities to other WPPI members. The data corresponded well with the audit report provided by Baker Tilly. Some highlights:
  - ⊙ Rate of return still strong at 7.05% for 2017.
  - ⊙ The NRU load factor is lower as compared to other utilities.
  - ⊙ Power Cost is 88% of expenses.
  - ⊙ Sales revenue breakdown: Industrial 55%, Other commercial 10%, Residential 35%.
- Miscellaneous Updates
  - ⊙ Darren O’Flanagan went on call in August. We now have four journeyman linemen taking call.
  - ⊙ Rustic Ridge / Grand / Greaton primary underground improvements are underway. The improvements thus far have allowed us to switch 45 homes from the East First St circuit.
  - ⊙ Street light poles on 140<sup>th</sup> St are installed from Richmond Way up to GG.
  - ⊙ Pole Testing is scheduled for mid to late September.

**Rae Ann Ailts, Finance Director:**

- The 2019 budget is in full swing
- Working on the Water & Sewer Rate study, sending Trilogy information as requested
- Continuing Disclosures for the Water and Sewer Bond were filed
- Lien processing begins in September

**Jeremiah Wendt, Director of Public Works:**

- Street and Utility projects are moving along
- East 4<sup>th</sup> St pavement pulverization will be done next Monday
- Trail on County Rd A will begin within the next few weeks
- SEH is finishing up with the Water Model Project
- Sanitary Survey with DNR has been completed – staff working to keep things in compliance

**Mike Darrow, Utility Manager:**

- Working on updating the Financial Management Policy plan
- Working on Public Works Policies with Jeremiah and his department

There being no further business, a motion was made by Gerry Warner to adjourn, seconded by Dan Casey, and carried. The meeting adjourned at 9:41 a.m.

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Pat Becker, President

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Gerry Warner, Secretary

## New Richmond Utilities

SEPTEMBER 2018

### Check Register

Check #	Date	Amount	Vendor Name	Description
002122	8/31/2018	1,684.18	SUPER AMERICA	AUG FUEL
002123	9/7/2018	13,937.89	US BANK CORPORATE PAYMENT SYSTEM	UTILITY OFFICE AUG PCARD INV
002124	9/14/2018	61,996.95	CITY OF NEW RICHMOND	PAYROLL 9/14/18
002125	9/17/2018	26,406.00	LOCAL GOVERNMENT INVESTMENT POOL	AUG18 WATER IMPACT & SAC COLLE
002126	9/14/2018	12,826.47	CITY OF NEW RICHMOND	MONTHLY BILL
002127	9/14/2018	6,353.05	CITY OF NEW RICHMOND	INSURANCE
002128	9/14/2018	7,956.49	CITY OF NEW RICHMOND	RECYCLING
002129	9/14/2018	5,000.00	CITY OF NEW RICHMOND	RENT
002130	9/14/2018	24,936.62	CITY OF NEW RICHMOND	STORM WATER
002131	9/14/2018	1,795.60	CITY OF NEW RICHMOND	REIMBURSE K HARLE WAGE
002132	9/14/2018	413.07	DAKOTA SUPPLY GROUP INC	GROUND RODS
002133	9/14/2018	266.62	GOLDCOM VOICE & DATA SUPPLY	RED MARKING PAINT
002134	9/14/2018	244.00	HYDRODESIGNS	CROSS CONNECT INSPECT & REPORT
002135	9/14/2018	5,734.61	NEW RICHMOND UTILITIES	AUG CTOC COLLECITONS
002136	9/20/2018	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	SEP18 LGIP#7,9 & 11 INVESTMENT
002137	9/20/2018	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	SEP18 LGIP#5,8 & 10 INVESTMENT
002138	9/19/2018	38,397.72	WI DEPT OF REVENUE	AUG18 SALES TAX
002139	9/28/2018	858,384.60	WISCONSIN PUBLIC POWER INC	AUG18 PURCHASED POWER
002140	9/28/2018	62,392.33	CITY OF NEW RICHMOND	PAYROLL 9/28/18
002141		0.00	CK NUMBER USED IN 2004	CK NUMBER USED IN 2004
002142		0.00	CK NUMBER USED FOR OCT 2018 CK	CK NUMBER USED OCT 2018
002143	9/27/2018	102.25	CITY OF NEW RICHMOND	BENEFIT EXTRAS MO FSA, HRA COB
002144	9/27/2018	431.83	CITY OF NEW RICHMOND	LONG TERM DISABILITY
002145	9/27/2018	392.70	CITY OF NEW RICHMOND	SHORT TERM DISABILITY
002146	9/27/2018	916.63	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
002147	9/27/2018	22,905.20	CITY OF NEW RICHMOND	HEALTH INSURANCE
002148	9/27/2018	42.87	CITY OF NEW RICHMOND	LIFE INSURANCE
002149	9/27/2018	1,683.68	CITY OF NEW RICHMOND	AUGUST CONSTRUCTION SERVICES
002150	9/27/2018	46,440.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
002151	9/27/2018	272.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
002152	9/27/2018	2,126.87	INFOSEND, INC	POSTAGE & BILLING
002153	9/27/2018	2,744.44	MUNICIPAL ELECTRIC UTIL OF WI	JT&S PROGRAM REMAINDER 2018
002154	9/27/2018	25.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
035814	9/5/2018	-320.00	DAVE & VICKIE HEISS	CR REF ACCT# 717800-31
035831	9/6/2018	297.00	DAVE & VICKIE HEISS	CR REF ACCT# 717800-31
035832	9/6/2018	221.71	BALDWIN TELCOMM	AUGUST PHONE BILL
035833	9/10/2018	370.00	WASTEWATER TRAINING SOLUTIONS	WASTEWATER TRAINING-HERMANSEN
035834	9/10/2018	25.00	NEW RICHMOND MUNICIPAL COURT	SEAN MATTHEWS COURT PYMT
035835	9/14/2018	3,061.18	AM CONSERVATION GROUP, INC.	NR UTILITIES CUSTOM KITS
035836	9/14/2018	0.00	VOID STUB CHECK	STUB CHECK
035837	9/14/2018	1,320.50	AMERIPRIDE LINEN & UNIFORM SERVICES	WWTP UNIFORM SVC
035838	9/14/2018	1,874.93	ANCOM TECHNICAL CENTER	CPI HANDSET
035839	9/14/2018	648.00	BAKER TILLY VIRCHOW KRAUSE LLP	FINANCIAL STATEMENT AUDIT
035840	9/14/2018	3,365.75	CORE & MAIN LP	METERS & METER COUPLINGS
035841	9/14/2018	10,565.79	DUKE'S ROOT CONTROL, INC	PIPE SEWER ROOT CONTROL
035842	9/14/2018	1,476.00	ENVIROTECH EQUIPMENT CO	HYDRAULIC ROOT CUTTER KIT
035843	9/14/2018	133.00	FLEX-O-SWEEP CO	PIPE EXTENSION
035844	9/14/2018	309.33	FRONTIER COMMUNICATIONS	AUGUST PHONE BILL
035845	9/14/2018	400.00	FUSION METAL PRODUCTS INC	SANDBLAST/COAT HYDRANTS
035846	9/14/2018	28.00	HURTIS LOCKSMITH SHOP	WATER DEPT KEYS
035847	9/14/2018	188.90	INDUSTRIAL SAFETY, INC.	REFLECTIVE CONES

035848	9/14/2018	8,678.40	STUART C IRBY CO	POLY ADAPTERS
035849	9/14/2018	977.64	J.H. LARSON COMPANY	WIRE THHN 14 SOLID GREEN
035850	9/14/2018	122.50	KRAUSE POWER ENGINEERING, LLC	FAULT CALCULATION, SOFTWARE
035851	9/14/2018	679.88	KWIK TRIP	AUGUST FUEL
035852	9/14/2018	27,299.70	MCCABE CONSTRUCTION, INC.	NORTH 4TH ST, RETAINAGE
035853	9/14/2018	2,634.39	METERING & TECHNOLOGY SOLUTIONS	100W ERT METERS
035854	9/14/2018	16,182.00	MSA PROFESSIONAL SERVICES INC	WWTP UPGRADE DESIGN
035855	9/14/2018	3,280.00	SCHMITT & SONS EXCAVATING, INC	SEWER MAIN MAINTENANCE
035856	9/14/2018	399.00	TOWN SQUARE PUBLICATIONS	AD FOR CHAMBER OF COMMERCE
035857	9/14/2018	990.00	TRILOGY CONSULTING, LLC	2018 UTILITY RATE STUDY
035858	9/14/2018	246.07	VERIZON WIRELESS	CELL PHONE BILL
035859	9/14/2018	9,123.10	WESCO RECEIVABLES CORP	WIRE URD TRIPLEX
035860	9/14/2018	167.84	ZEP SALES & SERVICE	2 PLY PAPER TOWELS, ZEP 40
035861	9/25/2018	375.00	RUTH HURTGEN CATERING	CATER UNITED METHODIST CHURCH
035862	9/27/2018	491.95	AARON RIVARD	CR REF ACCT# 1601800-21
035863	9/27/2018	65.62	ANDY W BYLANDER	CR REF ACCT# 1006200-26
035864	9/27/2018	135.67	ANDREW DUBMAN	CR REF ACCT# 606100-26
035865	9/27/2018	343.34	ANDREW & SHAY SCHROETTER	CR REF ACCT# 1122900-22
035866	9/27/2018	80.40	CODY W ROETTGER	CR REF ACCT# 713300-22
035867	9/27/2018	157.75	COLONIAL APARTMENT PARTNERSHIP	CR REF ACCT# 1486100-31
035868	9/27/2018	50.36	DANIELLE BULA	CR REF ACCT# 1296000-22
035869	9/27/2018	80.00	FLEX-O-SWEEP CO	8X8" PLATE
035870	9/27/2018	49.99	GIRARD'S BUSINESS SOLUTIONS	ROLLER KIT
035871	9/27/2018	11,796.82	STUART C IRBY CO	WIRE
035872	9/27/2018	187.43	JENNIFER R OKEEFE	CR REF ACCT# 304000-22
035873	9/28/2018	0.00	JOHN GRAGE	VOID WRONG VENDOR
035874	9/27/2018	165.43	JOHN WILLIA & CAROL RUYLE	CR REF ACCT# 1004000-21
035875	9/27/2018	132.94	JONATHON D HAFFNER	CR REF ACCT# 400200-25
035876	9/27/2018	4,730.75	KARCZ UTILITY SERVICE	POLE INSPECTIONS
035877	9/27/2018	2,279.00	KODIAK POWER SYSTEMS	GENERATOR SERVICE/REPAIR
035878	9/27/2018	244.12	LINDSAY & RICHARD PUENTE	CR REF ACCT# 1612600-27
035879	9/27/2018	200.19	MARIAH L SIMON	CR REF ACCT# 713800-23
035880	9/27/2018	137.27	MARGARET LAUER	CR REF ACCT# 727100-21
035881	9/27/2018	305.19	MICHAEL WEISS	CR REF ACCT# 1800600-21
035882	9/27/2018	234.55	MY RECEPTIONIST, INC	ANSWER SVC 9/19 TO 10/16
035883	9/27/2018	75.35	PEARL INVESTMENT	CR REF ACCT# 1415500-33
035884	9/27/2018	117.61	RDO EQUIPMENT CO	MOUNT TAMP
035885	9/27/2018	5,304.08	SHORT ELLIOTT HENDRICKSON INC	WATER MODEL UPDATE
035886	9/27/2018	100.00	ST CROIX COUNTY SHERIFF'S OFFICE	DONATION STOP SUBSTANCE ABUSE
035887	9/27/2018	186.55	TRACY A WITEK	CR REF ACCT# 209300-32
035888	9/27/2018	99.98	WAVALENE CLARK	CR REF ACCT# 1073500-22
035889	9/27/2018	25,379.22	WEST CENTRAL WIS BIOSOLIDS FAC	BIOSOLIDS
035890	9/27/2018	50.00	DNR	GROUNDWATER EXAM SKINNER
035891	9/27/2018	50.00	DNR	BASIC SOLIDS EXAM HERMANSEN
035892	9/27/2018	54.47	XCEL ENERGY	JUNE, JULY & AUGUST INV
035893	9/28/2018	0.00	JOHN GRAGE	VOID WRONG VENDOR
035894	9/28/2018	67.61	JOHN T GREENING & STEPHANIE STETLER	CR REF ACCT# 835100-31

**Total** \$ 1,494,828.92

**Total Checks & Wires**



**TO:** Utilities Commission

**FROM:** Rae Ann Ailts, Finance Director  
Mike Darrow, City Administrator

**DATE:** October 10, 2018

**RE:** 2019 Review of Draft Budgets

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During the September meeting, department heads also presented general themes and key needs related to the 2019 budget, including technology enhancements, leading the region as a destination for our residents, businesses and employees, and ensuring affordability in a volatile health insurance market and related capital infrastructure needs.

Staff and Commission are dedicated to ensuring a transparent and collaborative budget process as our community continues to grow and evolve. The vision statement for the 2019 budget reflects the City's approach:

*The City of New Richmond strives to be a destination for our residents, businesses and employees. We seek to create an efficient, inclusive budget process driven by fiscal responsibility. We challenge ourselves to allow for greater innovation, collaboration and transparency through a fun, community driven process.*

During our meeting on Wednesday, we will review the Utilities budgets focusing on projected revenues and expenditures. We will be looking for approval to publish the draft budget with formal budget approval during the November commission meeting.



**TO:** Utilities Commission

**FROM:** Rae Ann Ailts, Finance Director  
Mike Darrow, City Administrator

**DATE:** October 10, 2018

**RE:** Capital Improvement Plan 2018-2022

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**Background**

Over the course of the last several months, \$12.7M in capital improvement projects were identified and prioritized into three categories: critical, very important and important. Project priority is based upon the direct impact the project has on the safety and/or health of residents, staff and others. Additionally, an overview of 2019 and 2020 plan year projects, including potential sources of funding, was presented to the Commission.

**Next Steps**

The Commission was asked to take the next thirty days to review the projects and prioritization. On Wednesday, staff will provide a brief overview of the projects and will ask for Commission consideration to formalize project priorities. Formalization of projects does not guarantee funding of the project; instead, it indicates the level of support a specific project has in order to achieve the strategic goals and objectives of the Commission.

Staff will also provide an update on funding options and scenarios with Trilogy Consulting as part of the ongoing Water and Sewer Rate Study.

**Timeline**

Below is the timeline for completion of the CIP project:

- October meeting – Formalization of project priority, discussion on preliminary financial plan and impacts
- November meeting – Formalization of financial plan
- December meeting - Adoption of Capital Improvement Plan 2018-2022



## MEMORANDUM

**TO:** Utility Commission

**FROM:** Weston Arndt, Electric Superintendent

**DATE:** October 2, 2018

**SUBJECT:** Wood Pole Testing Results and Replacement Plan

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### Background

Wood pole testing was a recommendation by Krause Power Engineering in the 2014 Electric Distribution Study, as we have not had testing on our system to date. The pole that failed during a thunderstorm on North 4<sup>th</sup> St in May emphasized the need and accelerated scheduling of testing. Karcz Utility Services performed testing on roughly 400 wood poles, about one-third of our system, the week of September 10, 2018. Karcz utilized a partial excavate, sound and bore process to check the integrity of the poles slightly below ground level.

### Update

The results of the pole testing produced an 18% reject rate. This is higher than the 5-10% average rate. However, this was somewhat expected considering this was the first time testing, and the area of the system that was tested. Karcz assessed the poles with the following ratings:

- 24 Danger – Recommended replacement as soon as possible.
- 49 Rejects – Recommended replacement over 1-2 year plan.
- 56 Probable reject in 10 years - Replace if adding or changing pole use/facilities.
- 259 Pass
- 388 Total number of poles tested

To prioritize the danger poles, we felt addressing free standing light poles would be the most critical, quickest, and easiest poles to address. As of September 26<sup>th</sup>, four of these were replaced, and the remaining eight are scheduled for completion the week of October 1.

The remaining 12 danger poles are a mix of secondary, single phase and three phase poles. Our goal is to have these completed by the end of the year. To accomplish this, we see the need to contract some of this work. We would seek to address the secondary and single phase replacements internally, and contract the three phase replacements. Hourly cost proposals were requested from three firms:

- Higher Power, LLC - Availability early November, awaiting hourly rates.
- Tjader & Highstrom – Availability near end of November, hourly rates provided.
- Push, Inc. - Availability after January 1, 2019, awaiting hourly rates.

Hourly cost proposals are preferred as the particular jobs proposed are more challenging and bids would likely be higher to build in a level of cushion.

We expect the following budget impact for continuing the pole testing and replacement process:

- Test 1/3 of the wood poles in 2019, and the remaining poles to be tested in 2020:
  - \$5k for each year
  - All poles inspected by end of 2020
- Pole Replacement budget impact for next 3 years:
  - 2018 - \$25,000 expected cost of overhead utilities contracting
  - 2019 - \$75,000
  - 2020 - \$75,000
  - 2021 - \$50,000
- \$125,000 has been proposed in the Capital Improvement Plan to address system improvements and includes pole replacement on an annual basis.

Once the danger poles are addressed, we'll continue to pursue reject pole replacements, with three-phase circuits as the priority. Ranking of reject poles will also consider planned system improvements and conversion to underground facilities. We would pursue contracted services to continue pole replacements in 2019.

### **Recommendation**

Staff is seeking approval to proceed with contracted overhead utility services provided by Higher Power, LLC to complete danger and reject poles through the end of 2018. This recommendation is based on their availability to begin in early November, 2018.

Pole Testing Map:

