



August 24, 2017

TO ALL UTILITY COMMISSION MEMBERS:

GERRY WARNER  
BOB MULLEN  
JERRY FREY  
DAN CASEY  
PAT BECKER

This is to inform you that there will be a Utility Commission Meeting on **September 6, 2017 at 3:30 p.m.** in the Administrator's office at the Civic Center.

1. Call to order
2. Adoption of agenda
3. Approval of previous commission meeting minutes (August 1, 2017)
4. Approval of bills and disbursements – August 2017
5. Public Comment
6. 2016 Auditor's Report – Baker Tilly
7. Sewer Leak Policy
8. 2017 Second Quarter Financial Report
9. 2018 Budget Update
10. 5 Year Capital Improvement Projects
11. Staff Reports
12. Communications and miscellaneous correspondence
13. Closed Session per State Statute #19.85 (1)(c)
  - a. Non-union Wages and Salaries
14. Adjourn

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

**August 1, 2017**

The regular meeting of the New Richmond Utility Commission was held on August 1, 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, and Pat Becker.

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

A motion was made by Dan Casey to approve the minutes of the June 7, 2017 meeting, and bills and disbursements from June 2017 & July 2017, seconded by Jerry Frey, and carried.

**Public Comment:** None

### **WPPI Presentation – Lauri Isaacson, Assistant VP of Member Services:**

Lauri Isaacson presented information relating to future business plans of WPPI and member utilities. This included a five year roadmap that was shaped by feedback from its 51 members. This roadmap will direct WPPI Energy's work on behalf of its members.

### **2017 Sewer Televising Bids:**

On Tuesday, August 1, 2017, sealed bids were received for the 2017 Sewer Televising Program, which calls for televising approximately 44,412 feet of sanitary sewer. Five bids were received for the project, ranging from \$24,456.00 to \$41,122.80. The low bid of \$24,456.00 was submitted by Flow-Rite Pipe & Sewer Services of Galesville, WI. Based on review and prior work experience, staff recommends awarding the 2017 Sewer Televising project to Flow-Rite Pipe & Sewer Services. A motion was made by Dan Casey to award the bid to Flow-Rite Pipe & Sewer Services in the amount of \$24,456.00, seconded by Bob Mullen, and carried.

### **Doman Drive Stormwater Ponds Study/Memorandum of Understanding:**

Two stormwater ponds currently exist along the east side of Doman Drive. The ponds serve as a regional stormwater treatment system for an area of mixed residential and commercial development in this area.

During previous development ventures in this area, the design of the stormwater ponds was reviewed by the City, and they were found to be undersized for the full build-out of the proposed watershed. A newly proposed development (Richmond Prairie Condos) has been brought forward by Derrick Companies that would further tax this regional stormwater system.

Furthermore, one of the ponds is located in an easement on School District property, which the school has an interest in developing for other uses. As such, the City is proposing a joint study on behalf of the Stormwater Utility, the School District and Derrick Companies, to explore the sizing needed for an expanded regional pond in this area, along with the feasibility of relocating the pond to land less desirable for construction.

Staff recommended approving a contract with MSA to perform this study, along with the MOU with Derrick Companies, and the School District to share the costs of the study. The City's cost of approximately \$3,000.00 will be paid out of Stormwater Utility funds. Derrick Companies and the School District have already agreed to the cost-sharing arrangement.

A motion was made by Bob Mullen to approve the contract with MSA along with the MOU with Derrick Companies and the School District, seconded by Dan Casey, and carried.

### **2018 Budget Process & Capital Improvement Plan:**

Rae Ann Ailts gave a brief update on the 2018 Budget process. The City has begun this process with multiple meetings with department heads and council members. The utility budget process will begin in August. This involves meeting with individual department heads to review the needs within their own respective budgets. The week of August 14<sup>th</sup>, the plan is to meet individually with Utility Commissioners to obtain their feedback. Updating the Capital Improvement Plan will also be included in the budget process. The first round budget draft is to be presented at the October Utility Commission meeting, with the final draft available in November. The theme for this year is fostering managed growth. As the Community continues to grow, along with the services we are providing, the need to expand staff is growing as well. A mission statement was formulated for the 2018 Budget Process to help align and prioritize how to approach and sustain it in the years to come.

### **Department Reports**

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

Staff continues to do locates. Jon Evans has been helping Dave Pufall with project inspections. Some follow up work has been done with the new hotel in the Industrial Park. Summer help, Andrea Meisner, is working on hydrant painting and lawn mowing. Some issues evolved with the SDADA system requiring wire replacement. A transducer burnt out at the Counter Lift Station requiring replacement. A VFD failed at Well #5 and was replaced today. Jetting will begin soon.

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

The lab audit was done in June. There were a few things that needed to be changed. Steve Skinner is currently working to make those corrections. DNR will be doing its onsite inspection next week. This inspection is done every three years. One of the main lift station pumps was pulled last week and shipped to Madison for repair. The June hail storm damaged sky lights in one of the pole sheds. These have been repaired. Servicing of generators will begin next week. Steve is currently working to get estimates from contractors to install a generator at Well #3.

#### **Tom Rickard, Electric Superintendent:**

Electric Department is working on infrastructure as well as construction projects. Hirsch Development has begun and is approximated 50% complete. Work continues on the extension for Best Western Hotel. Tjader Highstrom has been contracted to do directional boring. Replacing the old infrastructure on the west side is almost complete. The goal is to complete this work in 2017. A pole was replaced on North 4<sup>th</sup> Street due to damage done by McCabe Construction. Kevin Blader should be back to full duty in another week. An interview took place for an additional lineman. Staff is looking into making an offer.

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

Lots of construction continues to take place. This includes construction on North 4<sup>th</sup> Street as well as new development. All departments are extremely busy. The Water Department continues to be instrumental in overseeing projects, and ensuring all projects are completed correctly. The North 4<sup>th</sup> Street Project is progressing on schedule. The utility work should be done on North 4<sup>th</sup> Street this week. Some work still needs to be completed on neighboring streets. The utility portion is approximately 95% complete. Once completed the above ground portion can be finished. Punchlist work by A-1 Construction on the 2016 Street/Utility Projects is very close to being complete. Construction on 125<sup>th</sup> Street is still scheduled for 2018.

#### **Rae Ann Ailts, Finance Director:**

Leigh Alexander joined the office staff as a customer service representative in July. The Utility Office, just like every other department in the city, has been stretched thin with workload due to construction, managing vacations, etc. An intern, Jacob Bechel, was hired for the summer as a shared resource between the City and Utilities. Bonding for the Street Project was completed in

July. The annual appreciation utility picnic will not be held this year. The utilities will be sponsoring the picnic at the Heritage Center during the John Doar History Trail activity on Thursday evening, August 24<sup>th</sup>. A customer appreciation will be held in October during National Power Week to recognize the safety award given to the Electric Department. The 2018 Budgets will be the main focus in the coming months.

### **Weston Arndt, WPPI Energy Services Rep:**

#### **Customer Work**

Engineered Propulsion Systems (EPS) installed a dynamometer to test their aircraft engines in Hangar 11-18 at the New Richmond Airport. The dynamometer is designed to use the electric grid as both as a power supply and to feed power back onto the grid when performing testing of engines. PSC Chapter 119 of the Wisconsin Administrative Code provides rules for interconnecting distributed generation facilities, along with standard application and agreement documents. EPS has submitted application documents and we have a signed agreement in place. Anti-islanding test is scheduled for Wednesday, August 2. They plan to install a second dynamometer once production ramps up. The generation will be used to offset consumption in the facility. Excess generation will be credited at New Richmond Utilities' avoided cost, which per rate tariffs is the wholesale energy rates charged by WPPI Energy.

Performed temporary power monitoring for Subway. Owner has 18 stores in Western WI, and the two that were old Hardees buildings are energy hogs. Working to help identify opportunities for improvement.

#### **WPPI Energy Annual Meeting – September 14**

WPPI Energy's annual meeting will take place on Thursday, September 14 at the Glacier Canyon Lodge – Wilderness Resort in Wisconsin Dells, Wis. The Board of Directors meeting is the following day. WPPI Energy provides one hotel accommodation per member for an elected or appointed public official attending the annual meeting.

#### **Large Business Customer Survey**

WPPI Energy has engaged E Source to conduct market research on member utilities' behalf to help measure business customer satisfaction and awareness of the utility's services. 2017 is the second time a survey is being conducted for large business customers (managed accounts). A survey of large business customers was last conducted by E Source in 2014. The objectives of this survey are: to identify and measure overall satisfaction of the locally owned utility and its offerings; and to gather actionable insights and information from large business customers in member communities. The survey will launch on August 15, being sent via email from utility managers, with a link to the survey. Results are anticipated to be released in November. New Richmond customers include Phillips-Medisize, Lakeside Foods, St Croix Press, Federal Foam, Westfields Hospital, and the School District.

#### **Customers on Optional Rates – Annual Review**

Performed an annual review of customers on optional rates. These include 37 residential customers on time-of-day, 3 commercial customers on time-of-day and 13 commercial customers on an optional CP-1 rate based on energy and load factor criteria. Letters were sent with customized information about the annual savings achieved, or excess paid as a result of the optional rate. As a result of the correspondence, only one residential customer chose to change rate options.

### **Mike Darrow, Utility Manager:**

Mike Darrow reported all buildings were inspected by the City's insurance company for hail damage. The damage is still being assessed, but once complete, an updated report will be given. The John Doar History Trail event will take place August 24-26, 2017. The August 24<sup>th</sup> event is a free will offering with proceeds going back to the Heritage Center. August 25<sup>th</sup>, panelists from around the country will be speaking, covering John Doar's involvement in the civil rights movement and Richard Nixon's impeachment. Ground breaking will take place at 10:00a.m. Saturday, August

26, 2017. In addition to the Capital Improvement and Budget process, the Comprehensive Plan continues. Three meetings were held concerning development on the North side. The new Stillwater bridge opens tomorrow. The big question continues – what impact will this have on growth, projects, etc.

**Closed Session – TID #10 Sale of Land:**

A motion was made by Bob Mullen to move into closed session, seconded by Dan Casey, and carried.

A motion was made by Dan Casey to proceed as discussed in closed session, seconded by Jerry Frey, and carried.

There being no further business, a motion was made by Bob Mullen to adjourn, seconded by Dan Casey, and carried. The meeting adjourned at 4:50 p.m.

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Pat Becker, President

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Gerry Warner, Secretary

## New Richmond Utilities

### AUGUST 2017 Check Register

Check #	Date	Amount	Vendor Name	Description
001655	8/4/2017	54,487.44	CITY OF NEW RICHMOND	PAYROLL 8-4-17
001656	8/3/2017	1,198.20	COUNTY MATERIALS CORPORATION	COVER, RISER, SEAL
001657	8/3/2017	2,109.00	QUALITY FLOW SYSTEMS, INC.	TRANSDUCER, CABLE, SUSP KIT
001658	8/3/2017	0.00	JH LARSON	VOID - ZERO CHECK
001659	8/8/2017	11,758.72	US BANK CORPORATE PAYMENT SYSTEM	ELECTRIC DEPT JULY PCARD INV
001660	8/8/2017	960.43	SUPER AMERICA	JULY FUEL BILL
001661	8/11/2017	7,399.09	CITY OF NEW RICHMOND	MONTHLY BILL
001662	8/11/2017	6,190.46	CITY OF NEW RICHMOND	INSURANCE
001663	8/11/2017	7,689.62	CITY OF NEW RICHMOND	RECYCLING
001664	8/11/2017	5,000.00	CITY OF NEW RICHMOND	RENT
001665	8/11/2017	23,800.54	CITY OF NEW RICHMOND	STORM WATER
001666	8/11/2017	7,920.00	DAKOTA SUPPLY GROUP INC	ITRON ERTS
001667	8/11/2017	261.33	GOLDCOM VOICE & DATA SUPPLY	MARKING PAINT
001668	8/11/2017	711.00	HYDRODESIGNS	CROSS CONNECT INSPECT SVC
001669	8/11/2017	2,077.82	INFOSEND, INC	JULY BILLING & POSTAGE
001670	8/11/2017	5,681.05	NEW RICHMOND UTILITIES	JUL CTOC COLLECTIONS
001671	8/11/2017	75.00	PAT HOWELL	REPLACE AXLE U JOINT
001672	8/11/2017	25.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
001673	8/19/2017	30,962.71	WI DEPT OF REVENUE	JUL17 SALES TAX
001674	8/17/2017	54,054.21	CITY OF NEW RICHMOND	PAYROLL 8/18/17
001675	8/21/2017	1,956.00	LOCAL GOVERNMENT INVESTMENT POOL	IMPACT FEES & SAC COLLECTIONS
001676	8/22/2017	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP #7, 9, 11 AUG INVESTMENTS
001677	8/22/2017	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	AUG17 INVESTMENTS
001678	8/28/2017	875,760.79	WISCONSIN PUBLIC POWER INC	JUL PURCHASED POWER
001679	8/29/2017	2,051.34	CITY OF NEW RICHMOND	PUFALL - JULY RPR INSPECTIONS
001680	8/29/2017	107.50	CITY OF NEW RICHMOND	BENEFIT EXTRAS FSA, HRA ADMIN,
001681	8/29/2017	749.97	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
001682	8/29/2017	18,586.39	CITY OF NEW RICHMOND	HEALTH INSURANCE
001683	8/29/2017	37.16	CITY OF NEW RICHMOND	LIFE INSURANCE
001684	8/29/2017	367.42	CITY OF NEW RICHMOND	LONG TERM DISABILITY
001685	8/29/2017	335.75	CITY OF NEW RICHMOND	SHORT TERM DISABILITY INS
001686	8/29/2017	45,335.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
001687	8/29/2017	513.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
001688	8/29/2017	300.00	K O CONSTRUCTION	TAPPING HENNINGS NEW SERVICE
001689	8/29/2017	317.49	MAILFINANCE	LEASE-STUFFER MACHINE
001690	8/29/2017	8,664.00	TJADER & HIGHSTROM	DIRECTIONAL BORES
035125	8/3/2017	192.48	BALDWIN TELCOMM	JULY PHONE BILL
035126	8/3/2017	21,452.00	FRESCO INC	FIBERGLASS POLES, ARMS
035127	8/3/2017	0.00	STUART C IRBY CO	VOID CHECK STUB
035128	8/3/2017	29,804.98	STUART C IRBY CO	TAPE, RUBBER TAPE, CUTOUT
035129	8/3/2017	879.97	J.H. LARSON COMPANY	MASTER REEL, PVC CONDUIT, COUPL
035130	8/3/2017	178.32	JIM CHILDS	DEPOSIT REFUND
035131	8/3/2017	33.82	BRETT J SCHILTGEN	CR REF ACCT# 726200-29
035132	8/3/2017	90.00	BRIDGETTE GIL	CR REF ACCT# 120000-20
035133	8/3/2017	118.96	C & J BUILDERS	CR REF ACCT# 1843100-20
035134	8/3/2017	34.29	COLLIN B TERRELL	CR REF ACCT# 1907700-22
035135	8/3/2017	10.52	DERRICK HOMES	CR REF ACCT# 105370-20
035136	8/3/2017	35.00	DOA/DIVISION OF ENERGY SERVICE	CR REF ACCT# 1054700-23
035137	8/3/2017	142.30	DONALD GLEASON	CR REF ACCT# 608800-21

035138	8/3/2017	379.12	DONALD & DIANE SHERN	CR REF ACCT# 403600-29
035139	8/3/2017	92.66	ECM DISTRIBUTION	CR REF ACCT# 1325000-20
035140	8/3/2017	173.54	JAMES P BORST	CR REF ACCT# 312600-24
035141	8/3/2017	325.00	JASON C & JESSICA M KOELE	CR REF ACCT# 1637100-22
035142	8/3/2017	89.38	JENNIFER L HEIL	CR REF ACCT# 1265000-20
035143	8/3/2017	34.28	JILL SCHRECK	CR REF ACCT# 1025100-24
035144	8/3/2017	116.60	JIM CHILDS	CR REF ACCT# 1382500-20
035145	8/3/2017	120.62	JOE FIEBIGER	CR REF ACCT# 1095600-21
035146	8/3/2017	202.98	JOSHUA F YOUNG	CR REF ACCT# 1491100-22
035147	8/3/2017	316.11	KEITH A BROWN	CR REF ACCT# 1361500-21
035148	8/3/2017	120.62	LAURIE S FIEBIGER	CR REF ACCT# 1095600-21
035149	8/3/2017	219.17	MARK & BONNIE STOFFEL	CR REF ACCT# 1800300-21
035150	8/3/2017	169.01	MICHAEL & MYRNA JUHL	CR REF ACCT# 902400-20
035151	8/3/2017	16.44	PATIENCE A JENSEN	CR REF ACCT# 417100-24
035152	8/3/2017	155.07	PATRICK KLEINER	CR REF ACCT# 1120200-20
035153	8/3/2017	313.00	RYAN C ABBOTT	CR REF ACCT#702700-23
035154	8/3/2017	151.64	RYAN BERENDS	CR REF ACCT# 1251500-21
035155	8/3/2017	13.19	SELECT PORTFOLIO SERVICING INC	CR REF ACCT# 615100-24
035156	8/3/2017	0.00	WESCO RECEIVABLES CORP	CR REF ACCT# 1843000-20
035157	8/3/2017	0.00	WESCO RECEIVABLES CORP	CR REF ACCT# 1843000-20
035158	8/3/2017	351.22	WESTVIEW CONSTRUCTION INC	CR REF ACCT#1842100-20
035159	8/8/2017	25.00	DNR	CERTIFICATION EXAM-HERMANSEN
035160	8/8/2017	65.00	WVWA	SCHOOLING-HERMANSEN & SKINNER
035161	8/11/2017	722.56	AMERIPRIDE LINEN & UNIFORM SERVICES	JULY UNIFORM SERVICE
035162	8/11/2017	224.00	AMERICAN WATER WORKS ASSN	AWWA MEMBERSHIP
035163	8/11/2017	358.50	BAKER TILLY VIRCHOW KRAUSE LLP	FINANCIAL STATEMENT AUDIT
035164	8/11/2017	5,144.00	FRESCO INC	POLE-24" FIBERGLASS
035165	8/11/2017	297.56	FRONTIER COMMUNICATIONS	JULY PHONE BILL
035166	8/11/2017	2,329.06	GENERAL REPAIR SERVICE	FLAP VALVE, BUMER ASSEMBLY, RI
035167	8/11/2017	141.00	INDUSTRIAL SAFETY, INC.	ANNUAL FIRE EXTINGUISHER SVC
035168	8/11/2017	528.87	KWIK TRIP	JULY FUEL
035169	8/11/2017	252.11	L W ALLEN LLC	FILTER ELEMENT
035170	8/11/2017	176.21	MY RECEPTIONIST, INC	RECEPTIONIST SVC 7/26-8/22
035171	8/11/2017	815.00	NORTHERN LAKE SERVICE, INC.	SDWA INORGANICS, SYNTHETIC &
035172	8/11/2017	335.67	PROFESSIONAL SERVICE INDUSTRIES, INC	NORTH 4TH STREET PROJECT
035173	8/11/2017	10,810.14	SHORT ELLIOTT HENDRICKSON INC	N 4TH STREET
035174	8/11/2017	17.26	SPEE-DEE DELIVERY SERVICE INC	ONCALL SHIPMENT
035175	8/11/2017	246.28	VERIZON WIRELESS	JULY PHONE BILL
035176	8/11/2017	9,772.00	WESCO RECEIVABLES CORP	EPH PAD
035177	8/11/2017	25.00	WISCONSIN CENTRAL LTD	WIRE CROSSING
035178	8/29/2017	5,675.00	BERGERSON-CASSWELL, INC	WELL#5 VFD INSTALLATION
035179	8/29/2017	380.91	BORDER STATES ELECTRIC SUPPLY	PADLOCK REGULAR
035180	8/29/2017	54.54	BRADLEY PETERSON	CR REF ACCT# 404200-21
035181	8/29/2017	120.02	C & J BUILDERS	CR REF ACCT# 1843500-20
035182	8/29/2017	211.00	ELEMENTS PROPERTY INVST LLC	CR REF ACCT# 112500-24
035183	8/29/2017	216.00	FLEX-O-SWEEP CO	1 1/4 INCH PIPE EXTENSION
035184	8/29/2017	163.27	AMY RAILSBACK GRAF	CR REF ACCT# 333600-20
035185	8/29/2017	1,004.10	HD SUPPLY WATERWORKS, LTD	NEW WTR SVC 110TH ST
035186	8/29/2017	67.00	HUDSON PHYSICIANS	DRUG SCREEN - L ALEXANDER
035187	8/29/2017	111.00	INDUSTRIAL SAFETY, INC.	TEST EXTINGUISHER
035188	8/29/2017	10.89	JAMES N & DIANE M BRYANT	CR REF ACCT# 3002100-21
035189	8/29/2017	63.02	JOSEPH M KASTENS	CR REF ACCT# 1637500-21
035190	8/29/2017	1,894.00	KODIAK POWER SYSTEMS	SVC WELL#5 GENERATOR
035191	8/29/2017	51.04	KOURTNEY E HAMMER	CR REF ACCT# 1018900-21
035192	8/29/2017	23.94	LUKE & RACHEL ROESSLER	CR REF ACCT# 625300-22
035193	8/29/2017	200.00	MATT BROWN	SAFETY BOOTS

035194	8/29/2017	145,167.82	MCCABE CONSTRUCTION, INC.	3RD PYMT NORTH 4TH STREET
035195	8/29/2017	373.09	MUNSON PLUMBING SERVICE LLC	TEMP WATER SVC PIERCE AVE
035196	8/29/2017	98.45	MY RECEPTIONIST, INC	ANSWER SERVICE 8/23-9/19
035197	8/29/2017	2,150.00	NORTHERN LAKE SERVICE, INC.	RADIOACTIVITY, RADIUM, SDWA
035198	8/29/2017	1,049.75	NORTHLAND SURVEYING	SQUIRREL WAY CUL-DE-SAC
035199	8/29/2017	22.60	PHIL BEDELL	CR REF ACCT# 307000-22
035200	8/29/2017	2,675.00	SCHMITT & SONS EXCAVATING, INC	NEW SVC 110TH DIRECTIONAL DRIL
035201	8/29/2017	86.58	STEPHEN MUNSTERTEIGER	CR REF ACCT# 1611800-21
035202	8/29/2017	109.66	STEPHENS SANITATION LTD	GARBAGE SERVICE JUNE & JULY
035203	8/29/2017	642.77	TOSHIBA BUSINESS SOLUTIONS	LEASE AGREEMENT & COPIES
035204	8/29/2017	66.20	VERNON BORST	CR REF ACCT# 415300-21
035205	8/29/2017	20,786.52	WEST CENTRAL WIS BIOSOLIDS FAC	JULY BIOSOLIDS
035206	8/29/2017	308.83	WILLIAM & FRANCIS CURRAN	CR REF ACCT# 413400-20

**Total**                    **\$ 1,589,388.94**

**Total Checks & Wires**



**To:** Utility Commission  
**From:** Rae Ann Ailts, Finance Director  
**Date:** August 29, 2017  
**RE:** 2016 Annual Comprehensive Financial Report

**Background**

On an annual basis the Utility engages an independent accounting firm to conduct an audit of all funds managed by the City. The audit provides assurance to taxpayers, council, board and commissions and municipal bond investors that the financial reports of the city can be relied upon as they are properly accounted for under the requirements of GAAP (Generally Accepted Accounting Principles) and GASB (Governmental Accounting Standards Board).

Our auditing firm, Baker Tilly, will present the 2016 audit results during the commission meeting. A copy of the presentation is attached.

# **City of New Richmond Utilities**

## **Report to the Commission**

**September 6, 2017**

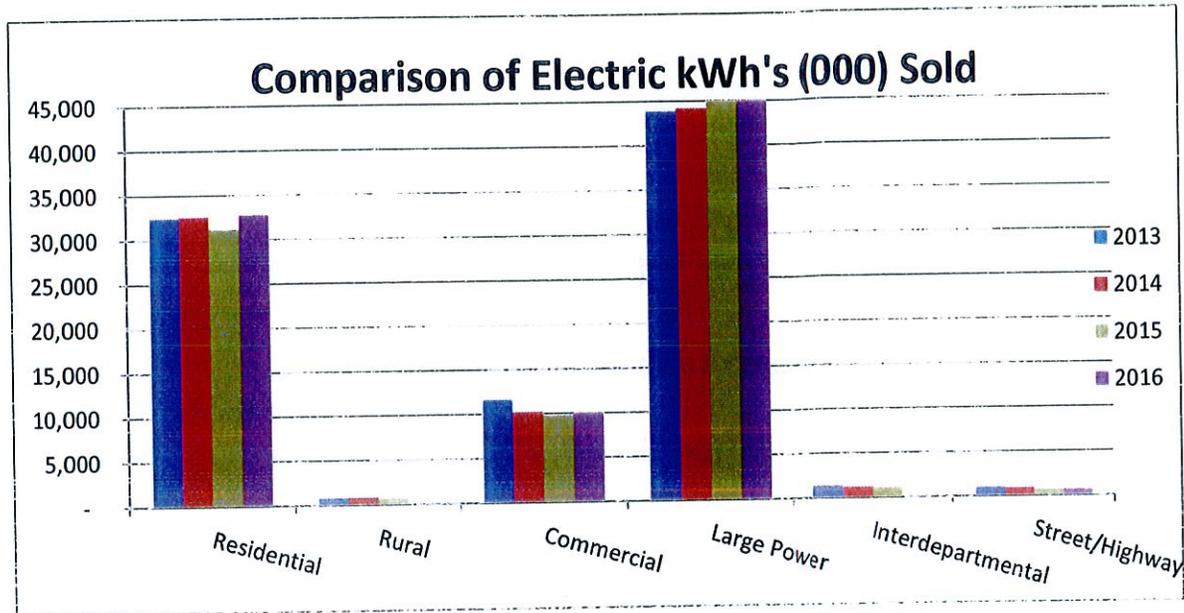
Presented By:

Baker Tilly Virchow Krause, LLP  
Amanda R. Mboga, CPA, Senior Manager

[Amanda.Mboga@bakertilly.com](mailto:Amanda.Mboga@bakertilly.com)

Note: Actual data was derived from current and prior years audited financial statements and unaudited PSC annual reports.

# City of New Richmond Utilities

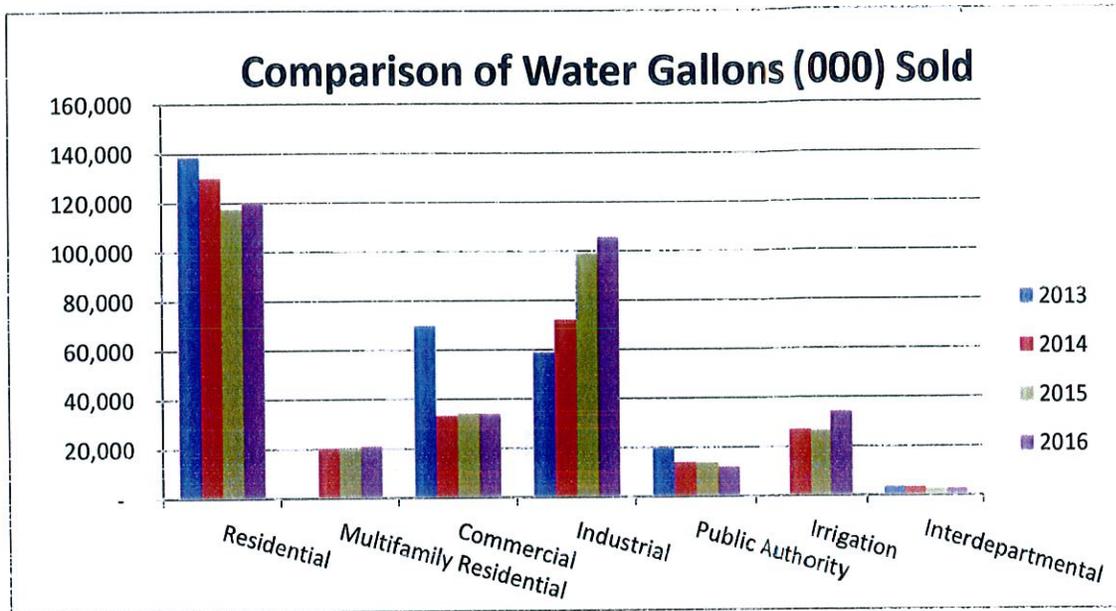


	2013	2014	2015	2016
Residential	32,491	32,602	31,160	32,790
Rural	809	840	769	-
Commercial	11,652	10,202	9,811	10,025
Large Power	43,924	44,260	45,999	49,049
Interdepartmental	1,400	1,213	1,186	-
Street/Highway	1,015	899	766	648
<b>Total</b>	<b>91,291</b>	<b>90,016</b>	<b>89,691</b>	<b>92,512</b>

## What it means....

Electric sales have been consistent, increasing a total of 1% from 2013 to 2016.

# City of New Richmond Utilities

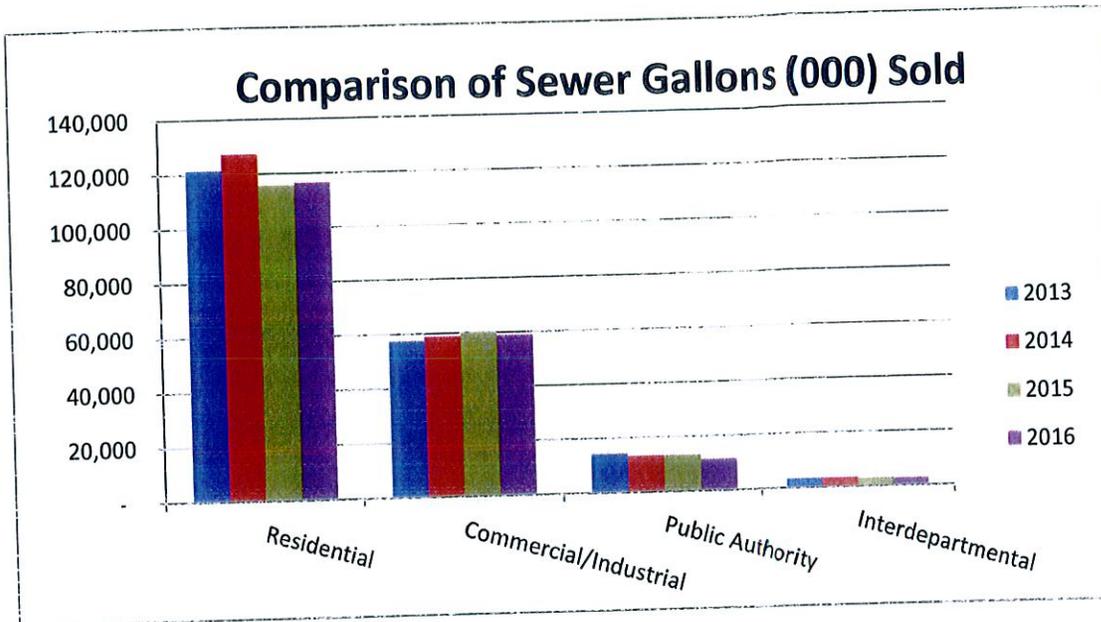


	2013	2014	2015	2016
Residential	138,509	129,912	117,474	119,679
Multifamily Residential	-	20,122	20,138	20,818
Commercial	69,917	33,133	34,275	33,937
Industrial	58,776	71,950	99,057	105,631
Public Authority	19,890	13,884	13,817	12,018
Irrigation	-	26,745	26,422	34,045
Interdepartmental	3,699	3,285	2,825	2,670
<b>Total</b>	<b>290,791</b>	<b>299,031</b>	<b>314,008</b>	<b>328,798</b>

## What it means....

Water volume has grown steadily, increasing 4.7% from last year and 13.1% since 2013. The increase is primarily due to industrial usage, which increased 6.6% from last year and 79.7% since 2013.

# City of New Richmond Utilities

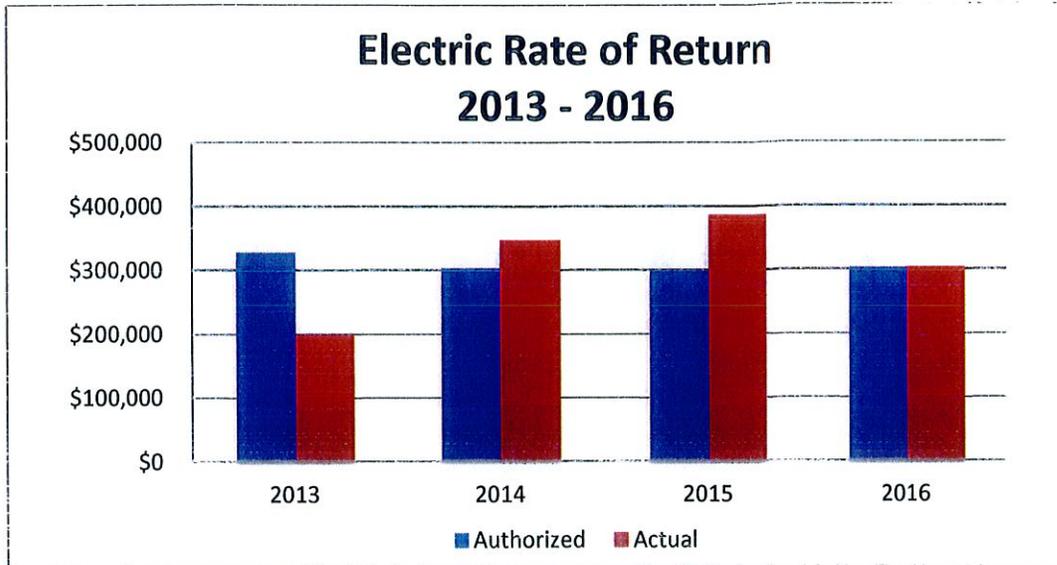


	2013	2014	2015	2016
Residential	121,417	127,339	115,689	116,488
Commercial/Industrial	57,338	58,782	60,124	58,888
Public Authority	14,196	13,262	13,381	11,448
Interdepartmental	3,441	3,316	2,835	2,697
<b>Total</b>	<b>196,392</b>	<b>202,699</b>	<b>192,029</b>	<b>189,521</b>

## What it means....

Sewer volumes have remained fairly consistent overall, decreasing 3.5% from 2013 to 2016. Residential customer volumes decreased by 4.1% during this time while interdepartmental and public authority volumes decreased 21.6% and 19.4%, respectively.

# City of New Richmond Utilities



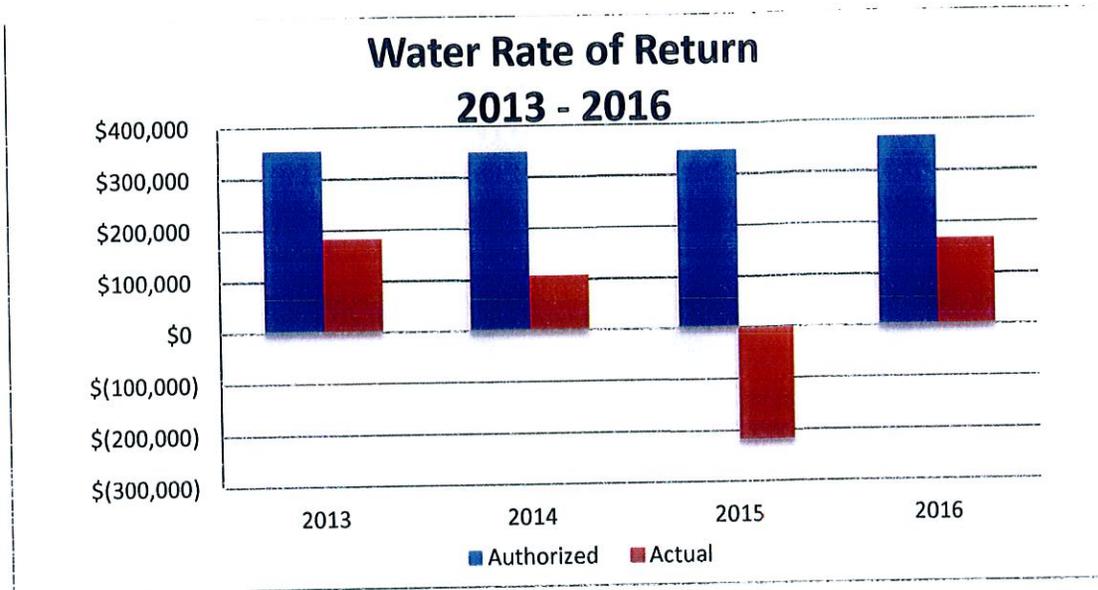
	2013	2014	2015	2016
Net Investment Rate Base	\$ 5,054,240	\$ 4,851,272	\$ 4,801,826	\$ 4,847,985
Authorized Return	<u>6.50%</u>	<u>6.25%</u>	<u>6.25%</u>	<u>6.25%</u>
Authorized Operating Return	<u>\$ 328,526</u>	<u>\$ 303,205</u>	<u>\$ 300,114</u>	<u>\$ 302,999</u>
Actual Operating Income	<u>\$ 199,003</u>	<u>\$ 346,112</u>	<u>\$ 385,575</u>	<u>\$ 303,670</u>
Actual Return	<u>3.94%</u>	<u>7.13%</u>	<u>8.03%</u>	<u>6.26%</u>
Difference	<u>\$ (129,523)</u>	<u>\$ 42,908</u>	<u>\$ 85,461</u>	<u>\$ 671</u>

## What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were put into effect December 1, 2013. Rates prior to December 1, 2013 were put in effect February 1, 2010.

It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

# City of New Richmond Utilities



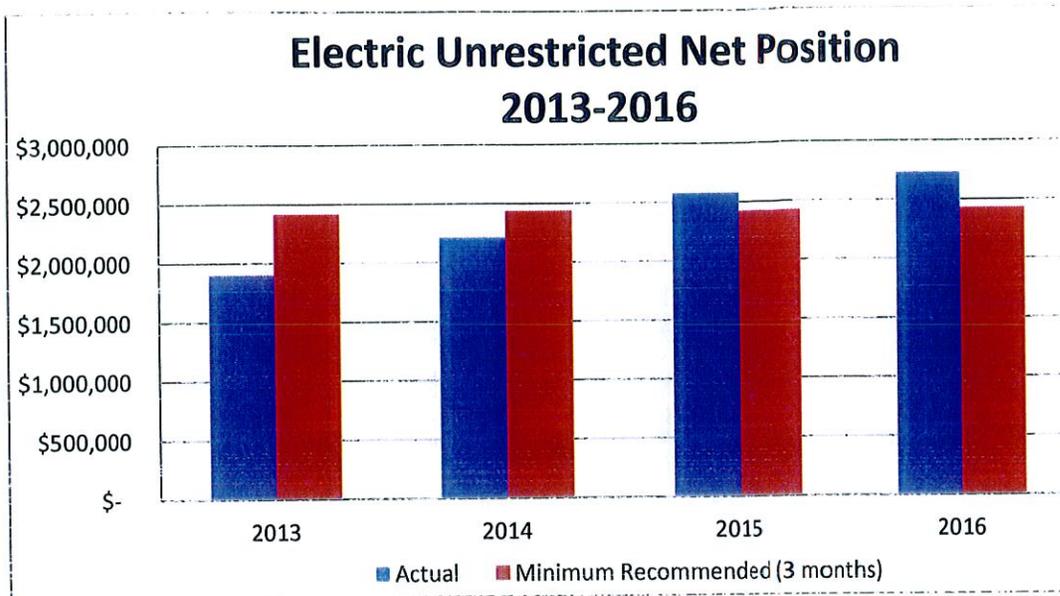
	2013	2014	2015	2016
Net Investment Rate Base	\$ 5,457,885	\$ 5,386,037	\$ 5,370,623	\$ 5,652,507
Authorized Return	<u>6.50%</u>	<u>6.50%</u>	<u>6.50%</u>	<u>6.50%</u>
Authorized Operating Return	<u>\$ 354,763</u>	<u>\$ 350,092</u>	<u>\$ 349,090</u>	<u>\$ 367,413</u>
Actual Operating Income	<u>\$ 182,121</u>	<u>\$ 107,805</u>	<u>\$ (216,959)</u>	<u>\$ 167,994</u>
Actual Return	<u>3.34%</u>	<u>2.00%</u>	<u>-4.04%</u>	<u>2.97%</u>
Difference	<u>\$ (172,642)</u>	<u>\$ (242,287)</u>	<u>\$ (566,049)</u>	<u>\$ (199,419)</u>

## What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were implemented on July 1, 2014. Rates prior to July 1, 2014 were put into effect on February 1, 2013.

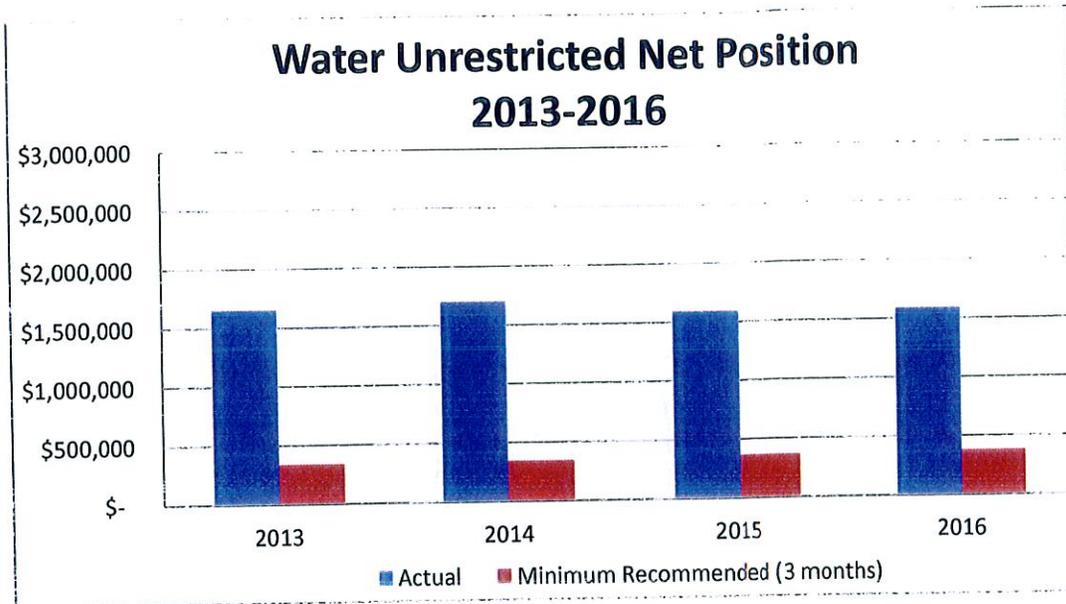
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# City of New Richmond Utilities



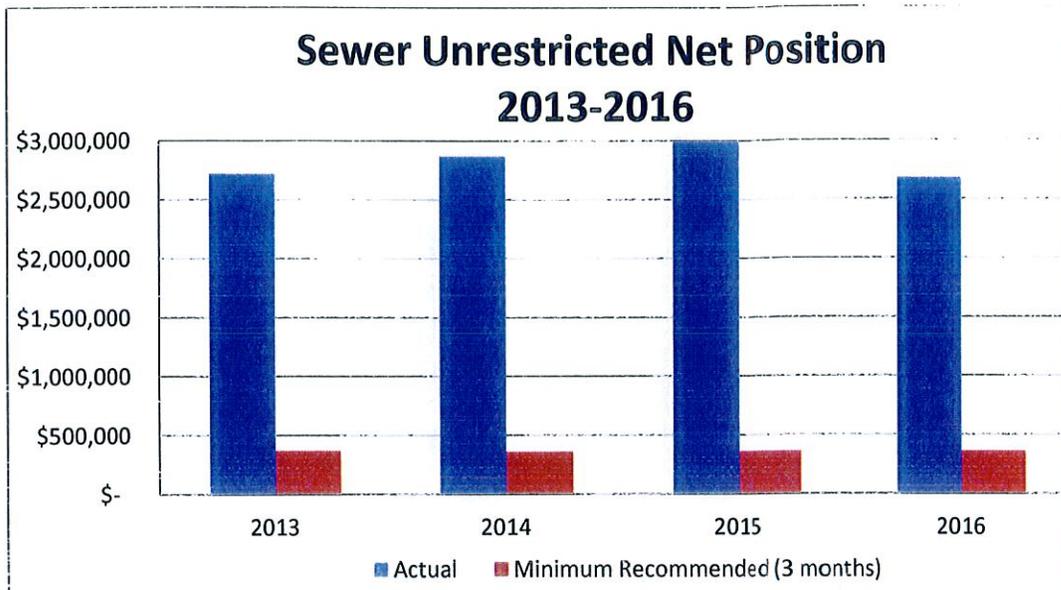
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 805,720</u>	<u>\$ 812,193</u>	<u>\$ 806,913</u>	<u>\$ 809,606</u>
Actual Unrestricted Net Position	<u>\$ 1,902,577</u>	<u>\$ 2,216,883</u>	<u>\$ 2,578,557</u>	<u>\$ 2,730,758</u>
Months billings on Hand	<u>2.36</u>	<u>2.73</u>	<u>3.20</u>	<u>3.37</u>

# City of New Richmond Utilities



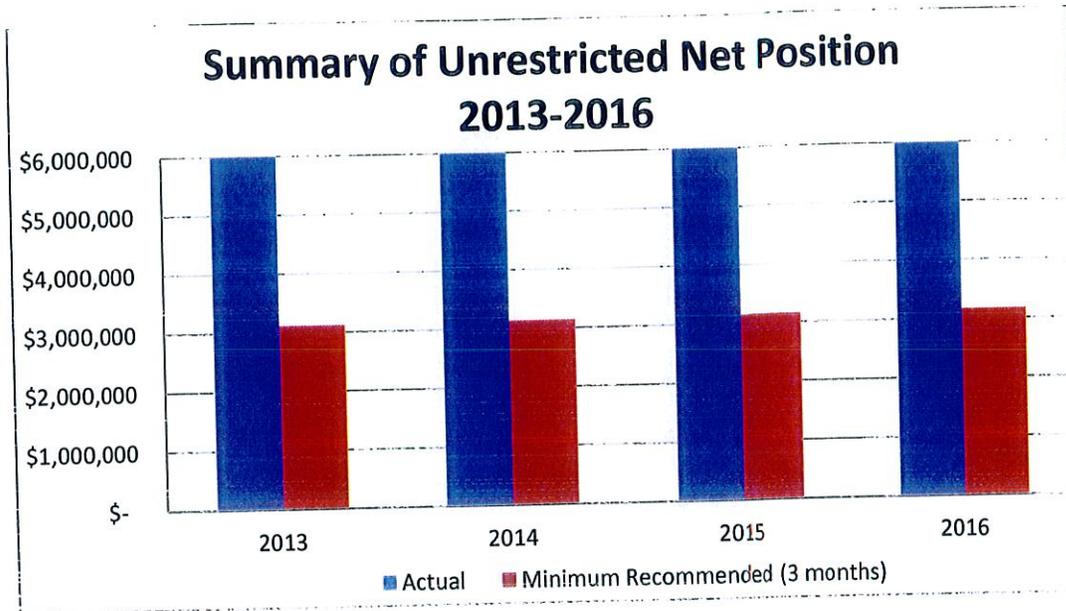
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Funding Benchmark Estimated Monthly Revenues	<u>\$ 111,487</u>	<u>\$ 113,734</u>	<u>\$ 121,798</u>	<u>\$ 125,610</u>
Actual Unrestricted Net Position	<u>\$ 1,653,305</u>	<u>\$ 1,703,525</u>	<u>\$ 1,594,589</u>	<u>\$ 1,590,836</u>
Months billings on Hand	<u>14.83</u>	<u>14.98</u>	<u>13.09</u>	<u>12.66</u>

# City of New Richmond Utilities



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 122,870</u>	<u>\$ 119,267</u>	<u>\$ 120,755</u>	<u>\$ 120,458</u>
Actual Unrestricted Net Position	<u>\$ 2,719,774</u>	<u>\$ 2,871,168</u>	<u>\$ 2,992,619</u>	<u>\$ 2,680,541</u>
Months billings on Hand	<u>22.14</u>	<u>24.07</u>	<u>24.78</u>	<u>22.25</u>

# City of New Richmond Utilities

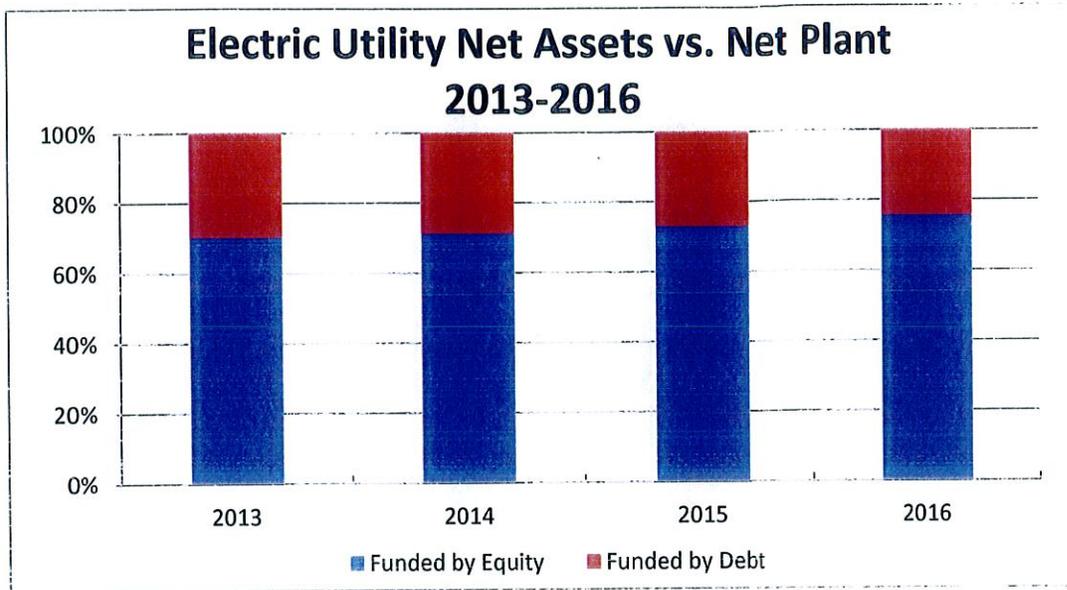


	2013	2014	2015	2016
Funding Benchmark Estimated Monthly Revenues	<u>\$ 1,040,077</u>	<u>\$ 1,045,193</u>	<u>\$ 1,049,465</u>	<u>\$ 1,055,673</u>
Actual Unrestricted Net Position	<u>\$ 6,275,656</u>	<u>\$ 6,791,576</u>	<u>\$ 7,165,765</u>	<u>\$ 7,002,135</u>
Months billings on Hand	<u>6.03</u>	<u>6.50</u>	<u>6.83</u>	<u>6.63</u>

## What it means....

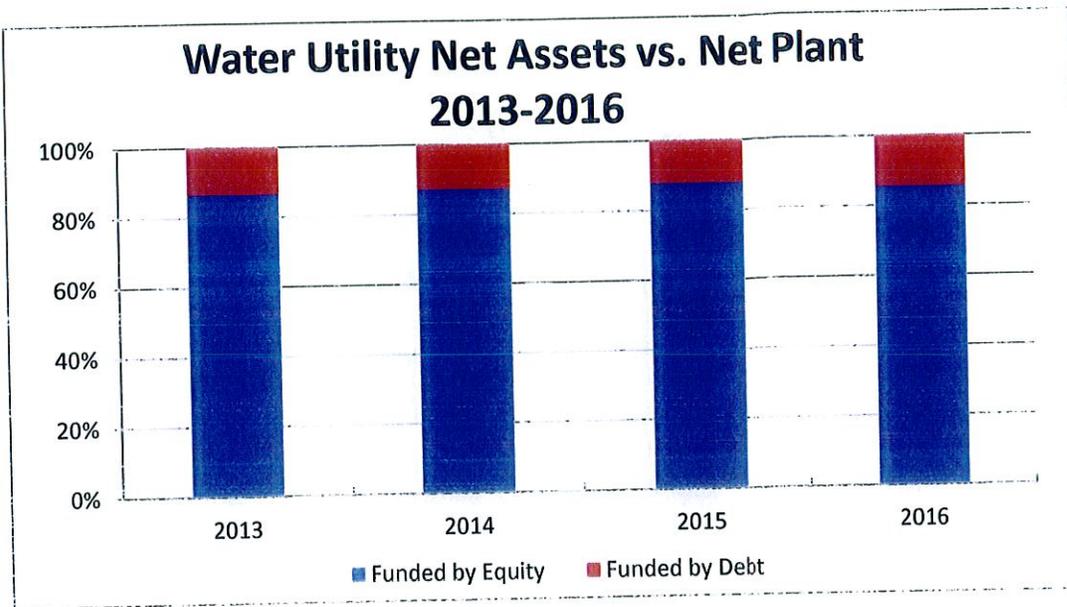
A utility should maintain funds to cover its operations in a normal business operation cycle plus a contingency. In addition, utilities should have available for capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations. The GFOA recommended target is 3 months revenue in reserve.

# City of New Richmond Utilities



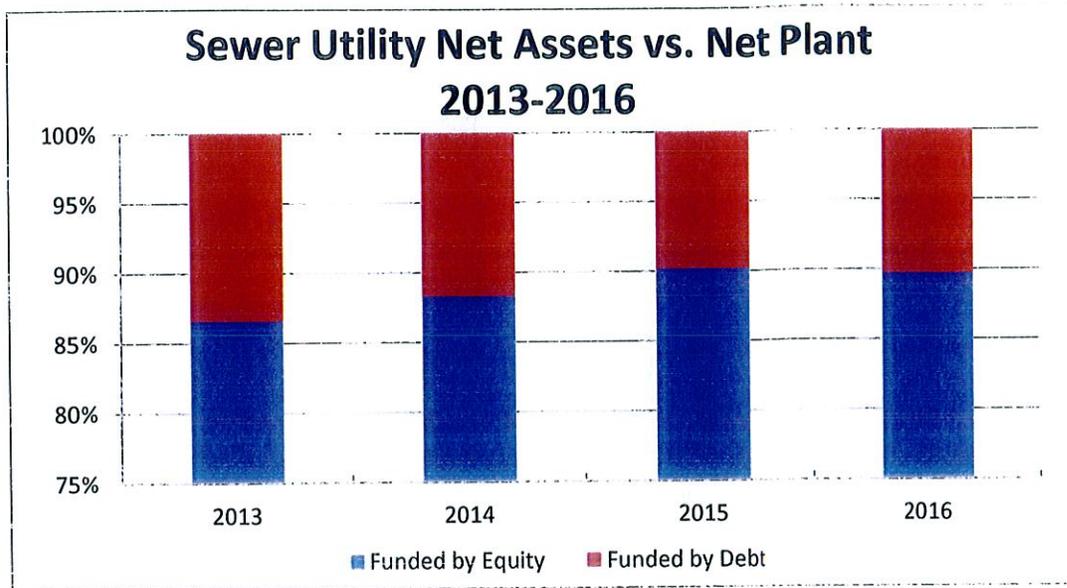
	2013	2014	2015	2016
Net Investment in Capital Assets	\$ 4,223,572	\$ 4,124,993	\$ 4,293,477	\$ 4,480,796
Net Property, Plant, and Equipment	\$ 6,006,110	\$ 5,789,829	\$ 5,882,156	\$ 5,927,323
Percent of Net Plant Funded by Equity	<u>70%</u>	<u>71%</u>	<u>73%</u>	<u>76%</u>
Percent of Net Plant Funded by Debt	<u>30%</u>	<u>29%</u>	<u>27%</u>	<u>24%</u>

# City of New Richmond Utilities



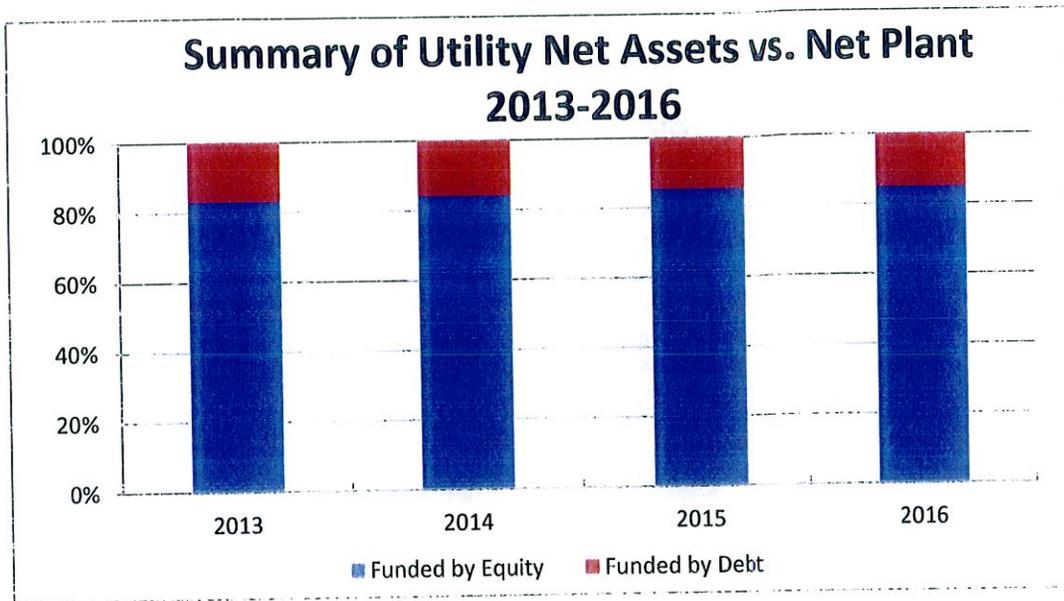
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Investment in Capital Assets	\$ 10,585,418	\$ 10,550,143	\$ 10,532,394	\$ 10,623,724
Net Property, Plant, and Equipment	\$ 12,227,134	\$ 12,101,715	\$ 11,983,743	\$ 12,416,087
Percent of Net Plant Funded by Equity	<u>87%</u>	<u>87%</u>	<u>88%</u>	<u>86%</u>
Percent of Net Plant Funded by Debt	<u>13%</u>	<u>13%</u>	<u>12%</u>	<u>14%</u>

# City of New Richmond Utilities



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Investment in Capital Assets	\$ 8,752,220	\$ 8,583,630	\$ 8,370,993	\$ 8,309,095
Net Property, Plant, and Equipment	\$ 10,107,497	\$ 9,720,459	\$ 9,284,202	\$ 9,260,152
Percent of Net Plant Funded by Equity	<u>87%</u>	<u>88%</u>	<u>90%</u>	<u>90%</u>
Percent of Net Plant Funded by Debt	<u>13%</u>	<u>12%</u>	<u>10%</u>	<u>10%</u>

# City of New Richmond Utilities

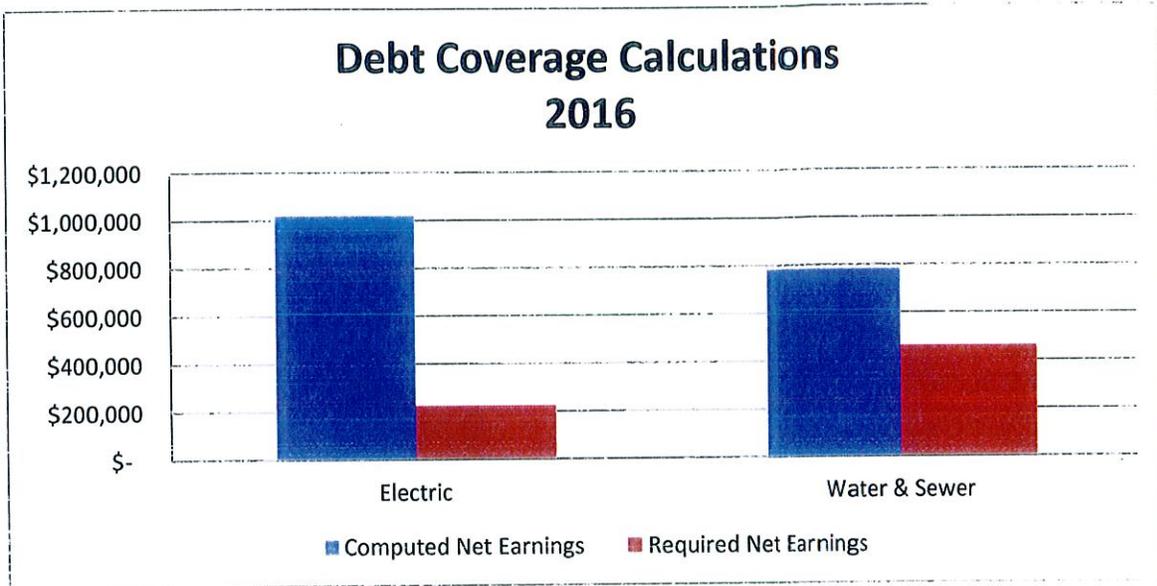


	2013	2014	2015	2016
Net Investment in Capital Assets	\$ 23,561,210	\$ 23,258,766	\$ 23,196,864	\$ 23,413,615
Net Property, Plant, and Equipment	\$ 28,340,741	\$ 27,612,003	\$ 27,150,101	\$ 27,603,562
Percent of Net Plant Funded by Equity	<u>83%</u>	<u>84%</u>	<u>85%</u>	<u>85%</u>
Percent of Net Plant Funded by Debt	<u>17%</u>	<u>16%</u>	<u>15%</u>	<u>15%</u>

## What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses. Normal utility target is 50% or more equity and 50% or less debt.

# City of New Richmond Utilities

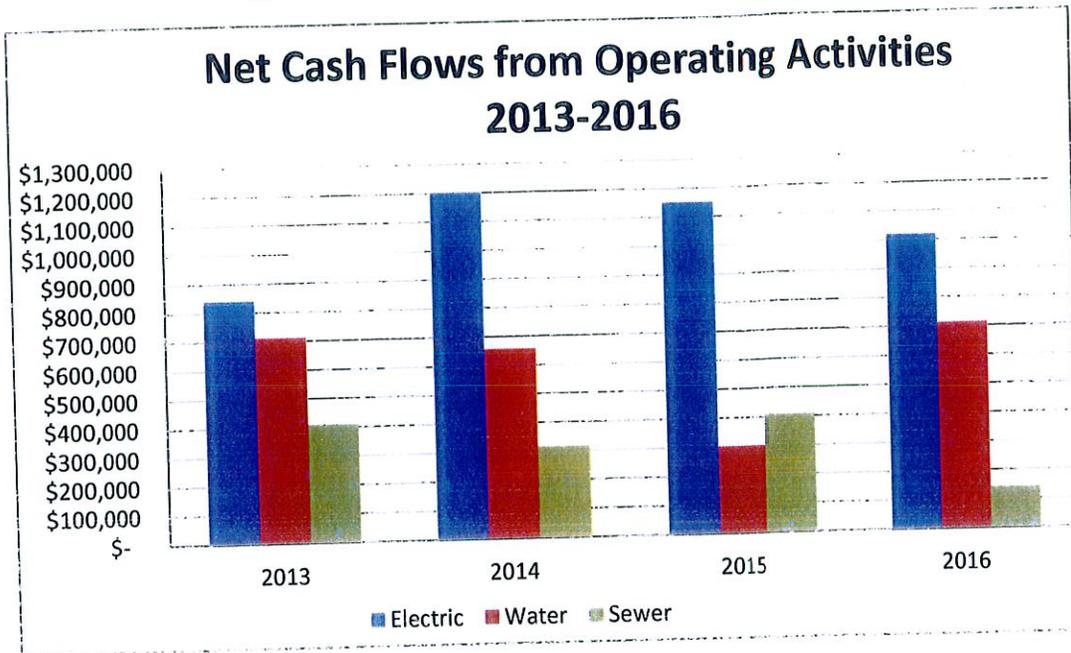


	Electric	Water & Sewer
Accrual based Revenues	\$ 9,715,266	\$ 2,952,811
Accrual Operating Expenses	(9,295,130)	(3,030,047)
Add back: Depreciation	599,414	861,926
<b>Computed Net Earnings</b>	<b>\$ 1,019,550</b>	<b>\$ 784,690</b>
Current Year Revenue		
Bond Debt Service	179,747	369,311
Coverage Factor	1.25	1.25
<b>Required Net Earnings</b>	<b>\$ 224,684</b>	<b>\$ 461,639</b>
<b>Difference</b>	<b>\$ 794,866</b>	<b>\$ 323,050</b>
<b>Coverage</b>	<b>5.67</b>	<b>2.12</b>

## What it means....

The bond resolutions require that earnings from the system be 1.25 times the revenue bond annual debt service based on the bond year. The coverage requirement was met in 2016.

# City of New Richmond Utilities



	2013	2014	2015	2016
Electric Operations	<u>\$ 841,441</u>	<u>\$ 1,202,151</u>	<u>\$ 1,152,776</u>	<u>\$ 1,020,196</u>
Water Operations	<u>\$ 711,413</u>	<u>\$ 656,960</u>	<u>\$ 302,442</u>	<u>\$ 712,780</u>
Sewer Operations	<u>\$ 409,933</u>	<u>\$ 316,740</u>	<u>\$ 409,371</u>	<u>\$ 142,112</u>

## What it means....

Cash flow from operations should be sufficient not only to recover operating costs, but also to provide for debt service, transfers to the municipality for property tax equivalent and routine plant additions.



**To:** Utility Commission

**From:** Rae Ann Ailts, Finance Director  
Jeremiah Wendt, Public Works Director

**Date:** August 29, 2017

**RE:** Sewer Leak

### **Background**

In 2009, the Utility Commission approved a Water Leak Sewer Adjustment Policy which addresses consideration for a sewer adjustment on leaks based on certain criteria. In 2017, staff received two applications requesting consideration for a sewer credit; both of these credits were denied. During the review of applications, staff was directed by the Commission to review the policy and advise if any changes were necessary to clarify the policy.

### **Recommendation**

Staff has reviewed the policy and also consulted with other municipalities regarding their leak policies. Based upon this review staff recommends the policy remain in place with minor language modification to the eligibility portion.

#### **Current Policy Eligibility**

“This policy is intended to address leaks which may be considered for a sewer adjustment. Only water pipe breaks (leaks) that develop after metering which do not add to the volume of water at the WWTP may be considered for a sewer adjustment. There will be no adjustment to the water portion of the bill.”

#### **Proposed Policy Eligibility**

“This policy is intended to address leaks which may be considered for a sewer adjustment. Only water pipe breaks (leaks) that develop after metering which do not add ~~any to the~~ volume of water ~~at to~~ the WWTP may be considered for a sewer adjustment. There will be no adjustment to the water portion of the bill.”

A redlined policy is attached also attached to this memo.



## **WATER LEAK SEWER ADJUSTMENT POLICY**

### **Policy**

The City of New Richmond Utilities (hereinafter referred to as "The Utility") owns and operates a waste water treatment plant (WWTP) and water distribution system.

The Utility will repair meters, and the cost of such repairs caused by ordinary wear and tear will be borne by the Utility. Repair of any damage to a meter resulting from the carelessness of the owner of the premises, owner's agent, or tenant, or from the negligence of any one of them to properly secure and protect same, including any damage that may result from allowing a water meter to become frozen or to be injured from the presence of hot water or steam in the meter, shall be paid for by the customer or the owner of the premises. (City of New Richmond Ordinance No. 86-116).

The service pipe from the main to the curb stop will be maintained and kept in repair and when worn out, replaced at the expense of the Utility. The property owner shall maintain the service pipe from the curb stop to the point of use. If a consumer fails to repair a leaking or broken service pipe from curb to point of metering or use within such time as may appear reasonable to the utility after notification has been served on the consumer by the Utility, the water will be shut off and will not be turned on again until the repairs have been completed. (City of New Richmond Ordinance No. 86-117)

The customer is responsible from the curb stop to the house including plumbing inside of the house as well as outside water faucets and irrigation systems. It is the customer's responsibility to keep the meter box accessible for meter reading and repair.

### **Eligibility**

This policy is intended to address leaks which may be considered for a sewer adjustment. Only water pipe breaks (leaks) that develop after metering which do not add ~~any to the~~ volume of water ~~at~~ to the WWTP may be considered for a sewer adjustment. There will be no adjustment to the water portion of the bill.

## Application Process

Upon receipt of a letter of request to the City of New Richmond's Utility Commission, the Utility will review the sewer bill. To be eligible for the review, the following information must be provided within 60 days of the billing date when the excessive use was posted:

1. Name of customer (and property owner if different)
2. Phone number of customer (and property owner if different)
3. Address of property where leak occurred
4. Owner occupied or rental?
5. Was property occupied at the time the leak occurred?
6. Date customer became aware of leak
7. Date leak was repaired
8. Copies of repair invoices or receipts
9. Letter of explanation of how the leak occurred
10. Sketch of the exact location of the leak
11. Photographs of the leaking pipe (if available)
12. Authorization for a Utility representative to inspect the property where the leak occurred

In order to avoid a late penalty while the sewer bill review is pending, the customer must pay the bill by the due date. If the Utility Commission deems a sewer adjustment is appropriate, the billing department may then be directed to make the adjustment during the next billing cycle.

A field check will be made to verify that the leak was repaired and to obtain the current meter reading.

High water use resulting from any other incident is not eligible for any sewer adjustment. Examples of water use not eligible for a sewer adjustment are as follows:

- Leaking toilets and faucets
- Leaking water softener
- Leaking outside yard faucet
- Leaking irrigation systems
- Leaking hot water heater
- Faulty humidifier on furnace
- Accidental water use
- Any other plumbing inside or outside the house



**To:** Utility Commission

**From:** Rae Ann Ailts, Finance Director

**Date:** August 29, 2017

**RE:** 2<sup>nd</sup> Quarter Financial Report

**Background**

Staff will present the 2<sup>nd</sup> Quarter Financial Report for the Electric, Water and Waste Water Funds. Third Quarter will be presented during the November meeting.



**To:** Utility Commission

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

**Date:** August 30, 2017

**RE:** 2018 Budget Update

### **Background**

The general fund, in combination with the Utility budgets, reflects over 18 million dollars in service which provide for safe municipal drinking water, emergency services, infrastructure maintenance and improvement, programming for children and adults, a vibrant and growing economy, and land use planning that will propel us into the future while creating a sustainable, beautiful community.

The budget process began in late spring with department heads reviewing operations and associated service costs while identifying future needs within City and Utility operations. Since that time, we have worked with staff, department heads, council members and stakeholders in categorizing those needs within several general theme areas, helping us to develop funding priorities for FY 2018. This collaborative approach has elicited a number of new ideas ranging from revenue generation to operational cost savings.

These themes have been further defined and prioritized to align with the mission and values of the City. As part of this alignment process, the team developed a vision statement which focuses attention on how the needs (themes) identified in the budget will be accomplished in the coming year. The 2018 vision statement is:

The City of New Richmond strives to bridge our heritage with the current and future needs of our growing community. We will accomplish this through:

- Providing reliable, safe and convenient services
- Striving to be leaders in local government through the use of innovation, sustainable best practices and fiscal responsibility
- Fostering transparency through community engagement
- Acknowledging the significant return on investment to our economy through the support of local programs and services
- Retaining and attracting staff to meet the growing expectations of our community

It is through the identification of needs that has led us to an essential core value in FY2018: the need for staffing level increases to keep pace with our growing community and expectations of core services within the “City Beautiful.”

In the coming month the draft budget for the Utility will be completed and presented during the October Commission meeting. Additionally, as the City wide budgeting process progresses we encourage Commissioners along with Council member and key stakeholders to participate in BudgetLab2018. At these meetings, staff will ask for feedback and innovative ideas from those who

make up our community. We hope that a transparent and collaborative process will foster additional ideas as we build a better budget together.



**To:** Utility Commission

**From:** Mike Darrow, City Administrator/Utility Manager  
Rae Ann Ailts, Finance Director

**Date:** August 30, 2017

**RE:** 5 Year Capital Improvement Projects

**Background**

Attached to this memorandum is the draft 2018-2022 Capital Improvement Plan (CIP). Projects identified within the draft incorporate projects identified in the previous 2015-2019 CIP and include new needs as identified by staff, Council members, Commissioners and through input from the community from various engagement processes. The proposed plan provides an opportunity for Council and Commission to not only consider projects, but to assess and rate projects by assigning priority levels.

Staff will provide an update on the Capital Improvement Process during Wednesday's meeting.