January 3, 2019

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., January 9, 2019 at 8:00 a.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 (Nov, 7, 2018 and Dec. 18, 2018)
4. Approval of bills and disbursements – November 2018 and December 2018
5. Public Comment
6. HydroCorp Contract
7. 3Q18 Financial Report
8. Water & Sewer Rate Study Update
9. Electric Rate Cost of Service Study
10. Staff Reports
11. Communications and miscellaneous correspondence
12. 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. 2nd 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
NOVEMBER 7, 2018

The regular meeting of the New Richmond Utility Commission was held on November 7, 2018 at 8:00 a.m. at the Civic Center.

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

Members Present: Gerry Warner, Bob Mullen, Mike Kastens, and Pat Becker. Dan Casey was present via telephone conference call.

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

A motion was made by Gerry Warner to approve the minutes of the October 10, 2018 meeting, seconded by Mike Kastens, and carried.

A motion was made by Bob Mullen to approve October 2018 bills and disbursements, seconded by Gerry Warner, and carried.

Public Comment:
None

2019 Utility Meeting Schedule:
Rae Ann Ailts reviewed the proposed meeting schedule for 2019 as follows:
January 9, February- No Meeting , March 6, April 3, May 1, June 5- Breakfast Meeting at Public Works Shop, July- No Meeting, August 7,September 11, October 2, November 13 (UC Dinner), and December- No Meeting. These meetings would start at 8:00 a.m. with the exception of the November meeting starting at 3:30 p.m. Gerry Warner moved to approve the Utility Commission meeting as presented , seconded by Bob Mullen, motion carried.

Civic Center Transition:
Rae Ann Ailts provided an update on the 2019 Civic Center Customer Service plan which will begin over the next several months. Once complete, all customer service representatives which include utilities, bill pay, taxes, permits and general information, will occur at the eastern portion of the building. Cedar Corporation has been working on plans to accommodate this change. For security, public access will be Arch Street and 1st Street. More information will be brought forward in the next couple of months.

ALERT New Richmond:
Joel Enders updated the commission on Alert New Richmond, an emergency alert and notification service available to anyone who lives, works, travels through, or visits New Richmond. The system will be used to send alerts to the public during emergencies, utility disruptions, road closures, major traffic incidents, etc., as well as provide important community updates. After signing up online, individuals can choose to receive alerts via text message, email, and/or voice message (landline or mobile phone). Alert New Richmond is fully integrated into the Smart911 system, allowing residents the option of providing additional information emergency responders will see if 9-1-1 is called, such as needed medications or household pets. Please go to www.newrichmondwi.gov and sign up! Currently there are 205 people signed up for the program.

2019 Budget:
Rae Ann Ailts reviewed the proposed FY2019 operating budgets for the Electric, Water and Sewer Utility, which have a combined budget of $13,089,310.

Revenue

- Projected increase of 0.8-2.0% based upon specific Utility.

General Operating Expenses

- Health, dental & vision insurance premium costs reflect an overall reduction of 8% with employer and employee cost share being 84/16 in 2019 compared to 2018 cost share of 85/16.
- Wage increase of 3%: occurring with the following splits 1.5% at 1/1/19 and 1.5% at 7/1/19.
- Seasonal positions include GIS, field and office assistance.
- Ice pigging, leak detection, televising, lining and pole testing are increasing in the 2019 budget as part of the maintenance schedule.
- Marketing and sponsorships have been increased to promote and brand New Richmond Utilities.

Debt

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

Rate Analysis

- A water and sewer rate case is currently in process, as such, revenues are based upon current rates.
- Electric rate of return is projected to decrease from prior year due to increase in operating costs associated with delivery of service.
- A rate review of the Electric Utility is proposed for FY2019 to ensure rates continue to be adequate to recover additions to plant in service.

Gerry Warner moved to adopt the 2019 Electric, Water and Sewer operating budgets as proposed, seconded by Mike Kastens, and carried.

Capital Improvement Plan:
Over the last few months, City staff and commission members have prioritized projects in the 2019 Capital Improvement Plan. The prioritization included three categories: critical, very important and important. The 2019 Capital Improvement Plan includes $3,355,100 in project costs with the understanding that the specific mix of proposed funding mechanisms for some projects may change depending on the final recommendations of the ongoing water and sewer rate study. Bob Mullen moved to adopt the 2019 Capital Improvement Plan as outlined, seconded by Gerry Warner, and carried.

<u>Department Reports</u>
Jeremiah Wendt, Director of Public Works:

- 125th Street is paved and restoration work is complete.
- E 4th Street is nearing completion.
- Frontier needs to move several fiber optic lines along a segment of County Road A Trail. Once completed, grading will continue. Pavement may need to wait until spring.
- Knowles Avenue corridor study is underway. Good feedback was received from the public meeting.

Steve Skinner, Lead Wastewater Treatment Plant Operator – Jeremiah Wendt gave report:

- Steve Skinner and Greg Hermansen are doing testing today for DNR certifications.
- Steve attended the WWOA Conference, and was part of the panel on Energy Efficiency projects for wastewater treatment plants.
- Biosolids annual meeting will be held November 15th in Ellsworth, WI.
- Treatment plant operations are going well.

Bob Meyer, Water Superintendent – Jeremiah Wendt gave report:

- Bob Meyer will be back next week on light duty
- Staff is getting ready for the onset of winter
- Staff is monitoring a small leak at the intersection of N. Knowles Ave and North 4th St.

Weston Arndt, Electric Superintendent:

- Reschedule of Senator Schachtner meeting – WPPI Energy
- WPPI Energy Orientation – Reschedule
- 125th Street Lighting complete
- RRFB (Rectangular Rapid Flashing Beacon) for trail – directional drill, set pole bases.
- 140th St Lighting – GG South by end of the week.
- Rustic Ridge wire pulling and structure setting is complete. Still some restoration work as well as terminating and cutting over from the old to new underground.
- The new transformer, sectionalizer and conductor for the Federal Foam Warehouse facility is in place. Temporary outage last Friday.
- We had a planned outage Saturday for Bosch. This was a requested outage so they could perform preventative maintenance on their electric switchgear. We installed new cutouts on the overhead riser serving their south service.
- Working with Tjader & Highstrom to install primary electric extionsion for Beaver Way in Fox Run.
- Discussed with Chris Chartier at WPPI Energy about extending fiber to the White Pine Sub. He agreed that it would be mutually beneficial and a sharing of costs would be appropriate.
- We have 15 of the danger poles addressed. 4 of the remaining will be part of a system redesign in the E 7th / Oak area. That is likely to be done in December. We're working on the prep for the 3 phase alley work that will be contracted. I feel we are in good shape to get all of the danger poles replaced by the end of the year.
- Dave Krause – Developing substation plan
- Workload – analyzing part time/contract/apprentice help in the future.

Stacie Running, ESR:

- WPPI
  - Residential Customer Survey
    - 3 year rotation
  - MyMeter
    - Exploring options or improving customer experience and bill payment process; MyMeter would replace current eCare system
  - BCC @ WPPI
    - Training - enhancing customer experience
  - Taking advantage of Local Energy Efficiency dollars to upgrade lighting at Civic Center & WWTF
- Customer Contacts
  - NRSD
    - PedalPower, PowerTOWN & Water/WasteWater education
    - Reached out to Patrick Olson and Bob Parent
  - New Construction Design Assistance
    - Westfields Hospital
    - Johnson Ford
    - Bakken Young
    - Auto Mall
  - VFD incentives
    - Lakeside foods
    - Bosch

        - Federal Foam
        - Phillips-Medisize
- Focus on Energy
    - Customer Mailer
        - Furnace Tune-Up & Smart Thermostat
    - Incentives paid YTD
        - Estimated contribution < $40,000/year
        - Incentive paid YTD >$149,000
        - 2242 customers received incentives

Rae Ann Ailts, Finance Director:

- Water and sewer rate study is underway.
- Lien processing will be finalized on November 15, 2018.
- Move in – move outs are averaging between 100-200 per month.
- Staff is looking into software called Online Utility Exchange to help streamline applications for service. The software would create a portal for customers to fill out the application for service. Customer proof of identity would be done through Online Utility Exchange, instead of the customer having to come into the office. This program has been used by other WPPI members. Cost is $1.90 per application.

Mike Darrow, Utility Manager:

- Council will review the capital improvements Utility Commission approved
- Council will be reviewing the Civic Center redesign
- Staff looking into improved security – gate system at the compost site
- Emerald Ash tree removal process will begin
- $611,000 parks and trail improvements in 2019
- Improvement and updates on vehicles for police and fire, as well as a hybrid vehicle for city/utility use
- Integrate staff on the east side of the building – customer service training to occur next week
- Kwik Trip discussions took place with the community

There being no further business, a motion made by Gerry Warner to adjourn, seconded by Bob Mullen, and carried. The meeting adjourned at 8:48 a.m.

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Pat Becker, President Gerry Warner, Secretary

New Richmond Utilities

NOVEMBER 2018
Check Register

Check #	Date	Amount	Vendor Name	Description
002199	11/6/2018	1,862.94	WEX BANK	OCTOBER FUEL BILL
002200	11/7/2018	12,938.62	US BANK CORPORATE PAYMENT SYSTEM	WWTP OCT PCARD INV
002201	11/7/2018	58,391.46	CITY OF NEW RICHMOND	PAYROLL 11/9/18
002202	11/7/2018	0.00	WISC DEPT OF REVENUE	EFT 1 CENT OCT SALES TAX CORRECTION
002203	11/15/2018	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP NOV18 INVEST #7, 9 & 11
002204	11/15/2018	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP NOV18 INVEST #5, 8 & 10
002205	11/28/2018	508,470.76	WISCONSIN PUBLIC POWER INC	OCT18 PURCHASED POWER
002206	11/19/2018	32,190.24	WI DEPT OF REVENUE	OCTOBER SALES TAX
002207	11/20/2018	37,164.00	LOCAL GOVERNMENT INVESTMENT POOL	OCT18 IMPACT FEES & SAC COLLEC
002208	11/16/2018	14,805.60	CITY OF NEW RICHMOND	OCT MONTHLY BILL
002209	11/16/2018	5,919.66	CITY OF NEW RICHMOND	INSURANCE
002210	11/16/2018	5,000.00	CITY OF NEW RICHMOND	RENT
002211	11/16/2018	25,065.84	CITY OF NEW RICHMOND	STORM WATER
002212	11/16/2018	8,008.91	CITY OF NEW RICHMOND	RECYCLING
002213	11/16/2018	228.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
002214	11/16/2018	328.00	DIGGERS HOTLINE, INC.	TICKETS OCTOBER
002215	11/16/2018	244.00	HYDRODESIGNS	INSPECTION & REPORTING SVC
002216	11/16/2018	317.49	MAILFINANCE	LEASE STUFFER
002217	11/16/2018	6,339.93	NEW RICHMOND UTILITIES	OCT CTOC COLLECTIONS
002218	11/16/2018	3,590.00	QUALITY FLOW SYSTEMS, INC.	HANDLE PUMP LIFTING
002219	11/16/2018	62,196.75	TJADER & HIGHSTROM	COUPLERS, POWER BOX, PRIMARY
002220	11/16/2018	567.00	WISCONSIN PUBLIC POWER INC	PPW WINNER JOHN OLSON SOLAR
002221	11/16/2018	25.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
002222	11/21/2018	60,205.70	CITY OF NEW RICHMOND	PAYROLL 11/21/18
035947	11/27/2018	-1,050.00	MR GUTTER INC	GUTTERS WASTE STATION
035952	11/8/2018	206.54	BALDWIN TELCOMM	OCTOBER PHONE
035953	11/8/2018	121.30	MY RECEPTIONIST, INC	ANSWER SERVICE 10-17 TO 11-13
035954	11/14/2018	311.65	FRONTIER COMMUNICATIONS	OCTOBER PHONE BILL
035955	11/16/2018	0.00	AMERIPRIDE LINEN & UNIFORM SERVICES	STUB CHECK
035956	11/16/2018	1,390.02	AMERIPRIDE LINEN & UNIFORM SERVICES	WWTP OCT UNIFORM SVC
035957	11/16/2018	2,932.83	CORE & MAIN LP	IPERL METERS
035958	11/16/2018	1,453.00	CROSS NURSERIES, INC	TREES - DOWNTOWN
035959	11/16/2018	9,327.78	FRESCO INC	SUNTECH PHOTO
035960	11/16/2018	13,058.38	STUART C IRBY CO	JACKET SEAL ELBOWS RETURNED
035961	11/16/2018	728.19	KWIK TRIP	OCTOBER FUEL
035962	11/16/2018	66.59	LOCATORS & SUPPLIES, INC	INSULATED PARKA
035963	11/16/2018	2,635.54	METERING & TECHNOLOGY SOLUTIONS	100W ERT ENCODER
035964	11/16/2018	4,495.00	MSA PROFESSONAL SERVICES INC	WWTF UPGRADE
035965	11/16/2018	304.00	NARDINI FIRE EQUIP CO., INC.	INSPECTION C02 SYSTEM
035966	11/16/2018	807.95	PROFESSIONAL SERVICE INDUSTRIES, IN	STREET/UTILITY PROJECTS
035967	11/16/2018	3,035.73	SHORT ELLIOTT HENDRICKSON INC	STREET UTILITY PROJECTS
035968	11/16/2018	2,777.50	TRILOGY CONSULTING, LLC	WATER/SEWER RATE CASE
035969	11/16/2018	180.96	TRI STATE PUMP & CONTROL INC.	GASKET, NEOPRENE
035970	11/16/2018	196.39	VERIZON WIRELESS	OCTOBER CELL PHONE BILL
035971	11/16/2018	47.24	WESTON ARNDT	REIMBURSE UTIL COMM DINNER
035972	11/16/2018	33,028.08	WEST CENTRAL WIS BIOSOLIDS FAC	BIOSOLIDS
035973	11/27/2018	1,050.00	MR GUTTER LLC	INSTALLED GUTTERS
035974	11/27/2018	0.00	MR GUTTER INC	GUTTERS WASTE STATION
035975	11/27/2018	500.00	KELLY & NICHOLAS RUD	REFUND PYMT RECEIVED IN ERROR
035976	11/27/2018	7,891.09	CITY OF NEW RICHMOND	TAX LIEN PREPAYMENTS
Total		**$1,068,900.66**		
Total Checks & Wires				

NEW RICHMOND UTILITY COMMISSION MINUTES
DECEMBER 18, 2018

A special meeting of the New Richmond Utility Commission was held on December 18, 2018 at 1:00 p.m. at the Civic Center.

Pat Becker called the meeting to order at 1:00 p.m.

Members Present: Gerry Warner, Bob Mullen, Mike Kastens, and Pat Becker. Dan Casey was present via telephone conference call.

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

A motion was made by Mike Kastens to go into closed session, seconded by Gerry Warner, and carried.

A motion was made by Gerry Warner to approve an inter-fund transfer to capital projects fund, seconded by Mike Kastens, and carried.

There being no further business, a motion made by Mike Kastens to adjourn, seconded Gerry Warner, and carried. The meeting adjourned at 1:35 p.m.

Pat Becker, President

Gerry Warner, Secretary

New Richmond Utilities

DECEMBER 2018
Check Register

Check #	Date	Amount	Vendor Name	Description
002223	12/4/2018	736.00	CITY EMPLOYEE FUND	EMPLOYEE CHRISTMAS FUND
002224	12/4/2018	97.50	CITY OF NEW RICHMOND	BENEFIT EXTRAS MO FSA, HRA,
002225	12/4/2018	583.31	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
002226	12/4/2018	42.87	CITY OF NEW RICHMOND	LIFE INS
002227	12/4/2018	411.94	CITY OF NEW RICHMOND	LONG TERM DISABILITY INS
002228	12/4/2018	372.45	CITY OF NEW RICHMOND	SHORT TERM DISABILITY IN
002229	12/4/2018	21,867.14	CITY OF NEW RICHMOND	HEALTH INS
002230	12/4/2018	46,440.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
002231	12/4/2018	5,919.66	CITY OF NEW RICHMOND	INSURANCE
002232	12/4/2018	5,000.00	CITY OF NEW RICHMOND	RENT
002233	12/4/2018	8,013.66	CITY OF NEW RICHMOND	RECYCLING
002234	12/4/2018	24,741.32	CITY OF NEW RICHMOND	STORM WATER
002235	12/4/2018	2,739.90	HAWKINS, INC	ALUMINUM SULFATE
002236	12/4/2018	244.00	HYDRODESIGNS	CROSS CONNECT INSPECT & REPORT
002237	12/4/2018	2,119.70	INFOSEND, INC	OCT BILLING AND POSTAGE
002238	12/4/2018	60.00	MUNICIPAL ELECTRIC UTIL OF WI	DISTRICT DINNER, AARNDT, BLADE
002239	12/4/2018	51.26	NORTH CENTRAL LABORATORIES INC	CHLORINE
002240	12/4/2018	5,561.12	NEW RICHMOND UTILITIES	NOV CTOC COLLECTIONS
002241	12/4/2018	24,000.00	QUALITY FLOW SYSTEMS, INC.	CONTROL PANEL
002242	12/4/2018	2,305.00	TJADER & HIGHSTROM	JOHNSON DRIVE POWER BOX
002243	12/7/2018	60,368.34	CITY OF NEW RICHMOND	PAYROLL 12-07-2018
002244	12/11/2018	1,362.53	SUPER AMERICA	NOV FUEL BILL
002245	12/19/2018	11,193.98	WI DEPT OF REVENUE	NOVEMBER SALES TAX
002246	12/17/2018	29,340.00	LOCAL GOVERNMENT INVESTMENT POOL	IMPACT FEES & SAC COLLECTIONS
002247	12/4/2018	12,222.14	US BANK CORPORATE PAYMENT SYSTEM	WATER DEPT NOV PCARD INVOICES
002248	12/13/2018	4,505.19	CITY OF NEW RICHMOND	MONTHLY BILL
002249	12/13/2018	266.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
002250	12/13/2018	233.60	DIGGERS HOTLINE, INC.	NOVEMBER TICKETS
002251	12/13/2018	175.00	MUNICIPAL ELECTRIC UTIL OF WI	EVENT REGISTRATION K BLADER
002252	12/13/2018	14,767.00	TJADER & HIGHSTROM	LINEMAN, DIGGER, BUCKET TRUCK
002253	12/13/2018	25.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
002254	12/28/2018	548,950.33	WISCONSIN PUBLIC POWER INC	NOV PURCHASED POWER
002255	12/21/2018	59,616.48	CITY OF NEW RICHMOND	PAYROLL 12-21-18
002256	12/21/2018	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	DEC LGIP #7, 9, 11 INVESTMENTS
002257	12/21/2018	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	DEC18 LGIP# 5,8,10 INVESTMENTS
002258	12/28/2018	46,423.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
002259	12/28/2018	102.25	CITY OF NEW RICHMOND	BENEFIT EXTRAS MO FSA, HRA ADM
002260	12/28/2018	916.63	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
002261	12/28/2018	23,284.29	CITY OF NEW RICHMOND	HEALTH INSURANCE
002262	12/28/2018	429.92	CITY OF NEW RICHMOND	LONG TERM DISABILITY INSURANCE
002263	12/28/2018	40.05	CITY OF NEW RICHMOND	LIFE INSURANCE
002264	12/28/2018	390.75	CITY OF NEW RICHMOND	SHORT TERM DISABILITY INSURANC
002265	12/28/2018	587.98	KEVIN BLADER	REIMBURSE COMBO KIT, BATTERY
002266	12/28/2018	1,043.00	K O CONSTRUCTION	NEW WATER SERVICE LANDFILL
002267	12/28/2018	175.00	MUNICIPAL ELECTRIC UTIL OF WI	NESC CODE SEMINAR BLADER
035532	12/12/2018	-80.80	VOID - DARIO HORVATINOVIC	CR REF ACCT# 831500-26
035703	12/12/2018	-25.06	VOID - GREGORY OLSEN	CR REF ACCT# 837500-27
035767	12/12/2018	-18.95	VOID - NEIL CUNNINGHAM	CR REF ACCT# 1907600-27
035977	12/11/2018	0.00	VOID CHECK	VOID CHECK
035978	12/4/2018	142.12	ANN MARIE WEBSTER	CR REF ACCT# 1303500-26

035979	12/4/2018	51.93	CHRISTOPHER & BRENDA FRANKLIN	CR REF ACCT# 333600-21
035980	12/4/2018	2,764.00	CURT'S ELECTRIC LLC	REWIRE CONTROLS LIFT STATIONS
035981	12/4/2018	106.74	DANIELLE THALACKER & CULLEN MULLER	CR REF ACCT# 1616400-31
035982	12/4/2018	41.01	DANIELLE ZIEMER	CR REF ACCT# 1612200-23
035983	12/4/2018	107.22	DERRICK HOMES	CR REF ACCT# 1298800-20
035984	12/4/2018	13,632.00	FRESCO INC	STREET LIGHT FIXTURES
035985	12/4/2018	38.65	GIRARD'S BUSINESS SOLUTIONS	INK CARTRIDGE
035986	12/4/2018	101.15	HEIDI & STEPHEN BROWN	CR REF ACCT# 1625400-24
035987	12/4/2018	365.19	HI-LINE UTILITY SUPPLY CO	CABLE TYPE BARE CABLES
035988	12/4/2018	1,649.48	STUART C IRBY CO	RED UNDERGROUND MARKING TAPE
035989	12/4/2018	359.80	JACI QUIGLEY	CR REF ACCT# 1020200-21
035990	12/4/2018	80.17	JAMES PEARSON	CR REF ACCT# 932200-21
035991	12/4/2018	91.98	JANE WALSH	CR REF ACCT# 305800-23
035992	12/4/2018	577.59	J.H. LARSON COMPANY	WIRE, MARKING TAPE
035993	12/4/2018	75.39	JOSEPH E ENRIGHT	CR REF ACCT# 1485400-21
035994	12/4/2018	184.31	KYLE WARNER	CR REF ACCT# 709800-37
035995	12/4/2018	1,133.00	MARKET & JOHNSON	BOLLARDS AT ELECTRICAL SVC
035996	12/4/2018	255.49	MID-AMERICAN RESEARCH CHEMICAL	PENETRATING OIL
035997	12/4/2018	89.00	MY RECEPTIONIST, INC	ANSWERING SERVICE
035998	12/4/2018	41.11	NATE PANEK	CR REF ACCT# 1388000-21
035999	12/14/2018	0.00	VOID CHECK	VOID CHECK
036000	12/4/2018	2,871.90	RESCO	ANCHOR
036001	12/4/2018	215.90	RICHARD SUTLIFF	CR REF ACCT# 202900-33
036002	12/4/2018	254.73	SANDRA J CRACE	CR REF ACCT# 1636800-21
036003	12/4/2018	331.21	SCOTT & TAMARA SCHMIDT	CR REF ACCT# 1122600-20
036004	12/4/2018	2,758.36	SHORT ELLIOTT HENDRICKSON INC	2018 ANTENNA PROJECTS
036005	12/4/2018	58.95	STEVEN & NANCY MOE	CR REF ACCT# 408400-25
036006	12/4/2018	73.70	THOR SANDERS	CR REF ACCT# 904700-22
036007	12/4/2018	25.14	T W VENDING	CR REF ACCT# 1344100-20
036008	12/4/2018	4,573.48	WASTECORP PUMPS LLC	BALL VALVE, VALVE SEAT
036009	12/4/2018	14.26	WH ST CROIX LLC	CR REF ACCT# 594400-20
036010	12/4/2018	688.82	XCEL ENERGY	OCTOBER FUEL BILL
036011	12/4/2018	233.87	CITY OF NEW RICHMOND	TAX LIEN PREPAYMENT 455 S KNO
036012	12/4/2018	210.40	BALDWIN TELCOMM	NOV PHONE BILL
036013	12/11/2018	0.00	VOID CHECK	VOID CHECK
036014	12/11/2018	314.31	TURNING POINT	DONATION
036015	12/12/2018	0.00	GRACE PLACE AND HARMONY HOUSE	DONATION SPONSOR N WIEDENFELD
036016	12/12/2018	0.00	GRACE PLACE AND HARMONY HOUSE	VOID WRONG VENDOR
036017	12/12/2018	500.00	THE SALVATION ARMY	DONATION SPONSOR N WIEDENFELD
036018	12/12/2018	25.06	GREGORY OLSEN	CR REF ACCT# 837500-27
036019	12/12/2018	0.00	VOID - DARIO HORVATINOVIC	VOID CR REFUND NEVER CASHED
036020	12/12/2018	0.00	VOID - NEIL CUNNINGHAM	VOID CR REF ACCT# 1907600-27
036021	12/13/2018	87.37	ALTEC INDUSTRIES INC	SECTION SEAL KIT, CONTROL VALV
036022	12/13/2018	1,642.10	AMERIPRIDE LINEN & UNIFORM SERVICES	ELECTRIC DEPT UNIFORM SVC
036023	12/13/2018	6,530.00	APADANA	ENERGY EFFICIENT LAMPS
036024	12/13/2018	836.13	CORE & MAIN LP	METER CPLG
036025	12/13/2018	2,718.00	CYCLONE FENCE	PAPERJACK PARK WELL HOUSE FENC
036026	12/13/2018	105.00	E & B SCALE SERVICES, INC	CLEAN, ADJUST AND CERTIFY
036027	12/13/2018	155.10	ENERGY FEDERATION INC	POWER STRIPS
036028	12/13/2018	25,735.22	FRESCO INC	FIBERGLASS POLES
036029	12/13/2018	318.91	FRONTIER COMMUNICATIONS	PHONE BILL
036030	12/13/2018	240.00	GENERAL COMMUNICATIONS	MINI LIGHTBAR
036031	12/13/2018	345.66	J.H. LARSON COMPANY	SIREN ACTING BOLT IN FUSE
036032	12/13/2018	540.28	KENDELL DOORS & HARDWARE, INC	SHOP DOOR
036033	12/13/2018	596.02	KWIK TRIP	NOV FUEL BILL
036034	12/13/2018	2,626.92	METERING & TECHNOLOGY SOLUTIONS	100W ERT; ENCODER, 5' CABLE

036035	12/13/2018	81.70	MID-AMERICAN RESEARCH CHEMICAL	DISINFECTANT TOWELS
036036	12/13/2018	1,042.70	MONARCH PAVING COMPANY	HOT MIX
036037	12/13/2018	4,495.00	MSA PROFESSONAL SERVICES INC	WWTF UPGRADE DESIGN
036038	12/13/2018	110.75	PROFESSIONAL SERVICE INDUSTRIES, INC	STREET/UTILITY PROJECTS
036039	12/13/2018	3,373.54	SHORT ELLIOTT HENDRICKSON INC	STREET/UTILITY PROJECTS
036040	12/13/2018	247.20	SKOGLUND OIL CO. INC.	CHEVRON GST 32 1/5
036041	12/13/2018	100.00	STATE OF WISCONSIN	PERMIT TO OPERATE FEE
036042	12/13/2018	109.66	STEPHENS SANITATION LTD	OCT & NOV GARBAGE SERVICE
036043	12/13/2018	357.50	TRILOGY CONSULTING, LLC	2018 UTILITY RATE STUDY
036044	12/13/2018	196.39	VERIZON WIRELESS	NOV CELL PHONE BILL
036045	12/13/2018	24,317.03	WEST CENTRAL WIS BIOSOLIDS FAC	BIOSOLIDS
036046	12/14/2018	136.10	PAUL M FULTON	CR REF ACCT# 1253000-21
036047	12/28/2018	589.09	APADANA	T8 LED BULBS
036048	12/28/2018	155.69	BEVERLY CAMPEAU	CR REF ACCT# 1075000-28
036049	12/28/2018	578.33	CARISSA FISK	CR REF ACCT# 1486300-33
036050	12/28/2018	43.60	DANIEL J ANDERSON	CR REF ACCT# 836000-25
036051	12/28/2018	215.15	DAN & LAURIE FITZER	CR REF ACCT# 338400-20
036052	12/28/2018	4.73	DAVID PETERSON	CR REF ACCT# 565000-20
036053	12/28/2018	18.07	ERIC SEGLER	CR REF ACCT# 1399200-20
036054	12/28/2018	830.77	FRESCO INC	BROWN COVER
036055	12/28/2018	42.60	HAF ARCHITECTS	CR REF ACCT# 594400-20
036056	12/28/2018	4,479.00	STUART C IRBY CO	DEADEN GUY GRIP
036057	12/28/2018	57.01	MIKE JONSSON	CR REF ACCT# 1615600-21
036058	12/28/2018	96.00	MY RECEPTIONIST, INC	ANSWER SERVICE DEC 12 - JAN 8
036059	12/28/2018	20.72	OTHMANE SALAHIDDINE	CR REF ACCT# 837700-36
036060	12/28/2018	9.00	PETER TALLARITA	CR REF ACCT# 1397500-20
036061	12/28/2018	41.65	PRESLEY D FLATTEN	CR REF ACCT# 836300-43
036062	12/28/2018	41.71	RICKEY D TROESTER	CR REF ACCT# 1841700-21
036063	12/28/2018	131.62	TIM RIEMENSCHNEIDER	CR REF ACCT# 105400-29
036064	12/28/2018	50.00	DNR	EXAMS G HERMANSEN
036065	12/28/2018	200.23	WILLOW RIVER HOLDING LLC	CR REF ACCT# 609400-24
036066	12/28/2018	1,776.04	XCEL ENERGY	NOVEMBER GAS BILL

Total **$ 1,228,608.19**

Total Checks & Wires

CITY OF NEW RICHMOND
THE CITY BEAUTIFUL

156 East First Street
New Richmond, WI 54017
Ph 715-246-4268 Fax 715-246-7129
www.newrichmondwi.gov

MEMORANDUM

TO: Utility Commission

FROM: Jeremiah J. Wendt, PE, Director of Public Works

DATE: January 2, 2019

SUBJECT: HydroCorp Contract

Background

New Richmond Utilities is tasked by the Wisconsin DNR with implementing a Cross-Connection Control Program. The majority of the program is run by Utility staff, but some of the more complex inspections require the assistance of an outside party. The Utility has contracted with HydroCorp for the last several years with providing inspection services for the facilities that are beyond the expertise of Utility staff.

Staff has once again requested a proposal from Hydro Corp for the necessary inspections for 2019. Their proposal, which equates to approximately $129 per inspection, is in line with what has been proposed in the past.

Recommendation

Staff are recommending approval of the contract with Hydro Designs in the amount of $7,464.00 for 58 inspections in 2019.

PROPOSAL

CROSS-CONNECTION CONTROL SERVICES

City of New Richmond

1012 Dakota Ave N
New Richmond, WI 54017

December 17th, 2018

HYDROCORP™
THE SAFE WATER AUTHORITY™

Cross-Connection Control /

Backflow Prevention

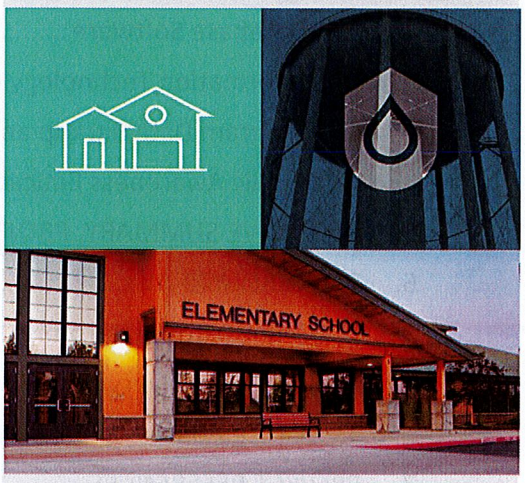
Water Meter Change Out & Installation Services

Legionella Prevention & Control

Water System Surveys / Flow Diagrams

Pipe System Mapping & Labeling

Regulatory Compliance Assistance / Documentation



KEEPING DRINKING WATER SAFE FOR INDUSTRIES AND MUNICIPALITIES

For over 30 years, HydroCorp™ has been dedicated to safe drinking water for companies and communities across North America. Fortune 500 firms, metropolitan centers, utilities, small towns and businesses – all rely on HydroCorp to protect their water systems, averting backflow contamination and the acute health risks and financial liabilities it incurs.

MIDWEST OFFICE
2665 S MOORLAND RD SUITE 209
NEW BERLIN WI 53151
800.315.4305 TOLL FREE
262.264.6402 PHONE

PROJECT CONSULTANT: Craig Wolf
612-850-8939 CELL
cwolf@hydrocorpinc.com EMAIL

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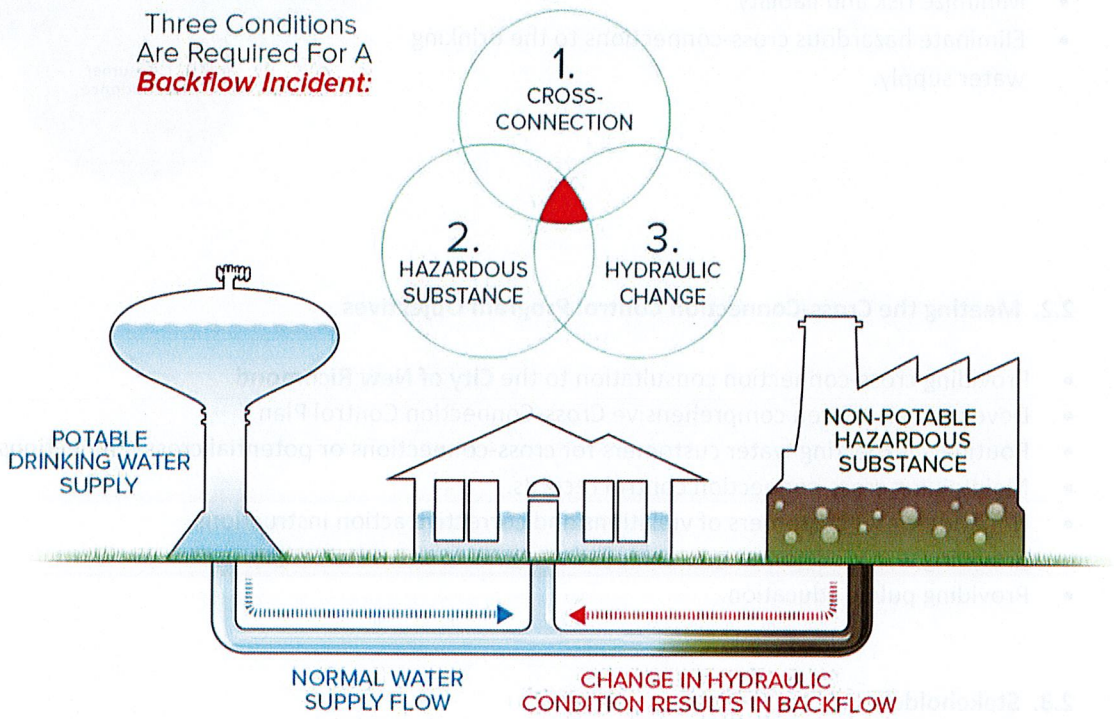
1. INTRODUCTION

1.1. Definitions

- Backflow – the undesirable reversal of flow of liquid, gas or other substance in a piping system.
- Backflow Preventer – an assembly, device, or method that prevents backflow.
- Cross-Connection – an actual connection or a potential connection between any part of a potable water system and any other environment that would allow substances to enter the potable water system.
- Cross-Connection Control – a program to eliminate cross-connections or to prevent them from causing a public health threat.
- Cross-Connection Control Survey – the review of the plumbing system to determine the existence of potential or actual cross-connections and to assess the degree of hazard of protected and unprotected cross-connections.



1.2. Common Cross-Connection Hazards

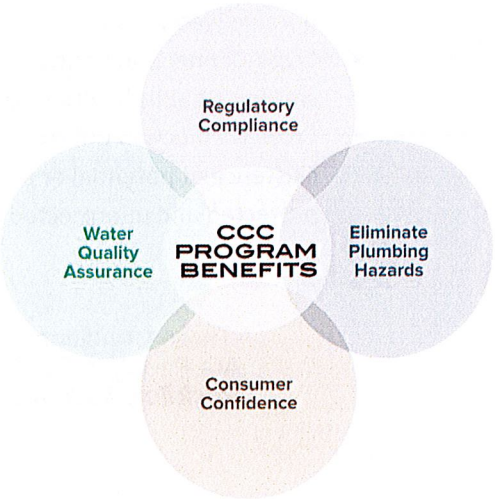
- Garden Hose connections with missing backflow preventers.
- Water Softener discharge lines directly connected to drain piping.
- Boilers with missing or inappropriate backflow preventers.
- Improperly installed or Backflow Prevention Assemblies missing test documentation.

- Toilets with faulty or unapproved anti-siphon fill valves.
- Lawn Irrigation systems with missing or inappropriate backflow preventers.
- Restaurant equipment connected to water supply with missing backflow preventers.
- Dental office equipment with missing backflow preventers.
- Fire Sprinkler systems with missing or inappropriate backflow preventers.
- Chemical mixing systems in janitorial closets with missing backflow preventers.

2. PROJECT WORK PLAN

2.1. Purpose of a Cross-Connection Control Program

- Protect the water supply from backflow & public health and safety.
- Comply with state and local regulations (WI-DNR 810.15).
- Minimize risk and liability.
- Eliminate hazardous cross-connections to the drinking water supply.

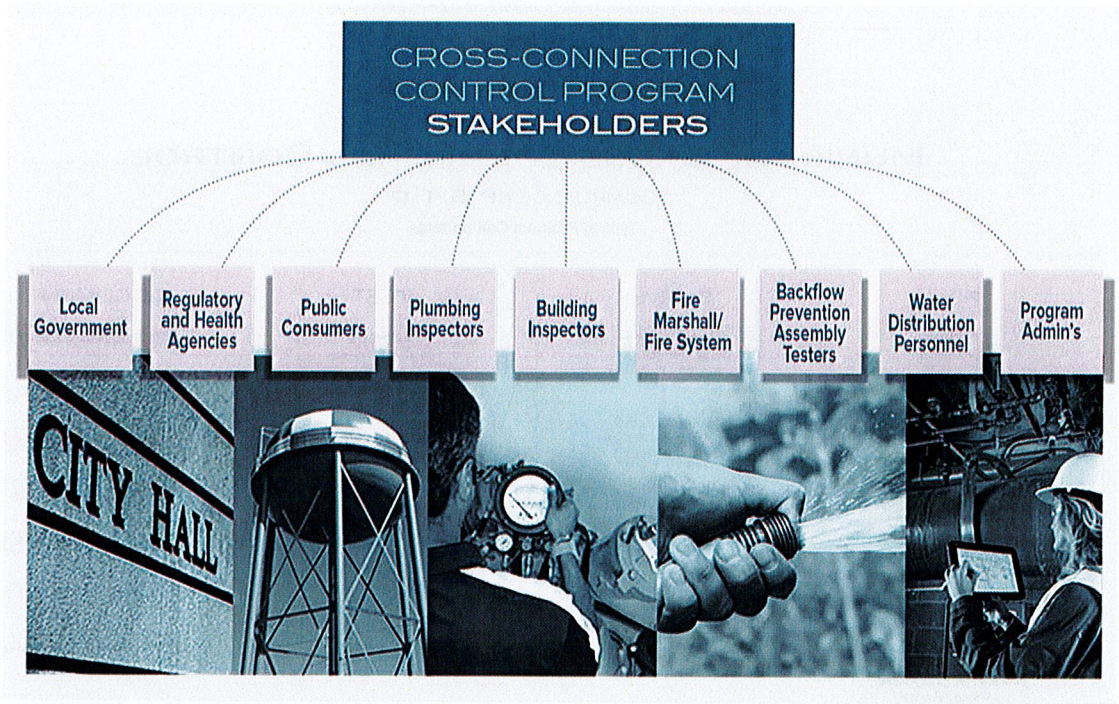


2.2. Meeting the Cross-Connection Control Program Objectives

- Providing cross-connection consultation to the **City of New Richmond**.
- Developing a written comprehensive Cross-Connection Control Plan.
- Routinely inspecting water customers for cross-connections or potential cross-connections.
- Maintaining cross-connection control records.
- Notifying water customers of violations and corrective action instructions.
- Providing water customer non-compliance status to the water utility.
- Providing public education.

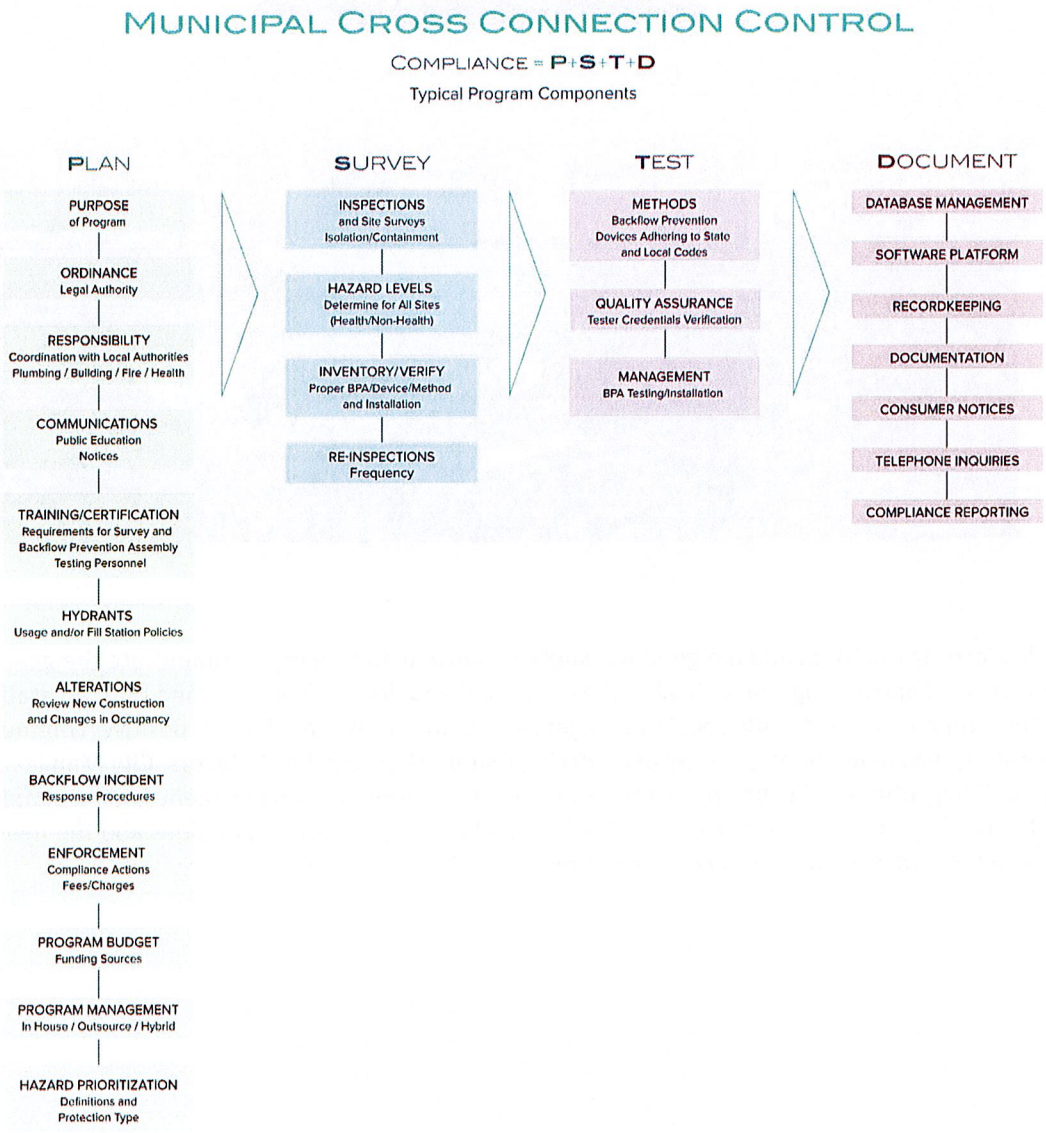
2.3. Stakeholders

HydroCorp recognizes that many different stakeholders will be affected by a Cross-Connection Control Program. The following chart illustrates the various agencies, internal staff and external people that have an impact on overall program success and compliance.



HydroCorp strives to maintain a good working relationship and clearly communicate the goals of a Cross-Connection Control Program with all of the above stakeholders. We understand that our staff interaction in the community and with regulatory agencies is an extension of your positive community image. HydroCorp has maintained an excellent working relationship with local Mayors, City Managers, plumbing and building officials, health inspectors and others in order to provide them with a simple and clear understanding of the impact of a Cross-Connection Control program, regulations and the need to protect the drinking water supply from contamination.

2.4. Cross-Connection Control Plan Components



3. CROSS CONNECTION INSPECTION PROCESS

3.1. Inspections/Surveys

The water connections and plumbing systems of all water customers or accounts shall be initially inspected for the presence of cross connections. As a result of the initial inspection, a detailed record of each account shall be established.

Inspections shall consist of entering a facility from the point where water service enters the facility (usually the meter) and tracing the piping to each end point of use. Using standardized inspection forms, the inspector shall identify and note the location and nature of any direct and potential cross connections, location and details of backflow prevention devices & assemblies, and other pertinent program information. Inspectors having proper identification shall be permitted to enter the building/premises at reasonable times for the purpose of cross connection inspections. If the inspector is refused proper access or if customer plumbing is untraceable, the City will assume a cross connection is present and take the necessary action to ensure the public water supply is protected.

The highest priority for inspections shall be placed on facilities that pose a high degree of hazard, that have a high probability that backflow will occur, or are known/suspected to have cross connections.

Once initial inspections are complete, a re-inspection frequency shall be determined for each account based on the degree of hazard/risk and potential for backflow in accordance with the requirements of the City of New Richmond Cross-Connection Control Plan. Accounts with an alternative frequency will require DNR Approval in writing. If requested, HydroCorp will develop an alternative frequency inspection schedule on behalf of the water utility and submit to DNR for final approval.

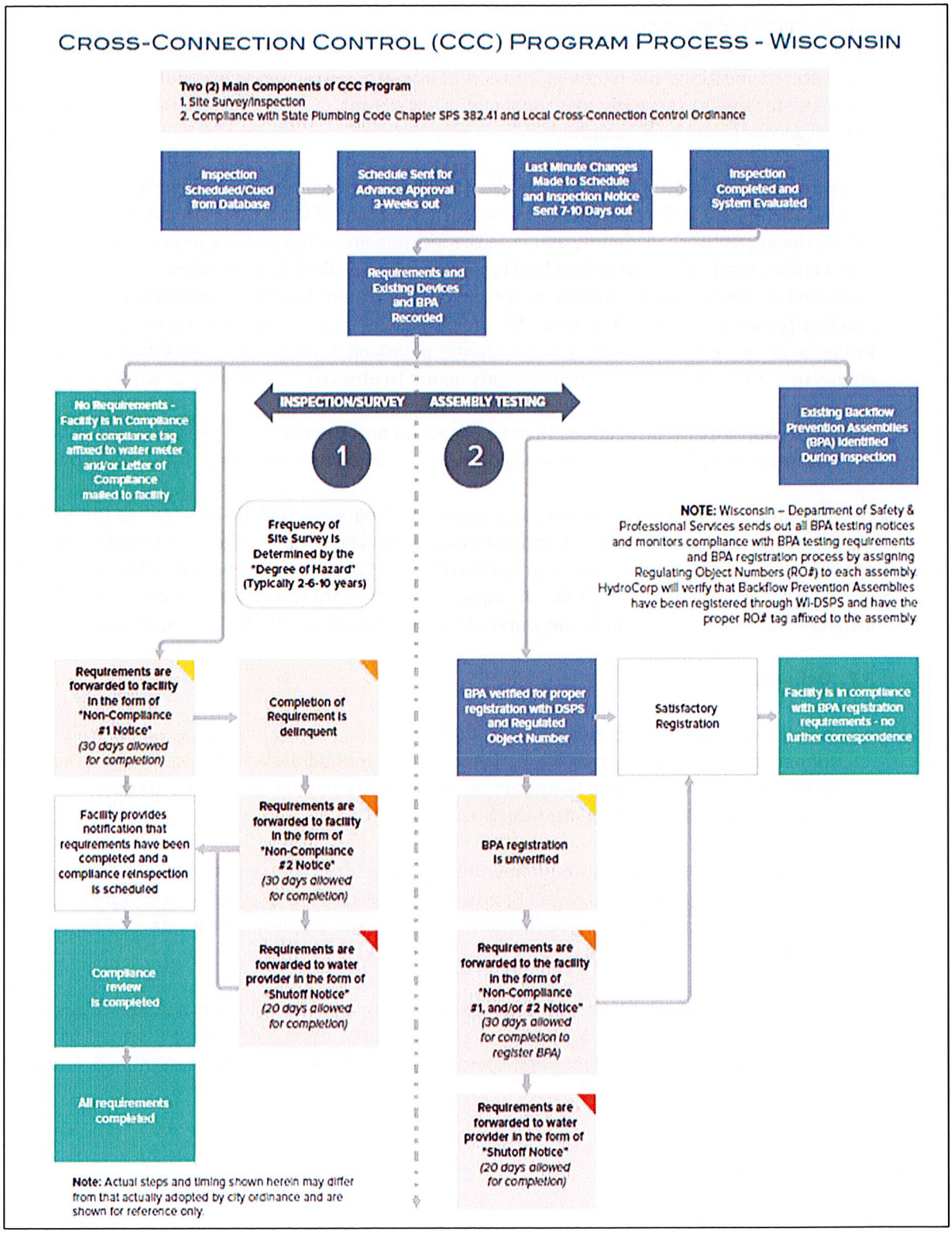
3.2. Definitions

- Initial Inspection – the first time a HydroCorp representative inspects a facility for cross connections. Degree of Hazard is assigned and/or verified during this facility visit. The Degree of Hazard will dictate future re-inspection frequency/schedule of facility, (facility will be either compliant or non-compliant after this inspection).

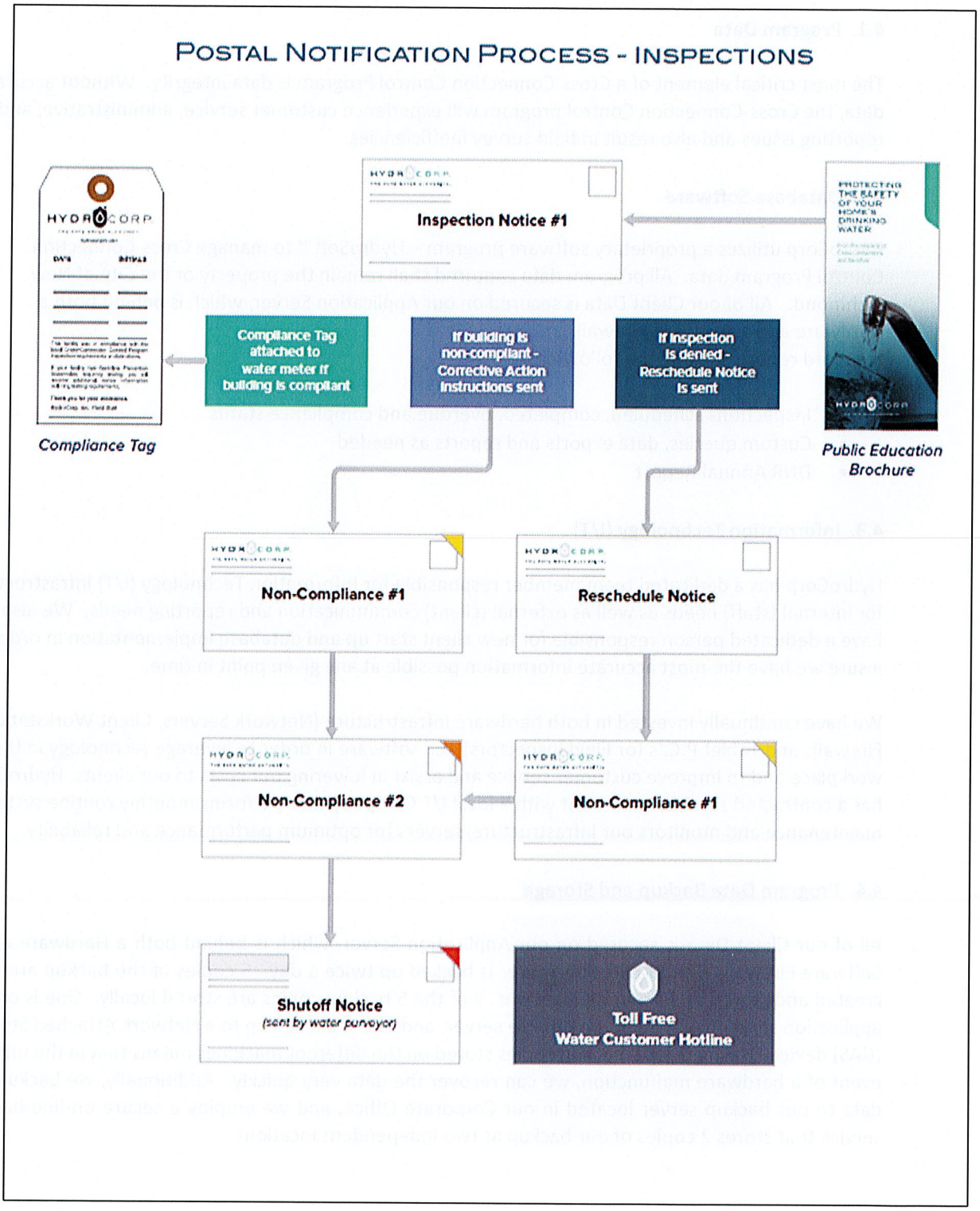
- Compliance Inspection – subsequent visit by a HydroCorp representative to a facility that was non-compliant during the Initial Inspection to verify that corrective action was completed and meets the program requirements. These will be billed at the per inspection rate of 129.81 upon City approval.

- Re-Inspection – Revisit by a HydroCorp representative to a facility that was previously inspected. The re-inspection frequency/schedule is based on the degree of hazard assigned to the facility during the initial inspection (Re-Inspection cycle/frequency to be determined when Plan is developed).

3.3. CCC Program Process



3.4. Postal Notification Process - Inspections



4. WATER CUSTOMER CARE AND ADMINISTRATION PROCESS

4.1. Program Data

The most critical element of a Cross-Connection Control Program is data integrity. Without accurate data, the Cross-Connection Control program will experience customer service, administrative, and reporting issues and also result in field survey inefficiencies.

4.2. Database Software

HydroCorp utilizes a proprietary software program – HydroSoft™ to manage Cross-Connection Control Program data. All program data captured shall remain the property of the City of New Richmond. All of our Client Data is secured on our Application Server, which is behind both a Hardware and a Software Firewall.
Standard reports include the following:

- Inspections scheduled, completed, overdue and compliance status
- Custom queries, data exports and reports as needed
- DNR Annual Report

4.3. Information Technology (I/T)

HydroCorp has a dedicated team member responsible for Information Technology (I/T) infrastructure for internal (staff) needs as well as external (client) communication and reporting needs. We also have a dedicated person responsible for new client start up and database implementation in order to insure we have the most accurate information possible at any given point in time.

We have continually invested in both hardware infrastructure (Network Servers, Client Workstations, Firewalls and Tablet P.C.'s for Field Inspectors) and software in order to leverage technology in the workplace and to improve customer service and assist in lowering our costs to our clients. HydroCorp has a contracted service agreement with a local I/T Company that performs monthly routine system maintenance and monitors our infrastructure/servers for optimum performance and reliability.

4.4. Program Data Backup and Storage

All of our Client Data is secured on our Application Server, which is behind both a Hardware and a Software Firewall. The Application Server is backed up twice a day. 5 copies of the backup are then created and stored at 3 separate locations. 3 of the 5 backup copies are stored locally. One is on the application server itself, one is on our File server, and one is backed up to a Network Attached Storage (NAS) device. Having 3 local backup copies stored on the different machines means that in the unlikely event of a hardware malfunction, we can recover the data very quickly. Additionally, we backup the data to our backup server located in our Corporate Office, and we employ a secure on-line backup service that stores 2 copies of our backup at two independent locations.

4.5. Public Awareness Education

In the initial implementation phase of the Cross-Connection Control Program, Public Education on the topic should remain in the community spotlight. HydroCorp will provide a specialized speaker to participate/present at a town hall/public meeting engagement if requested. Press release information will be offered in digital format to the City of New Richmond for local distribution to local media resources & website if requested. Further, public education brochures will be available in electronic format for download and can be posted on the City of New Richmond web site.

Further Public Education resources including brochures and video files can be found at http://www.hydrocorpinc.com/resources/links/

5. EXECUTIVE SUMMARY, PROJECT FEES/COST

Based on your current program, HydroCorp™ will provide the following services to the **City of New Richmond.** This project is a continued effort for an ongoing Cross-Connection Control Program and will provide the **City of New Richmond** with the necessary data and information to maintain compliance with the Wisconsin Department of Natural Resources (DNR) Water Bureau Cross Connection Control Regulations. Once this project has been approved and accepted by the **City of New Richmond** and HydroCorp, you may expect completion of the following elements within a one (1) year period. The components of the project include:

A. Perform inspections of 58 Non-Residential water services within the City served by the public water supply for cross-connections. Compliance follow up visits shall be completed by HydroCorp upon City approval and bill seperatly.

B. Inspections will be conducted in accordance with the DNR Water Bureau Cross Connection Control regulations. Inspectors will survey exposed piping and utilize Isolation/Point of Use inventory method of surveying as supported by the State of Wisconsin Plumbing Code – SPS 382.41.

C. HydroCorp will document existing backflow prevention devices and assemblies and verify proper installation and/or suggest corrective actions if devices and/or assemblies need to be installed to prevent cross-connections. Documentation to include make, model, size, manufacturer, serial number, location and regulated object number if applicable. In lieu of surveying residential kitchens and bathrooms, an educational brochure will be provided as allowed by DNR regulation NR 810.15.

D. Notify each building owner prior to each inspection via postal letter with opportunity to schedule a specific time of inspection via the Hydro Designs Inc. Provide ongoing support for water customer scheduling and questions via the Hydro Designs Inc. WI office toll free 800# phone line, fax, or email.

E. Provide Water Utility and building owner with a detailed corrective action report for each non-compliant facility, in most cases, water utility personnel can perform effective follow up compliance inspections.

F. Perform administrative functions including: answering water user telephone calls, scheduling of inspections, mailing of all notices, verification of corrective action(s) requirements, and general customer service and program education inquiries by an individual trained in Cross-Connection Control Program Management.

G. Generate and document the required program data and compliance status using proprietary Software Data Management Program. Submit comprehensive management reports on a quarterly basis and prepare the State of Wisconsin, DNR Water Bureau Annual Cross Connection Control Program Activity Report.

H. Conduct an annual review meeting to discuss overall program status and recommendations.

I. Assist the City with a community wide public relations program including general awareness brochures and web site cross connection control program overview content and resources.

J. Provide ongoing support via phone, fax, internet, text or email.

PRICING/PROPOSED FEES

HydroCorp to complete inspections, appointments, customer care service and program administration. Compliance/follow up inspections and administration related to compliance/follow up inspections included.

PRICING:

_____ **Initial Inspections of 58 non-residential services connections.**

_____ **$7464.00 dollars.**

HydroCorp will invoice monthly in equal installments upon receipt of signed contract/agreement

Submitted by: HYDROCORP- MIDWEST REGIONAL OFFICE- 2665 S MOORLAND RD SUITE 209 NEW BERLIN WI 53151

Craig Wolf | 612-850-8939 |cwolf@hydrocorpinc.com

Accepted by:

X _____ _____

Village/Utility Representative (Signature) Date

_____

Printed Name / Title

6. BACKGROUND

6.1. The HydroCorp Promise

HydroCorp is the Safe Water Authority.™ It is our duty to provide the most precise and comprehensive technical services in the industry. It also means delivering those services with expert knowledge, professionalism, and sensitivity to budgets and schedules – the highest standard of water safety oversight, combined with the highest value.

The Result – Your water system is compliant. Your risk and exposure are reduced. Your water – and your people – are protected.

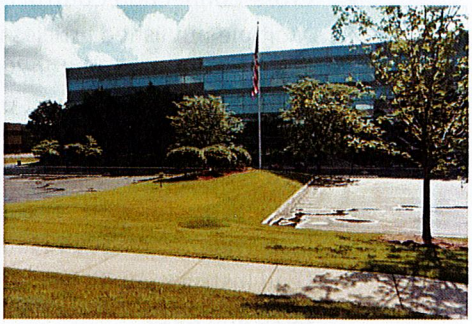
6.2. Company Overview

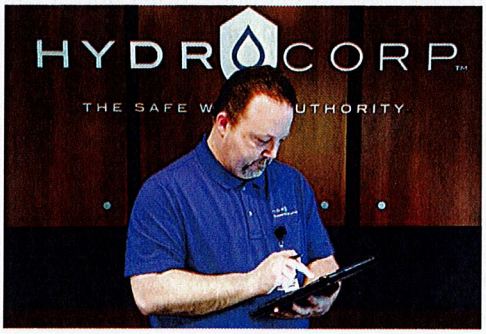
- Founded in 1983 and incorporated in 1988.
- The firm has grown from two employees to a staff of over 40 full time associates in multiple states. Average tenure with the company is 7 years and employee turnover is less than 10%.
- HydroCorp Conducts over 25,000 on site, Cross-Connection Control Inspections ***annually.***
- HydroCorp provided Cross-Connection Control Program Management Services to over 240 communities in several states including: Michigan, Wisconsin, Delaware, Maryland, Virginia, Florida and Minnesota. We still have our first customer!
- Our highly trained staff works in an efficient manner in order to achieve maximum productivity and keep program costs affordable. We have a detailed **system** and **process** that each of our field inspectors follow in order to meet productivity and quality assurance goals.
- Our municipal inspection team is committed to providing outstanding customer service to the water users in each of the communities we serve. We teach and train customer service skills in addition to the technical skills since our team members act as representatives of the community that we service.
- Our municipal inspection team has attended training classes and received certification from the following recognized Cross Connection Control Programs: UF TREEO, UW-Madison, USC – Foundation for Cross Connection Control and Hydraulic Research, American Backflow Prevention Association (ABPA), and American Society for Sanitary Engineering (ASSE). We invest heavily in internal and external training with our team members to ensure that each Field Service and Administrative team member has the skills and abilities to meet the needs of our clients.
- Our administrative staff can answer most technical calls related to the cross-connection control program and have attended basic cross-connection control training classes.
- HydroCorp staff and company are active members in many water industry associations including:
    - American Water Works Association (AWWA) | AWWA – Wisconsin Chapter
    - National Rural Water Association (NRWA) | Wisconsin Rural Water Association
    - American Public Works Association (APWA)
- HydroCorp is <u>not</u> a Plumbing Company and does <u>not</u> utilize existing staff to perform backflow prevention assembly testing, repair or plumbing related services.

6.3. Office Address & Contact Information

Regional Office:	HYDROCORP – MIDWEST OFFICE 2665 S MOORLAND RD SUITE 209 NEW BERLIN WI 53151
Contact:	Craig Wolf
Telephone:	612-850-8939
Email:	cwolf@hydrocorpinc.com
Corporate Office: (Remit to Address)	HYDROCORP – CORPORATE OFFICE 5700 CROOKS ROAD SUITE 100 TROY MI 48098
Telephone:	800.690.6651 or 248.250.5000
Legal Status:	S-Corporation, 1988 | E.I.D. 38-2810008

WI Office (Above) Corporate Office (Below)





7. PROJECT REFERENCES

a) City of La Crosse, 400 La Crosse St, La Crosse, WI 54601 | Mark Johnson, Water Utility Manager johnsonm@cityoflacrosse.org | 608- 789-7536

b) City of Prescott, 800 Borner St. Prescott, WI 54021 | Hank Zwart, Public Works Director hzwart@prescottcity.org |715-262-5544

c) Sturgeon Bay Utilities, 230 E. Vine St, Sturgeon Bay, WI 53235-007 | Cliff White, Superintendent cwhite@wppienergy.org | 920-746-2820

8. PROJECT TEAM QUALIFICATIONS

Gary McLaren | *New Program Development/Training Coordinator -Midwest Region*

Gary is responsible for Cross-Connection classes and new Cross Connection Control Program development in the Midwest Region. Since 2004 at HydroCorp, he was responsible for identification of hazards and deficiencies and determining proper recommendations for over 80 municipal client cross-connection control programs in Wisconsin. He also generated inspection reports and protection recommendations for over 3,000 individual facility surveys of cross-connections. In the past 5 years, Gary has been focused on coordinating and instructing various Cross Connection Control classes around the Midwest in addition to developing new Cross Connection Control Programs for Municipal Water System around the region.

- Conducted Cross-Connection Surveys –45 North American Large Industrial Facilities 1999-2000
- Certification MDEQ (Michigan) Advanced Cross-Connection Control Training Program 2004
- Cross-Connection Control Program Manager –WI Region; 25 Water Utility clients 2005-2007
- Multiple published articles in Public Water System periodicals (WWA Magazine summer 2008 & WRWA Magazine winter 2011,2013)
- Annual participant & past presenter at annual WWA Conferences & WRWA Conferences 2008-2015
- Instructor at DNR class on Cross Connection Control – Green Bay, Dec. 11 2008
- Lead Instructor with Wisconsin Rural Water Association Cross Connection Control Class Series – Statewide, 2009 -2014 (12 full day courses annually)
- Lead Instructor with Minnesota Rural Water Association Cross Connection Control Class Series – 2010 and 2013
- ASSE #5150 Certified Backflow Prevention Program Administrator
- ASSE #5120 Certified Cross Connection Control Surveyor
- Vice Chairperson – Wisconsin Water Association Education Committee 2011-2012

Scott Mitchell | *Operations Manager, Midwest Region - Municipal Division*

Scott has been with the HydroCorp team since 2011 and inspecting plumbing systems for over 7 years. As a Cross-Connection Surveyor, Scott has completed cross-connection inspections at over 20,000 individual commercial and industrial facilities. He currently oversees operational and administrative services for cross-connection control programs in the HydroCorp Midwest Region.

DAVE CARDINAL | *Vice President Municipal Division*

Dave has over twenty years' experience as a water professional and has a successful record of accomplishments in the cross-connection control industry. Experienced in program development, project management, developing and conducting employee education and training programs, developing and instructing State certified education and training classes, quality assurance, customer service, and client satisfaction. Experience, Training, Certifications:

- American Backflow Prevention Association (ABPA), MI Chapter, Vice President
- American Society of Sanitary Engineering (ASSE) Series 5000 Proctor
- American Society of Sanitary Engineering (ASSE) Standard #5110 Certified Backflow Prevention Assembly Tester and Standard #5120 -Surveyor | Certification #26905
- Michigan Certified Backflow Prevention Assembly Tester Certification – 2010, Certification #MPMCA-26905
- Dale Carnegie – Management Training for Managers 2005
- University of Florida – TREEO Center
    - Cross Connection Control: Survey and Inspection 2003
    - Cross Connection Control: Ordinance and Organization 2003
    - Cross Connection Control Program Manager 2003
- University of Southern California Foundation for Cross-Connection Control and Hydraulic Research – Backflow Prevention Assembly Tester, 1997

PROFESSIONAL SERVICE AGREEMENT

This agreement, made and entered into this January 1st 2019 by and between the City of New Richmond organized and existing under the laws of the State of Wisconsin, referred to as "Utility", and HydroCorp™ a Michigan Corporation, referred to as "HydroCorp".

WHEREAS, the Utility supplies potable water throughout its corporate boundary to property owners; and desires to enter into a professional services contract for cross connection control program inspection, reporting and management services.

WHEREAS, HydroCorp is experienced in and capable of supplying professional inspection of potable water distribution systems and cross connection control program management to the Utility and the Utility desires to engage HydroCorp to act as its independent contractor in its cross connection control program.

WHEREAS, the Utility has the authority under the laws of the State of Wisconsin and its local governing body to enter into this professional services contract.

NOW THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the parties agree as follows:

ARTICLE I. Purpose

During the term of this Agreement, the Utility agrees to engage HydroCorp as an independent contractor to inspect and document its findings on its potable water distribution system in public, commercial and industrial facilities within the community. Each party to this Agreement agrees that it will cooperate in good faith with the other, its agents, and subcontractors to facilitate the performance of the mutual obligations set forth in this Agreement. Both Parties to this Agreement recognize and acknowledge that the information presented to them is complete and accurate, yet due to the inaccessible nature of water piping or due to access constraints within water users' facilities, complete and accurate data is not always available.

ARTICLE II. Scope of Services

The scope of services to be provided by HydroCorp under this Agreement will include the inspections/surveys, program administration, answering telephone call inquires, scheduling of inspections, program compliance review, public education materials, preparation of quarterly management reports, and annual cross connection reports with respect to the facilities to the extent specifically set forth in this Article II (hereinafter the "Scope of Services"). Should other reports/services be included within the Scope of Services, the same shall be appended to this Agreement as Exhibit 1.

2.1 **PROGRAM REVIEW/PROGRAM START UP MEETING.** HydroCorp will conduct a Program Startup Meeting for the Cross-Connection Control/Backflow Prevention Program. Items for discussion/review will include the following:

- Review state & local regulations
- Review and/or provide assistance in establishing local Cross-Connection Control Ordinance
- Review/establish wording and timeliness for program notifications including:
  - Inspection Notice
  - Compliance Notice
  - Non-Compliance Notices 1-2, Penalty Notices
- Special Program Notices
- Electronic use of notices/program information
- Obtain updated facility listing, address information and existing program data from Utility
- Prioritize Inspections (City buildings, schools, high hazard facilities, special circumstances.)
- Review/establish procedure for vacant facilities

- Establish facility inspection schedule
- Review/establish procedures and protocol for addressing specific hazards
- Review/establish high hazard, complex facilities and large industrial facility inspection/containment procedures including supplemental information/notification that may be requested from these types of facilities in order to achieve program compliance.
- Review/establish program reporting procedures including electronic reporting tools
- Review/establish educational and public awareness brochures

2.2 **INSPECTIONS.** HydroCorp will perform initial inspections, and re-inspections at individual industrial, commercial, institutional facilities and miscellaneous water users within the utility served by the public water supply for cross-connections.bInspections will be conducted in accordance with Wisconsin Department of Natural Resources (DNR) Cross Connection Control Rules.

- *Initial Inspection* – the first time a HydroCorp representative inspects a facility for cross connections. Degree of Hazard will be assigned and/or verified during this facility visit. The Degree of Hazard will dictate future re-inspection frequency/schedule of facility, (facility will be either compliant or non-compliant after this inspection).
- *Compliance Inspection* – subsequent visit by a HydroCorp representative to a facility that was non-compliant during the *Initial Inspection* to verify that corrective action was completed and meets the program requirements. These will be done upon approval and billed at the per inspection rate of 129.81
- *Re-Inspection* – Revisit by a HydroCorp representative to a facility that was previously inspected. The re-inspection frequency/schedule is based on the degree of hazard assigned to the facility during the initial inspection (two, six or ten year re-inspection cycle).

2.3 **INSPECTION SCHEDULE.** HydroCorp shall determine and coordinate the inspection schedule. Inspection personnel will check in/out on a daily basis with the Utility's designated contact person. The initial check in will include a list of inspections scheduled. An exit interview will include a list of inspections completed.

2.4 **PROGRAM DATA.** HydroCorp will generate and document the required program data for the Facility Types listed in the Scope of Services using the HydroCorp Software Data Management Program. Program Data shall remain property of the Utility; however, the HydroCorp Software Data Management program shall remain the property of HydroCorp and can be purchased for an additional fee. Data services will include:

- Prioritize and schedule inspections
- Notify users of inspections, backflow device installation and testing requirements if applicable
- Monitor inspection compliance using the HydroCorp online software management program. (Note: WI Department of Safety & Professional Services (DSPS) manages backflow prevention assembly testing notification and compliance.)
- Maintain program to comply with all DNR regulations

2.5 **MANAGEMENT REPORTS.** HydroCorp will submit comprehensive management reports in electronic, downloadable format on a quarterly & annual basis to the Utility. Reports to include the following information:

- Name, location and date of inspections
- Number of facilities inspected/surveyed
- Number of facilities compliant/non-compliant

2.6 **REVIEW OF CROSS-CONNECTION CONTROL ORDINANCE.** HydroCorp will review or assist in the development of a cross-connection control ordinance. Items for review include:

- Code adoption references, standard operational procedures, program notice documentation, reporting procedures and preference standards.
- Penalties for noncompliance.

2.7 **VACUUM BREAKERS.** The City will provide up to six (6) ASSE approved hose bill vacuum breakers or anti-frost hose bibb vacuum breakers per facility as required, in order to place a facility into immediate compliance at the time of inspection if no other cross-connections are identified.

2.8 **PUBLIC RELATIONS PROGRAM.** HydroCorp will assist the Utility with a community-wide public relations program including general awareness brochures and website cross connection control program content.

2.9 **SUPPORT.** HydroCorp will provide ongoing support via phone, fax, text, website or email for the contract period.

2.10 **FACILITY TYPES.** The facility types included in the program are as follows:

- Industrial
- Institutional
- Commercial
- Miscellaneous Water users
- Multifamily

Complex Facilities. Large industrial and high hazard complexes or facilities may require inspection/survey services outside the scope of this Agreement. (HydroCorp typically allows a maximum of up to three (3) hours of inspection time per facility.) An independent cross connection control survey (at the business owner's expense) may be required at these larger/complex facilities and the results submitted to the Utility to help verify program compliance.

2.11 **INSPECTION TERMS.** HydroCorp will perform 58 total inspections over a One (1) year contract period. The total inspections include all initial inspections, and re-inspections. *Vacant facilities that have been provided to HydroCorp, scheduled no show or refusal of onsite inspection will count as an inspection/site visit for purposes of the contract.*

2.12 **COMPLIANCE WITH DEPARTMENT OF NATURAL RESOURCES ADMINISTRATIVE CODE.** HydroCorp will assist in compliance with DNR and Wisconsin Administrative Code cross connection control program requirements for all commercial, industrial, institutional, multifamily and public authority facilities.

2.13 **POLICY MANUAL.** HydroCorp will review and/or develop a comprehensive cross connection control policy manual/plan and submit to WI-DNR for approval on behalf of the Utility.

2.14 **INVENTORY.** HydroCorp shall inventory all accessible (ground level) backflow prevention assemblies and devices. Documentation will include: location, size, make, model and serial number if applicable.

2.15 **DATA MANAGEMENT.** HydroCorp shall provide data management and program notices for all inspection services throughout the contract period.

2.16 **ANNUAL YEAR END REVIEW.** HydroCorp will conduct an on-site annual year-end review meeting to discuss overall program status and specific program recommendations.

2.17 **CROSS CONNECTION CONTROL BROCHURES.** HydroCorp will provide approximately 58 cross-connection control educational brochures for the duration of the Agreement.

2.18 **INSURANCE.** HydroCorp will provide all required copies of general liability, workers compensation and errors and omissions insurance naming the Utility as an additional insured if required.

ARTICLE III. Responsibilities of the Utility

3.1 UTILITY'S REPRESENTATIVE. On or before the date services are to commence under this Agreement, the Utility shall designate an authorized representative ("Authorized Representative") to administer this Agreement.

3.2 COMPLIANCE WITH LAWS. The Utility, with the technical and professional assistance of HydroCorp, shall comply with all applicable local, state, and federal laws, codes, ordinances, and regulations as they pertain to the water inspection and testing, and shall pay for any capital improvements needed to bring the water treatment and delivery system into compliance with the aforementioned laws.

3.3 NOTICE OF LITIGATION. In the event that the Utility or HydroCorp has or receives notice of or undertakes the prosecution of any actions, claims, suits, administrative proceedings, investigations or other proceedings in connection with this Agreement, the party receiving such notice or undertaking of such prosecution shall give the other party timely notice of such proceedings and will inform the other party in advance of all hearings regarding such proceedings

3.4 FACILITY LISTING. The Utility must provide HydroCorp a complete list of facilities to be inspected, including facility name, type of service connection, address, contact person, and phone number, (if available). ***Electronic file format such as Microsoft Excel, etc. is required. An additional one-time fee to manually enter facility listing will be charged at the rate of $80.00 per hour. Incorrect facility addresses will be returned to the Utility contact and corrected address will be requested.***

3.5 LETTERHEAD/LOGO. The Utility will provide HydroCorp with an electronic file copy of the utility logo or utility letterhead and all envelopes for the mailing of all official program correspondence only. (300 dpi in either .eps, or other high quality image format for printing.)

ARTICLE IV. Term, Compensation and Changes in Scope of Services

4.1 TERM AND TERMINATION TERM. Services by HydroCorp under this Agreement shall commence on January 1st 2019 and end one (1) year from such date, unless this Agreement is renewed or terminated as provided herein. The terms of this Agreement shall be valid only upon the execution of this Agreement within ninety (90) days of its receipt. Failure to execute this Agreement within the ninety (90) day period shall deem the proposed terms void.

4.2 RENEWAL. Upon the expiration of this Agreement the utility will have the option to renew under the same terms of this Agreement for two (2) consecutive one (1) year periods. Base Compensation increases will be equal to CPI at the time of extension or 3%, whichever is less.

4.3 TERMINATION. The Utility or HydroCorp may terminate this Agreement at any time and on any date in the initial and renewal terms of this Agreement, with or without any cause, by giving written notice of such intent to terminate to the other party at least thirty (30) days prior to the effective date of termination. Notice of the intent to terminate shall be given in writing by personal service, by an authorized agent, or by certified mail, return receipt requested. The Utility shall pay the balance of any outstanding accounts for work performed by HydroCorp.

4.4 BASE COMPENSATION. From the Beginning thirty (30) days after execution of this Agreement, the Utility shall pay HydroCorp as compensation ("Base Compensation") for labor, equipment, material, supplies, and utilities provided and the services performed pursuant to this Agreement, the sum of $622.00 per month, $7,464.00 annually for a one (1) year contract period totaling $7,464.00.

4.5 PAYMENT OF INVOICES. Upon presentation of invoices by HydroCorp, all payments including base and other compensation shall be due and payable on the first day of each month (due date) after the month for which services have been rendered. All such payments shall be made no later than thirty (30) days after the due date. Failure to pay shall be deemed a default under this Agreement. For any payment to HydroCorp which is not

made within thirty (30) calendar days after the due date, HydroCorp, shall receive interest at one and one-half (1½) percent per month on the unpaid balance.

4.6 **CHANGES IN SCOPE OF SERVICES.** In the event that the Utility requests and HydroCorp consents to perform additional work or services involving the consulting, management, operation, maintenance, and repair of the Utility's water delivery system where such services or work exceeds or changes the Scope of Services contemplated under this Agreement, HydroCorp shall be provided additional compensation. Within thirty (30) calendar days from the date of notice of such additional work or services, the parties shall mutually agree upon an equitable sum for additional compensation. This amount shall be added to the monthly sum effective at the time of change in scope. Changes in the Scope of Service include, but are not limited to, requests for additional service by the Utility or additional costs incurred in meeting new or changed government regulations or reporting requirements.

4.7 **CLIENT CONFIDENTIALITY.** Disclosure of all communications between HydroCorp and the Utility regarding business practices and other methods and forms of doing business is subject to the provisions of Wisconsin Public Records Law, Chapter 19, Wis. Stats. HydroCorp agrees to make available for inspection and copying all records (as defined in sec. 19.32 (2), Wis. Stats.) in its possession created, produced, collected or otherwise related to this Agreement to the same extent as if the records were maintained by the Utility. HydroCorp expressly acknowledges and agrees that its obligations concerning Public Records Law and compliance under this Agreement should not be limited by copyright, license, privacy and/or confidentiality except as authorized under the Public Records Law.

4.8 **ACCESSIBILITY.** Backflow prevention device information will be completed in full only when the identifying information (i.e. data plate, brass tag, etc.) is accessible and visible from ground level or from a fixed platform/mezzanine.

4.9 **CONFINED SPACES.** – HydroCorp personnel will not enter confined spaces.

ARTICLE V. Risk Management and General Provisions

5.1 **INFORMATION.** Both Parties to this Agreement recognize and acknowledge that the information presented to them is complete to the best of their knowledge, yet due to the inaccessible nature of water piping or lack of access provided by property owner/water user, complete accurate data is not always available. Cross-connection control inspection and results are documented as of a specific date. The property owner and/or water user may make modifications to the potable water system after the inspection date that may impact compliance with the program.

5.2 **LIMITATION OF LIABILITY.** HydroCorp's liability to the Utility for any loss, damage, claim, or expense of any kind or nature caused directly or indirectly by the performance or non-performance of obligations pursuant to this Agreement shall be limited to general money damages in an amount not to exceed or within the limits of the insurance coverage provided hereunder. HydroCorp shall in no event be liable for indirect or consequential damages, including but not limited to, loss of profits, loss of revenue, or loss of facilities, based upon contract, negligence, or any other cause of action.

5.3 **HYDROCORP INSURANCE.** HydroCorp currently maintains the following insurance coverage's and limits:

	Occurrence	Aggregate
Comprehensive General Liability	$1 Million	$2 Million
Excess Umbrella Liability	$5 Million	$5 Million
Automobile Liability (Combined Single Limit)	$1 Million	
Worker's Compensation/ Employer's Liability	$1 Million	
Errors and Omissions	$2 Million	$2 Million

Within thirty (30) calendar days of the start of the project, HydroCorp shall furnish the Utility with satisfactory proof of such insurance, and each policy will require a 30-day notice of cancellation to be given

to the Utility while this Agreement is in effect. The Utility shall be named as an additional insured according to its interest under the general liability policy during the term of this Agreement.

5.4 **UTILITY INSURANCE.** The Utility will maintain liability insurance on an all risk basis and including extended coverage for matters set forth in this Agreement.

5.5 **RELATIONSHIP.** The relationship of HydroCorp to the Utility is that of independent contractor and not one of employment. None of the employees or agents of HydroCorp shall be considered employees of the Utility. For the purposes of all state, local, and federal laws and regulations, the Utility shall exercise primary management, and operational and financial decision-making authority.

5.6 **ENTIRE AGREEMENT AMENDMENTS.** This Agreement contains the entire Agreement between the Utility and HydroCorp, and supersedes all prior or contemporaneous communications, representations, understandings, or agreements. This Agreement may be modified only by a written amendment signed by both parties.

5.7 **HEADINGS, ATTACHMENTS, AND EXHIBITS.** The heading contained in this Agreement is for reference only and shall not in any way affect the meaning or interpretation of this Agreement. The Attachments and Exhibits to this Agreement shall be construed as integral parts of this Agreement.

5.8 **WAIVER.** The failure on the part of either party to enforce its rights as to any provision of this Agreement shall not be construed as a waiver of its rights to enforce such provisions in the future.

5.9 **ASSIGNMENT.** This Agreement shall not be assigned by either party without the prior written consent of the other unless such assignment shall be to the affiliate or successor of either party.

5.10 **FORCE MAJEURE.** A party's performance under this Agreement shall be excused if, and to the extent that, the party is unable to perform because of actions due to causes beyond its reasonable control such as, but not limited to, Acts of God, the acts of civil or military authority, loss of potable water sources, water system contamination, floods, quarantine restrictions, riot, strikes, commercial impossibility, fires, explosions, bombing, and all such interruptions of business, casualties, events, or circumstances reasonably beyond the control of the party obligated to perform, whether such other causes are related or unrelated, similar or dissimilar, to any of the foregoing. In the event of any such force majeure, the party unable to perform shall promptly notify the other party of the existence of such force majeure and shall be required to resume performance of its obligations under this Agreement upon the termination of the aforementioned force majeure.

5.11 **AUTHORITY TO CONTRACT.** Each party warrants and represents that it has authority to enter into this Agreement and to perform the obligations, including any payment obligations, under this Agreement.

5.12 **GOVERNING LAW AND VENUE.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, regardless of the fact that any of the parties hereto may be or may become a resident of a different state or jurisdiction. Any suit or action arising shall be filed in a court of competent jurisdiction within the State of Wisconsin, venue by the presiding County. The parties hereby consent to the personal jurisdiction of said court within the State of Wisconsin

.

5.13 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

5.14 **NOTICES.** All notices, requests, demands, payments and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by nationally recognized overnight carrier, or mailed by certified mail, postage prepaid, return receipt requested, as follows:

If to HydroCorp:

HydroCorp
c/o John Hudak
5700 Crooks Road, Ste. 100
Troy, MI 48337
(248) 250-5005

If to Utility:

City of New Richmond
1012 Dakota Ave N
New Richmond, WI, 54017

5.15 **SEVERABILITY.** Should any part of this Agreement for any reason, be declared invalid or void, such declaration will not affect the remaining portion, which will remain in full force and effect as if the Agreement has been executed with the invalid portion eliminated.

SIGNATURES

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date first above written.

City of New Richmond

_____

By:
Title:

HydroCorp

_____

By: John Hudak
Its: President

Appendix

Specific Qualifications & Experience

HydroCorp™ is a professional service organization that specializes in Cross Connection Control Programs. Cross Connection Control Program Management & Training is the main core and focus of our business. We are committed to providing water utilities and local communities with a cost effective and professionally managed cross connection control program in order to assist in protecting the public water supply.

- HydroCorp conducts over 30,000 Cross Connection Control Inspections ***annually***.
- HydroCorp tracks and manages over 35,000+ backflow prevention assemblies for our Municipal client base.
- Our highly trained staff works in an efficient manner in order to achieve maximum productivity and keep program costs affordable. We have a detailed **system** and **process** that each of our field inspectors follow in order to meet productivity and quality assurance goals.
- Our municipal inspection team is committed to providing outstanding customer service to the water users in each of the communities we serve. We teach and train customer service skills in addition to the technical skills since our team members act as representatives of the community that we service.
- Our municipal inspection team has attended training classes and received certification from the following recognized Cross Connection Control Programs: UF TREEO, UW-Madison, and USC – Foundation for Cross Connection Control and Hydraulic Research, American Backflow Prevention Association (ABPA), American Society for Sanitary Engineering (ASSE). HydroCorp recognizes the importance of Professional Development and Learning. We invest heavily in internal and external training with our team members to ensure that each Field Service and Administrative team member has the skills and abilities to meet the needs of our clients.
- We have a trained administrative staff to handle client needs, water user questions and answer telephone calls in a professional, timely and courtesy manner. Our administrative staff can answer most technical calls related to the cross connection control program and have attended basic cross connection control training classes.
- HydroCorp currently serves over 200 communities in Michigan, Wisconsin, Maryland, Delaware, Virginia & Florida. We still have our first customer!
- HydroCorp and its' staff are active members in many water industry associations including: National Rural Water Association, State Rural Water Associations, National AWWA, State AWWA Groups, HydroCorp is committed to assisting these organizations by providing training classes, seminars and assistance in the area of Cross Connection Control.
- Several Fortune 500 companies have relied on HydroCorp to provide Cross Connection Control Surveys, Program Management & Reporting to assist in meeting state/local regulations as well as internal company guidelines.

156 East First Street
New Richmond, WI 54017
715-246-4268
www.newrichmondwi.gov

MEMORANDUM

TO: Utility Commission

FROM: Joel Enders, Management Analyst

DATE: January 2, 2019

SUBJECT: 3Q18 Utility Financial Report

BACKGROUND

Staff will present the attached third quarter 2018 financial report and provide analysis at the January 9, 2019 meeting.

RECOMMENDATIONS

Discussion item only – no action is being requested at this time.

ATTACHMENTS

1. 3Q18 Utilities Financial Report (Electric / Water / Sewer)

QUARTERLY FINANCIAL DASHBOARD

Third Quarter 2018

ELECTRIC

REVENUE & EXPENSES

	2018			VARIANCE		2017	
	Actuals through 3rd Quarter	Budget through 3rd Quarter	Adopted Annual Budget	Over (Under) through 3rd Quarter	Percent of Budget through 3rd Quarter	Actuals through 3rd Quarter	Budget through 3rd Quarter
Operating Revenue	7,599,182	7,490,272	9,987,029	108,910	76%	7,441,038	7,272,108
Operating Expenses	7,395,699	7,366,172	9,821,561	29,527	75%	7,137,489	7,050,663
Change in Net Postion	122,367	18,064	24,087	104,303	508%	143,759	846

REPORTING METRICS	YTD 2016	YTD 2017	YTD 2018
Number of Customers	4,566	4,664	4,789
kWh Sold	70,004,571	69,434,881	74,854,503
Daily Operating Cost	23,686	24,464	25,280
Operating Income (Loss)	500,495	303,548	203,482

SUMMARY

Revenues picked up in Q3 due to seasonal usage and wholesale cost adjustment, ending marginally above budget. Expenses ended less than 1% over budget, driven by increased maintenance and replacement activities compared to prior year.

WATER

REVENUE & EXPENSES

	2018			VARIANCE		2017	
	Actuals through 3rd Quarter	Budget through 3rd Quarter	Adopted Annual Budget	Over (Under) through 3rd Quarter	Percent of Budget through 3rd Quarter	Actuals through 3rd Quarter	Budget through 3rd Quarter
Operating Revenue	1,112,091	1,167,656	1,556,872	(55,565)	71%	1,061,874	1,100,403
Operating Expenses	954,307	1,031,391	1,375,206	(77,084)	69%	861,519	942,425
Change in Net Postion	41,380	(68,600)	(91,489)	109,980	-45%	47,882	(101,858)

REPORTING METRICS	YTD 2016	YTD 2017	YTD 2018
Number of Customers	3,586	3,676	3,795
Gallons Sold (thousands)	220,833	212,338	229,815
Daily Operating Cost	2,237	2,294	2,491
Operating Income (Loss)	275,322	200,355	157,785

SUMMARY

Revenues tracked higher in Q3 following seasonal use patterns, but still ended 5% short of budget. Expenses were 7.5% below budget, but are expected to increase relative to budget in Q4 due to end-of-year maintenance activities.

SEWER

REVENUE & EXPENSES

	2018			VARIANCE		2017	
	Actuals through 3rd Quarter	Budget through 3rd Quarter	Adopted Annual Budget	Over (Under) through 3rd Quarter	Percent of Budget through 3rd Quarter	Actuals through 3rd Quarter	Budget through 3rd Quarter
Operating Revenue	1,148,698	1,121,103	1,494,804	27,595	77%	1,091,555	1,109,997
Operating Expenses	1,344,436	1,354,938	1,806,474	(10,502)	74%	1,277,413	1,279,437
Change in Net Postion	(47,941)	(180,805)	(236,812)	132,864	20%	(102,641)	(134,169)

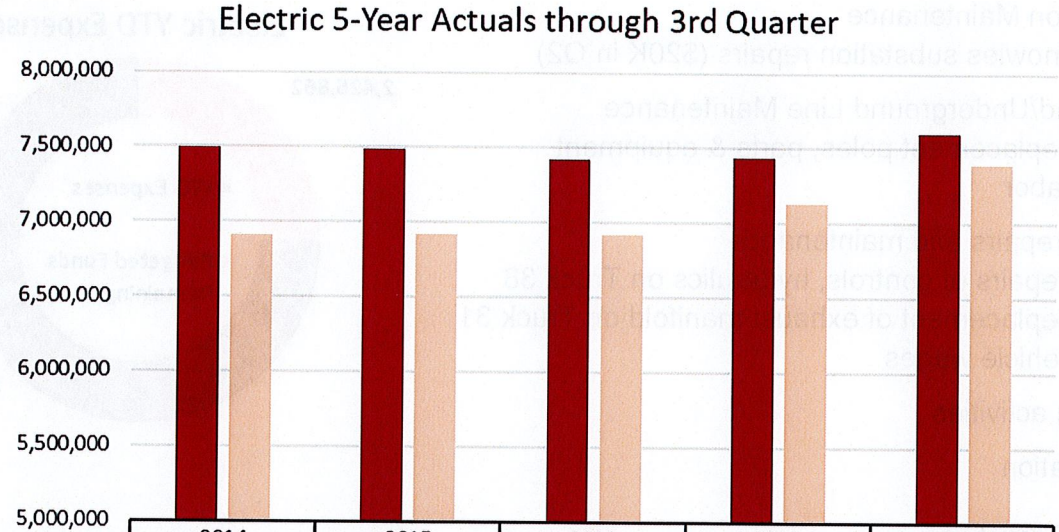
REPORTING METRICS	YTD 2016	YTD 2017	YTD 2018
Number of Customers	3,532	3,620	3,737
Gallons Treated (thousands)	142,932	143,672	150,180
Daily Operating Cost	3,283	3,183	3,429
Operating Income (Loss)	(220,261)	(185,859)	(195,739)

SUMMARY

Operating revenues were approximately 2% higher than budget through Q3, while operating expenses ended slightly under budget. Although YTD operating deficit is less than budgeted, expenses are expected to increase relative to budget in Q4 due to end-of-year maintenance.

Electric Utility Financial Report

Third Quarter 2018



	2014	2015	2016	2017	2018
Revenues	7,497,138	7,486,544	7,424,606	7,441,038	7,599,182
Expenses	6,911,556	6,919,355	6,924,109	7,137,489	7,395,699

Operating Revenues

Actuals vs. Budget

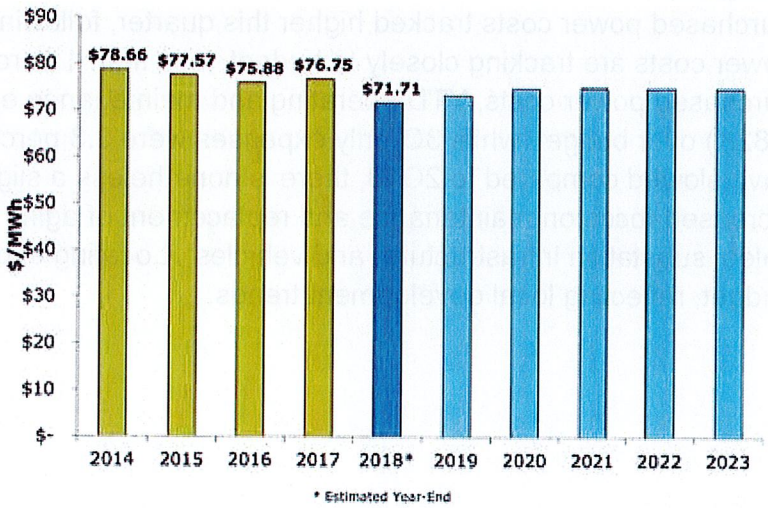
Revenues through September 30, 2018 total $7.59M, which is approximately 1.45 percent ($109K) above budget. Revenues through same period 2017 were approximately $169K above budget. Third-quarter only revenues were $538K above budget.

Revenue Trend

2018 YTD revenue is approximately 1.5 percent ($109K) higher than the 5-year average. Kilowatt-hours sold increased by approximately 7.8 percent compared to YTD 2017, while total customers increased by 125 compared to this time last year.

Analysis

YTD revenues ended the quarter slightly above budget, reflecting increased seasonal usage and a growing customer base. Note that revenue is increasing at a slower rate than kWh sold due to lower wholesale prices compared to prior year.

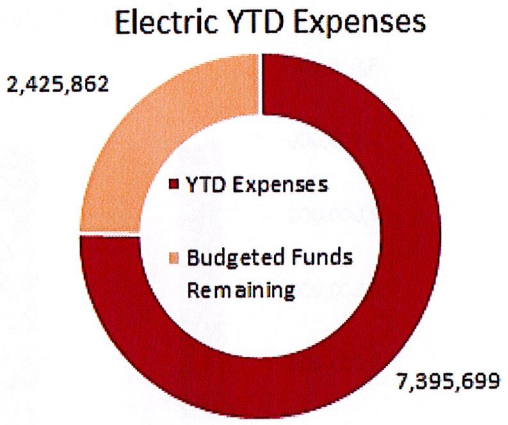


Operating Expenses

Actuals vs. Budget

Expenses through September 30, 2018 total $7.59M, which is less than 1 percent ($29K) over budget. Notable variances include:

- Substation Maintenance
  - Knowles substation repairs ($20K in Q2)
- Overhead/Underground Line Maintenance
  - Replacement poles, parts & equipment
  - Labor
- Vehicle repairs and maintenance
  - Repairs of controls, hydraulics on Truck 38
  - Replacement of exhaust manifold on Truck 31
  - Vehicle wages
- Locating activities
- Depreciation



Expenses Trend

YTD expenses of $7.39M are 3.6 percent ($258K) higher than same period 2017 expenses and 4.8 percent higher than the five-year average ($7.05M). Expenses have been relatively stable over the last 5-year period, displaying a slow upward trend over the last two years.

Electric 3rd Quarter Actuals to Budget - 5 Year Comparison

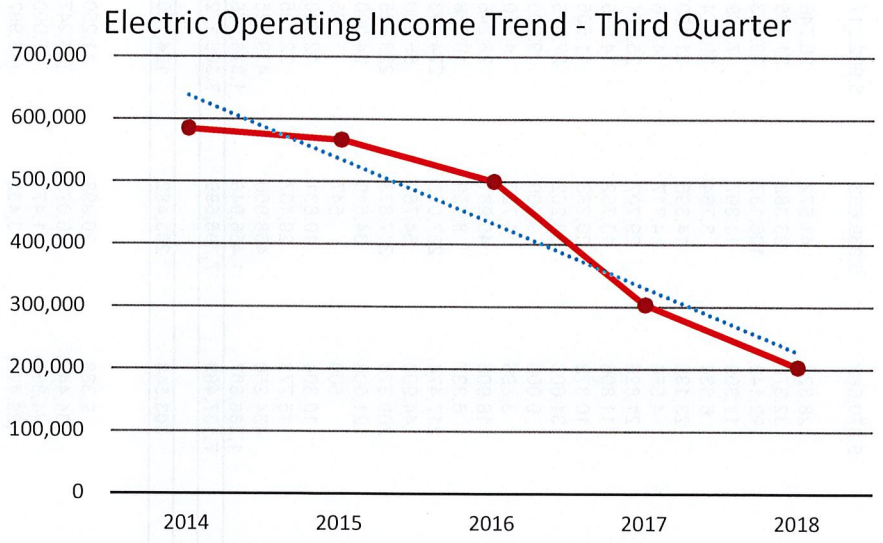
Year	2014	2015	2016	2017	2018
Operating Revenues	7,497,138	7,486,544	7,424,606	7,441,038	7,599,182
Operating Expenses	6,911,556	6,919,355	6,924,109	7,137,489	7,395,699
Budgeted Revenues	7,320,093	7,416,375	7,475,250	7,272,108	7,490,272
Budgeted Expenses	7,168,607	7,230,389	7,235,275	7,050,663	7,366,172
Revenues Over (Under) Budget	177,045	70,169	(50,644)	168,930	108,910
Expenses Over (Under) Budget	(257,051)	(311,034)	(311,166)	86,826	29,527
Operating Income (Loss)	**585,582**	**567,189**	**500,497**	**303,549**	**203,483**

Analysis

Purchased power costs tracked higher this quarter, following seasonal fluctuations. YTD purchased power costs are tracking closely to budget, less than 1 percent under the target amount. Excluding purchased power costs, YTD operating and maintenance expenses were approximately 6 percent ($82K) over budget, while 3Q-only expenses were 3.3 percent ($15K) over budget. While expenses have slowed compared to 2Q18, there is nonetheless a slight upward expense trend due to an increased focus on maintenance and replacement of aging plant and equipment, particularly utility poles, substation infrastructure, and vehicles. Locating expenses have continued to track over budget, reflecting local development trends.

Net Position & Operating Income

YTD operating income was $203.4K, approximately $79.3K above budget, due to higher than budgeted revenues and slightly lower than budgeted purchased power costs. However, YTD operating income is below the five-year same period average of $432K, following a trend of declining year-on-year operating income in the third quarter.



Change in net position is $122.3K through third quarter, which is $104.3K more than the budgeted net position of $18K.

Capital Improvement Projects

At September 30, 2018 there were seven active capital improvement projects accounting for $248.8K. The Marshall Area project ($159.9K) accounted for the majority of project dollars. The balance of capital improvement projects included several street light projects, the installation of underground services, a commercial line extension for Federal Foam, and system improvements to serve the Bakken-Young funeral home.

ELECTRIC DEPARTMENT

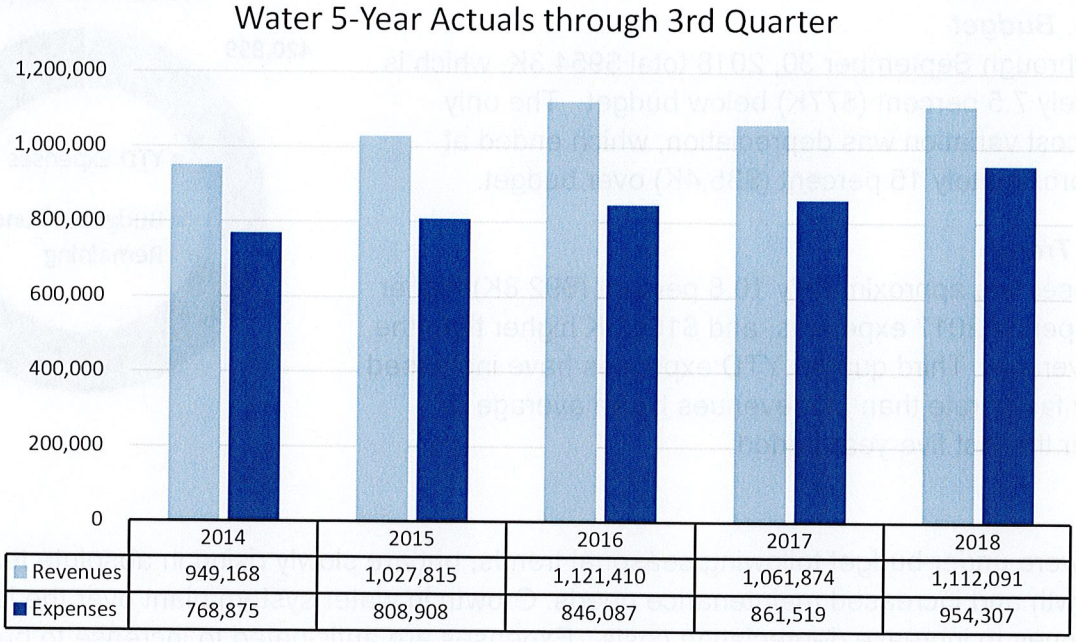
Budget & Actual

For the Nine Months Ending 9/30/2018

	Quarter 2017 Actual	Quarter 2018 Actual	Quarter 2018 Budget	Variance Actual-Budget	September 2017 Actual YTD	September 2018 Actual YTD	September 2018 Budget YTD	Variance YTD Actual-Budget	2018 Budget
OPERATING REVENUES									
Metered Sales (Res, Small, Large, Indust)	$2,895,256	$3,022,380	$2,488,349	$534,031	$7,410,629	$7,566,177	$7,465,048	$101,129	$9,953,397
Miscellaneous Revenue	13,885	13,017	8,408	4,609	30,409	33,005	25,224	7,781	33,632
Total Operating Revenue	**2,909,141**	**3,035,397**	**2,496,757**	**538,640**	**7,441,038**	**7,599,182**	**7,490,272**	**108,911**	**9,987,029**
OPERATING EXPENSES									
Wholesale Purchased Power									
WPPI	2,448,597	2,383,415	1,997,406	386,009	5,870,682	5,939,653	5,992,217	(52,564)	7,989,623
Local Operating Expenses									
Substation Expenses	1,062	3,194	10,249	(7,055)	28,820	41,572	30,746	10,826	40,995
Locating Expenses	14,772	14,844	7,165	7,679	32,376	33,382	21,495	11,887	28,660
Overhead Line Maintenance	25,510	33,404	26,488	6,916	92,142	106,137	79,463	26,674	105,950
Transformer Maintenance	2,657	4,577	2,446	2,130	11,809	11,897	7,339	4,558	9,785
Street Lights & Signals Maintenance	2,067	980	6,691	(5,712)	6,034	3,764	20,074	(16,310)	26,765
Meter Maintenance	1,521	3,521	7,150	(3,629)	23,139	14,396	21,450	(7,055)	28,600
Meter Reading	1,405	1,697	1,412	285	4,556	4,717	4,236	481	5,648
Miscellaneous Distribution Expenses	6,546	4,749	8,624	(3,875)	21,829	29,707	25,871	3,836	34,495
Supplies	4,150	4,061	4,675	(614)	11,806	13,752	14,025	(273)	18,700
Shop Expenses	3,874	5,499	3,835	1,664	10,872	20,283	11,505	8,779	15,340
Miscellaneous Expenses	8,507	4,870	9,225	(4,355)	31,608	33,262	27,675	5,587	36,900
Rent	3,000	3,000	3,000	0	9,000	9,000	9,000	0	12,000
Utilities	657	646	1,500	(854)	3,896	4,727	4,500	227	6,000
Vehicle Repairs & Maintenance	3,213	10,975	9,415	1,560	18,906	45,981	28,245	17,736	37,660
Vehicle Fuel	2,205	3,198	3,613	(414)	6,337	8,539	10,838	(2,299)	14,450
General & Administrative Wages	74,201	87,196	91,548	(4,351)	217,474	267,073	274,643	(7,569)	366,190
State & Payroll Taxes	14,910	19,224	18,500	724	44,998	54,789	55,500	(711)	74,000
Employee Benefits	67,992	85,872	76,475	9,397	209,370	217,873	229,425	(11,552)	305,900
Professional Services	3,444	15,389	8,000	7,389	21,008	34,510	24,000	10,510	32,000
Telephone/Cell	170	193	225	(32)	500	547	675	(128)	900
Insurance	3,505	3,610	4,000	(390)	10,304	10,831	12,000	(1,169)	16,000
Safety & Training	4,506	5,979	7,375	(1,396)	15,773	20,407	22,125	(1,718)	29,500
Depreciation	144,750	156,300	146,375	9,925	434,250	468,900	439,125	29,775	585,500
Subtotal Local Operating Expenses	**394,624**	**472,978**	**457,986**	**14,992**	**1,266,807**	**1,456,046**	**1,373,955**	**82,093**	**1,831,938**
Total Operating Expenses	**2,843,221**	**2,856,393**	**2,455,392**	**401,001**	**7,137,489**	**7,395,699**	**7,366,172**	**29,529**	**9,821,561**
OPERATING INCOME (LOSS)	**65,923**	**179,006**	**41,367**	**137,639**	**303,548**	**203,482**	**124,100**	**79,382**	**165,468**
Non-Operating Revenues (Expenses)									
Investment Income	3,589	9,567	3,750	5,817	9,338	20,998	11,250	9,748	15,000
Interest Expense	(17,243)	43	(8,082)	8,125	(34,449)	(16,073)	(24,247)	8,175	(32,330)
Non-Utility Expenses	(838)	(333)	(2,000)	1,667	(4,360)	(1,473)	(6,000)	4,527	(8,000)
Total Non-Operating Revenues (Expenses)	**(14,492)**	**9,277**	**(6,332)**	**15,609**	**(29,471)**	**3,452**	**(18,997)**	**22,449**	**(25,330)**
Contributions & Transfers									
Capital Contributions	28,036	36,758	37,500	(742)	61,697	111,814	112,500	(686)	150,000
Transfers Out (Tax Equivalent)	(64,005)	(65,460)	(66,513)	1,053	(192,015)	(196,380)	(199,538)	3,158	(266,051)
Total Contributions & Transfers	**(35,969)**	**(28,702)**	**(29,013)**	**311**	**(130,318)**	**(84,566)**	**(87,038)**	**2,472**	**(116,051)**
CHANGE IN NET POSITION	**15,462**	**159,581**	**6,021**	**153,559**	**143,759**	**122,367**	**18,064**	**104,303**	**24,087**

Water Utility Financial Report

Third Quarter 2018



Operating Revenues

Actuals vs. Budget

Revenues through September 30, 2018 total $1.11M, which is approximately 4.8 percent ($55.5K) below budget. Note that the majority of this variance can be attributed to Joint Meter Allocation revenue (included under Miscellaneous Revenue), which is budgeted evenly over the 12-month fiscal year but is not collected/recognized until the end of the year. The Joint Meter Allocation mechanism is essentially an end-of-year fund transfer from the Sewer Utility to the Water Utility that helps cover the cost of shared meters. Excluding Miscellaneous Revenue, YTD revenues are 1.3 percent ($13.8K) below budget. Revenues through same period 2017 were 3.5 percent ($38.5K) less than the budgeted amount.

Revenue Trend

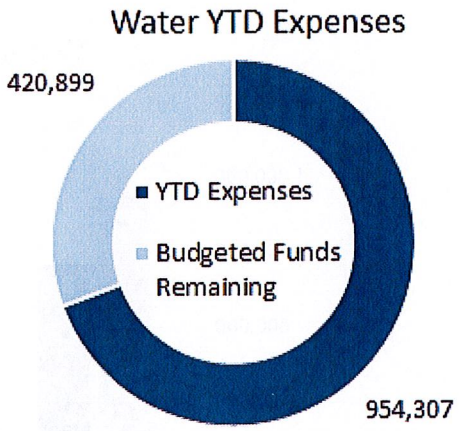
YTD operating revenues are $50.2K higher than same period 2017, and approximately $57.6K higher than the five-year average. YTD gallons sold increased by 8.2 percent, or 17.48 million gallons, compared to same time 2017. Total YTD customers was 2,491, an increase of 197 since same time last year. YTD revenue has increased by an average of $40.7K per year over the past five-year period.

Analysis

Revenues tracked higher in third quarter following seasonal use patterns, but nonetheless ended slightly below budget. Residential sales ended less than 1 percent under budget, while industrial sales ended 37.5 percent ($24.1K) above budget, driven by Lakeside Foods usage. YTD irrigation sales ended at $89.6K, which was $34.7K short of the budgeted amount, but $20.7K higher than YTD 2017 irrigation sales and $19.9K higher than the five-year average. These relatively strong YTD

irrigation sales, compared to historic trends, suggests that the budgeted amount may be somewhat over-aggressive.

Operating Expenses



Actuals vs. Budget

Expenses through September 30, 2018 total $954.3K, which is approximately 7.5 percent ($77K) below budget. The only significant cost variation was depreciation, which ended at $236K, approximately 15 percent ($35.4K) over budget.

Expenses Trend

YTD expenses are approximately 10.8 percent ($92.8K) higher than same period 2017 expenses, and $106.3K higher than the five-year average. Third quarter YTD expenses have increased at a slightly faster rate than 3Q revenues by an average of $46.3K over the last five-year period.

Analysis

Expenses were under budget following seasonal trends, but are slowly rising in absolute terms due to system growth and increased maintenance needs. Growth in water system plant over the last several years continues to increase depreciation costs. Expenses are anticipated to increase to budgeted levels in the fourth quarter due to end-of-year maintenance activities.

Water 3rd Quarter Actuals to Budget - 5 Year Comparison

Year	2014	2015	2016	2017	2018
Operating Revenues	949,168	1,027,815	1,121,410	1,061,874	1,112,091
Operating Expenses	768,875	808,908	846,087	861,519	954,307
Budgeted Revenues	1,011,451	1,016,380	1,005,624	1,100,403	1,167,656
Budgeted Expenses	823,828	873,447	916,756	942,425	1,031,391
Revenues Over (Under) Budget	(62,283)	11,435	115,786	(38,529)	(55,565)
Expenses Over (Under) Budget	(54,953)	(64,539)	(70,669)	(80,906)	(77,084)
Operating Income (Loss)	**180,293**	**218,907**	**275,323**	**200,355**	**157,784**

Net Position & Operating Income

Third Quarter-only operating income was strong compared to prior years, ending 12.5 percent above 3Q17 operating income. However, YTD operating income was $42.5K less than same time 2017 and approximately $48.7K less than the five-year average, reflecting relatively weak first and second quarter sales. YTD operating income was 15.8 percent ($21.5K) above budget.

Water 3rd Quarter YTD Operating Income (Loss) - 5 Year Comparison

Year	2014	2015	2016	2017	2018
Operating Income (Loss)	180,295	218,907	275,322	200,355	157,785

Change in net position is $41.3K through first quarter, which is $109.9K more than the budgeted net position of -$68.6K. Net position is expected to decrease closer to budget in fourth quarter as water consumption slows and end-of-year maintenance activities increase expenses.

CAPITAL IMPROVEMENT PROJECTS

Through September 30, there were 13 active projects accounting for $83K, including commercial cellular antenna placements, E 4th Street main replacement, the antenna co-location project with St. Croix County, and several smaller projects.

WATER DEPARTMENT

Budget & Actual

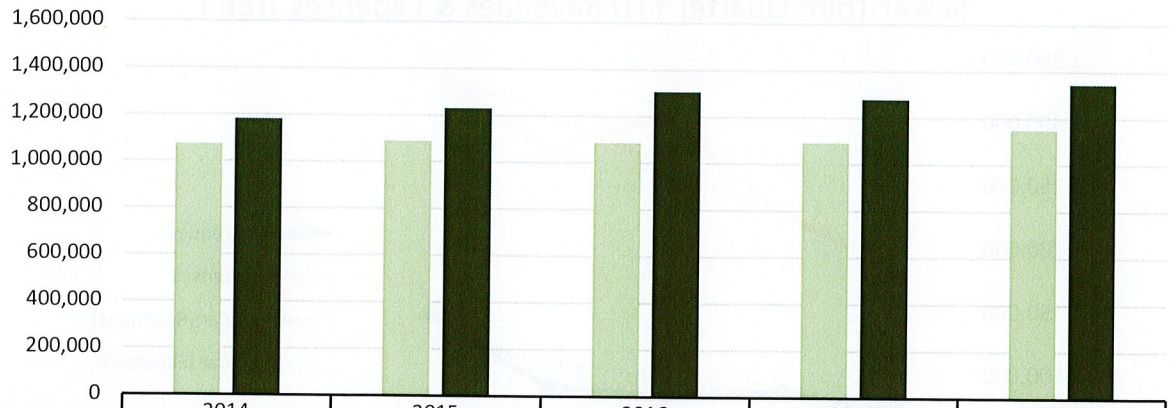
For the Nine Months Ending 9/30/2018

	Quarter 2017 Actual	Quarter 2018 Actual	Quarter 2018 Budget	Variance Actual-Budget	September 2017 Actual YTD	September 2018 Actual YTD	September 2018 Budget YTD	Variance YTD Actual-Budget	2018 Budget
OPERATING REVENUES									
Metered Sales (Res, Small, Large, Indust)	$400,958	$444,099	$353,849	$90,250	$997,895	$1,047,721	$1,061,549	($13,828)	$1,415,395
Miscellaneous Revenue	21,540	21,900	35,369	(13,469)	63,979	64,370	106,107	(41,737)	141,477
Total Operating Revenue	**422,498**	**465,999**	**389,218**	**76,781**	**1,061,874**	**1,112,091**	**1,167,656**	**(55,566)**	**1,556,872**
OPERATING EXPENSES									
Building/Grounds Maintenance	341	349	1,250	(902)	644	2,196	3,750	(1,554)	5,001
Well Maintenance & Power Consumption	30,552	27,045	29,426	(2,380)	63,299	76,187	88,276	(12,089)	117,703
Tower Maintenance	896	29	7,170	(7,141)	1,284	1,844	21,509	(19,665)	28,679
Water Main Maintenance	9,284	9,297	13,957	(4,660)	28,579	22,428	41,872	(19,444)	55,828
Water Service Maintenance	15,631	12,777	12,396	381	37,863	29,664	37,187	(7,523)	49,583
Meter Maintenance	4,495	4,909	13,171	(8,262)	23,992	29,279	39,514	(10,235)	52,684
Hydrant Maintenance	3,131	1,428	3,774	(2,346)	4,901	4,486	11,321	(6,834)	15,095
Water Testing	11,415	7,026	7,018	9	21,703	17,094	21,054	(3,960)	28,071
Treatment Chemicals	6,204	5,727	4,500	1,227	13,246	12,982	13,500	(518)	18,000
Meter Reading Expenses	1,053	1,244	1,210	34	3,417	3,509	3,630	(121)	4,839
Rent	9,750	9,750	9,750	0	29,250	29,250	29,250	0	39,000
Utilities	579	630	1,500	(870)	3,512	3,513	4,500	(987)	6,000
Supplies	3,862	3,520	4,484	(964)	11,620	12,237	13,446	(1,209)	17,934
Miscellaneous Expenses	2,335	2,502	4,252	(1,750)	7,974	8,775	12,752	(3,978)	17,009
Shop Maintenance	882	296	1,963	(1,668)	3,178	1,846	5,888	(4,042)	7,853
Vehicle Repairs & Maintenance	800	1,811	1,325	486	4,194	3,018	3,975	(958)	5,301
Vehicle Fuel	2,048	1,890	2,077	(187)	5,549	5,779	6,227	(448)	8,307
Safety & Training	4,409	3,109	5,655	(2,545)	16,902	14,626	16,964	(2,338)	22,619
General & Administrative Wages	58,038	67,580	68,614	(1,034)	171,071	190,414	205,841	(15,428)	274,454
Employee Benefits	40,336	51,463	48,296	3,167	124,928	148,372	144,886	3,487	193,183
Professional Services	2,025	10,774	9,850	924	14,670	23,594	29,550	(5,956)	39,399
Contract Services	312	597	1,325	(729)	2,955	7,846	3,975	3,871	5,301
Telephone/Cell	523	532	600	(68)	1,661	1,595	1,800	(205)	2,400
Insurance	3,451	3,555	3,550	5	10,097	10,664	10,650	14	14,199
Payroll & PSC Taxes	8,075	7,565	7,916	(351)	21,930	21,309	23,749	(2,440)	31,665
Depreciation (CIAC)	77,700	90,600	78,775	11,825	233,100	271,800	236,325	35,475	315,099
Total Operating Expenses	**298,127**	**326,005**	**343,804**	**(17,797)**	**861,519**	**954,307**	**1,031,391**	**(77,083)**	**1,375,206**
OPERATING INCOME (LOSS)	**124,370**	**139,996**	**45,417**	**94,579**	**200,355**	**157,785**	**136,268**	**21,517**	**181,668**
Non-Operating Revenues (Expenses)									
Investment Income	8,843	15,843	6,250	9,593	20,702	38,519	18,750	19,769	24,999
Interest Expense (GAAP)	0	(21,550)	(16,660)	(4,891)	(36,493)	(45,986)	(49,979)	3,993	(66,639)
Non-Utility Expense	0	0	(331)	331	0	0	(993)	993	(1,323)
Total Non-Operating Revenues (Expenses)	**8,843**	**(5,708)**	**(10,741)**	**5,033**	**(15,791)**	**(7,468)**	**(32,223)**	**24,755**	**(42,964)**
Contributions & Transfers									
Capital Contributions	24,046	27,873	17,500	10,373	79,362	112,643	52,500	60,144	69,999
Transfers Out (Tax Equivalent)	(72,000)	(73,860)	(75,048)	1,188	(216,044)	(221,580)	(225,144)	3,564	(300,192)
Total Contributions & Transfers	**(47,954)**	**(45,987)**	**(57,548)**	**11,561**	**(136,682)**	**(108,937)**	**(172,644)**	**63,708**	**(230,193)**
CHANGE IN NET POSITION (GAAP)	**85,259**	**88,301**	**(22,872)**	**111,173**	**47,882**	**41,380**	**(68,600)**	**109,980**	**(91,489)**

Sewer Utility Financial Report

Third Quarter 2018

Sewer 5-Year Actuals through 3rd Quarter



	2014	2015	2016	2017	2018
Revenues	1,072,006	1,087,704	1,084,250	1,091,555	1,148,698
Expenses	1,179,704	1,229,522	1,304,511	1,277,413	1,344,436

Operating Revenues

Actuals vs. Budget

Revenues through September 30, 2018 total $1.14M, which is approximately 2.4 percent ($27.5K) more than YTD budgeted. Revenues through same period 2017 were 1.6 percent ($18.4K) less than the budgeted amount.

Revenue Trend

YTD revenues are 5.2 percent ($57K) more than same period 2017 revenues, and $51.8K higher than the five-year average. YTD revenues have increased at an average of $19K over the last five years, although expenses have increased at a faster rate.

Analysis

3Q18 residential and commercial sales were strong compared to prior years, reflecting continued customer growth and elevated commercial usage. Commercial sales and gallons treated saw a relative spike in 3Q18 compared to 2Q18 and same-time prior years (150M gallons treated YTD versus 143.6M in 2017 and 142.9M in 2016), due in part to a slightly earlier than normal processing season start at Lakeside Foods.

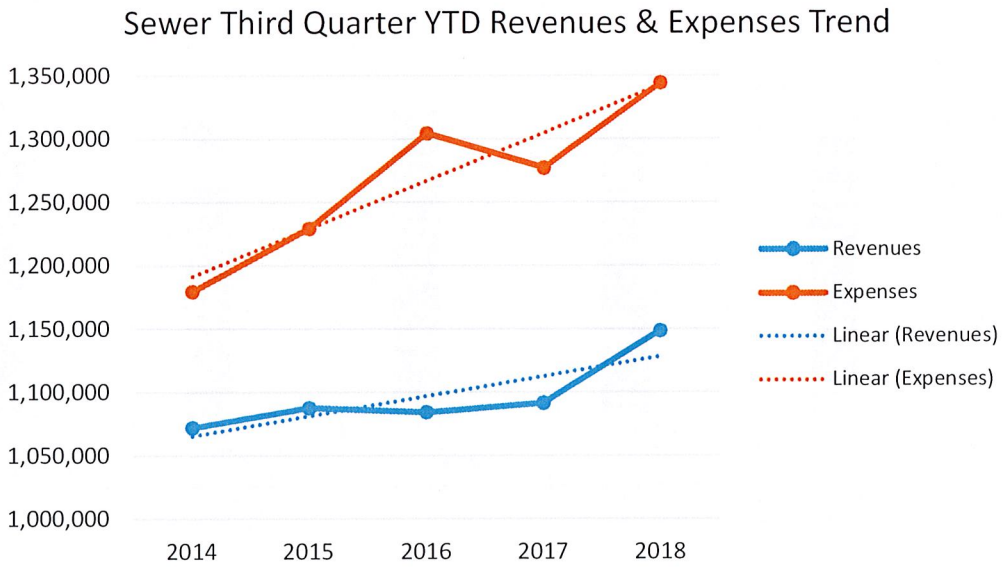
Operating Expenses

Actuals vs. Budget

Expenses through September 30, 2018 total $1.34M, which is approximately 1 percent ($10.5K) under budget. Notable YTD variances were sewer backup reimbursements, sewer main root control and related maintenance activities, and roof replacements on three lift stations affected by the 2017 hailstorm. Third quarter-only actuals were $431 under budget, ending at $451,212. The main driver of third quarter variance was sewer main maintenance activities.

Expenses Trend

YTD expenses are $67K greater than same period 2017 expenses, and $77.3K higher than the five-year average. Excluding non-recurring/extraordinary costs (roof replacements and sewer backup reimbursements), YTD expenses are 5 percent ($39.2K) higher than same period 2017 expenses. Third quarter expenses have increased by an average of $41K over the last five-year period.



Analysis

YTD and 3Q expenses are tracking just under budget, and align with seasonal expense patterns when one-time costs are excluded. While expenses are higher than same time prior years, the 2018 budget allocates 5.9 percent more funds than the 2017 budget to accommodate increased maintenance activities and per-unit cost increases in biosolid hauling/processing and phosphorus removal chemicals. Biosolid costs are tracking just under budget, and will continue to be monitored by staff. Expense patterns continue to reflect increasing customer demand, biosolid processing and treatment costs, and maintenance of an aging system.

Sewer 3rd Quarter Actuals to Budget - 5 Year Comparison

Year	2014	2015	2016	2017	2018
Operating Revenues	1,072,006	1,087,704	1,084,250	1,091,555	1,148,698
Operating Expenses	1,179,704	1,229,522	1,304,511	1,277,413	1,344,436
Budgeted Revenues	1,109,850	1,102,500	1,098,000	1,109,997	1,121,103
Budgeted Expenses	1,252,799	1,362,408	1,255,123	1,279,437	1,354,938
Revenues Over(Under) Budget	(37,844)	(14,796)	(13,750)	(18,442)	27,595
Expenses Over(Under) Budget	(73,095)	(132,886)	49,388	(2,024)	(10,502)
Operating Income (Loss)	**(107,698)**	**(141,818)**	**(220,261)**	**(185,858)**	**(195,738)**

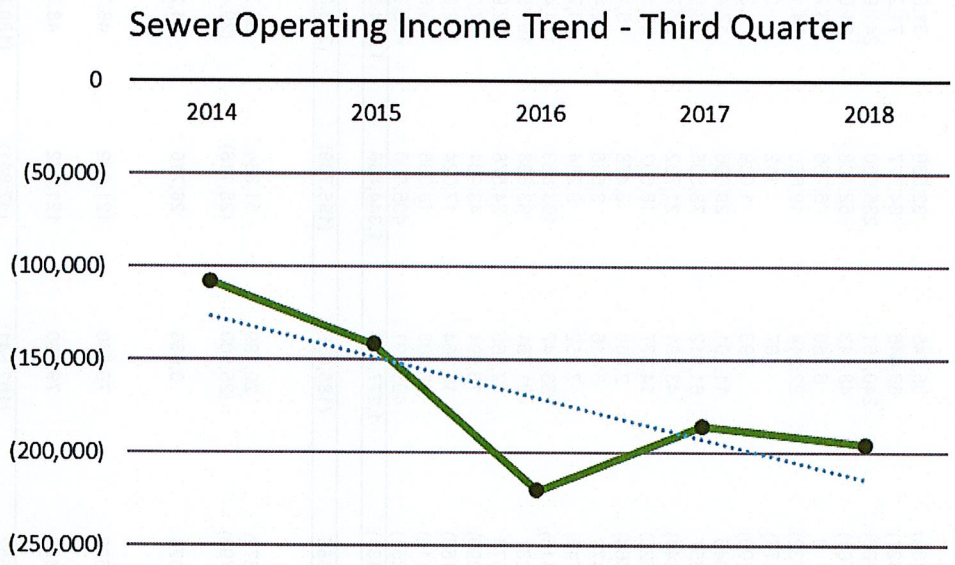
NET POSITION & OPERATING INCOME

Change in net position is -$47.9K through second quarter, which is $132.8K above the budgeted net position of -$180.8K. Capital Contributions (the value of infrastructure dedicated to the City by a developer) and non-operating revenue (investment income) helped drive up 3Q net position. The Sewer Utility had an operating loss of -$195.7K through 3Q18, which is $38K better than budgeted, due to slightly higher than budgeted revenues and slightly lower than budgeted expenses.

Sewer 3rd Quarter Operating Income (Loss) - 5 Year Comparison

Year	2014	2015	2016	2017	2018
Operating Income (Loss)	(107,698)	(141,816)	(220,261)	(185,859)	(195,739)

Third quarter operating income has been trending downward over the past five-year period, declining year-on-year by an average of -$22K due to expenses rising at a faster rate than revenues.



CAPITAL IMPROVEMENT PROJECTS

Through September 30, there were three active projects accounting for $25.3K, including the WWTP facility design project, E 4th ST line replacement, and manhole adjustments related to 125th ST reconstruction.

SEWER DEPARTMENT

Budget & Actual

For the Nine Months Ending 9/30/2018

	Quarter 2017 Actual	Quarter 2018 Actual	Quarter 2018 Budget	Variance Actual-Budget	September 2017 Actual YTD	September 2018 Actual YTD	September 2018 Budget YTD	Variance YTD Actual-Budget	2018 Budget
OPERATING REVENUES									
Metered Sales	$373,414	$403,763	$369,660	$34,103	$1,083,653	$1,128,774	$1,108,980	$19,794	$1,478,640
Miscellaneous Revenue	3,133	3,863	4,041	(178)	7,902	19,924	12,123	7,801	16,164
Total Operating Revenues	**376,547**	**407,626**	**373,701**	**33,925**	**1,091,555**	**1,148,698**	**1,121,103**	**27,595**	**1,494,804**
OPERATING EXPENSES									
Lab Analysis & Tank Cleaning	11,421	10,540	10,626	(86)	35,745	32,569	31,878	691	42,504
Utilities	23,240	22,130	23,751	(1,621)	66,446	64,777	71,253	(6,476)	95,004
Biosolid Removal	74,896	79,672	80,658	(986)	240,751	236,680	241,974	(5,294)	322,632
Phosphorus Removal Chemicals	15,134	16,210	17,001	(791)	48,143	52,408	51,003	1,405	68,004
Rent	2,250	2,250	2,250	0	6,750	6,750	6,750	0	9,000
Lab Supplies & Testing Services	8,113	5,320	8,052	(2,732)	22,214	19,666	24,156	(4,490)	32,200
Vehicle Maintenance	0	0	177	(177)	67	112	531	(419)	700
Vehicle Fuel	370	342	441	(99)	793	1,039	1,323	(284)	1,750
Collection System Maintenance	3,765	20,865	5,820	15,045	11,191	29,096	17,460	11,636	23,265
Lift Station Maintenance	21,924	22,016	19,659	2,357	61,812	78,305	58,977	19,328	78,636
Treatment & Disposal Equipment Maintenanc	11,025	8,111	9,255	(1,144)	43,381	21,732	27,765	(6,033)	37,020
WWTP Building & Equipment Maintenance	6,612	3,178	5,703	(2,525)	14,377	18,602	17,109	1,493	22,804
Jet Truck Operation & Maintenance	586	652	1,716	(1,064)	2,860	3,478	5,148	(1,670)	6,864
Meter Reading Expenses	1,053	1,273	801	472	3,416	3,538	2,403	1,135	3,204
Safety & Training	1,999	2,509	3,252	(743)	7,952	9,284	9,756	(472)	13,008
Administrative & General Expenses	52,593	57,722	58,137	(415)	153,147	163,863	174,411	(10,548)	232,521
Employee Benefits	31,888	35,095	33,864	1,231	91,751	93,638	101,592	(7,954)	135,444
Professional Services	2,243	11,576	10,998	578	12,160	24,578	32,994	(8,416)	43,992
Insurance	4,848	5,404	5,703	(299)	15,594	43,961	17,109	26,852	22,800
Miscellaneous Office Expenses	4,413	5,063	11,229	(6,165)	15,364	17,024	33,693	(16,669)	44,918
Payroll Taxes	6,424	6,284	6,300	(16)	18,308	18,336	18,900	(564)	25,200
Depreciation (CIAC)	135,000	135,000	136,251	(1,251)	405,191	405,000	408,753	(3,753)	545,004
Total Operating Expenses	**419,797**	**451,212**	**451,644**	**(431)**	**1,277,413**	**1,344,436**	**1,354,938**	**(10,501)**	**1,806,474**
OPERATING INCOME (LOSS)	**(43,251)**	**(43,587)**	**(77,943)**	**34,356**	**(185,859)**	**(195,739)**	**(233,835)**	**38,096**	**(311,670)**
Non-Operating Revenues (Expenses)									
Investment Income	11,993	25,122	11,250	13,872	29,189	51,834	33,750	18,084	45,000
Interest Expense	(5,173)	(12,467)	(5,669)	(6,798)	(25,500)	(25,118)	(29,473)	4,354	(35,146)
Non-Utility Expenses									
Total Non-Operating Revenues (Expenses)	**6,820**	**12,655**	**5,582**	**7,074**	**3,689**	**26,716**	**4,278**	**22,439**	**9,854**
Contributions & Transfers									
Capital Contributions	24,315	27,873	16,251	11,622	79,530	121,082	48,753	72,329	65,004
Transfers Out (Tax Equivalent)									
Total Contributions & Transfers	**24,315**	**27,873**	**16,251**	**11,622**	**79,530**	**121,082**	**48,753**	**72,329**	**65,004**
CHANGE IN NET POSITION	**(12,116)**	**(3,059)**	**(56,111)**	**53,052**	**(102,641)**	**(47,941)**	**(180,805)**	**132,863**	**(236,812)**

TO: Utilities Commission

FROM: Rae Ann Ailts, Finance Director

DATE: January 9, 2019

RE: Water and Sewer Rate Study Update

In September 2018, Trilogy Consulting, LLC was selected to perform a water and sewer rate study for New Richmond Utilities. During Wednesday's meeting, staff will provide an update on the progress of the study and outline next steps.

TO: Utilities Commission

FROM: Rae Ann Ailts, Finance Director
Weston Arndt, Electrical Superintendent

DATE: January 9, 2019

RE: Electric Rate Cost of Service Study

Public power utilities like ours provide significant benefit to the local community. Regularly updating electric rates is one way we preserve and enhance the value for the long term.

As members/owners of WPPI Energy, we have access to specialized rates staff that help our not-for-profit utility establish rates to: accurately and fairly collect the revenue necessary to cover our costs for doing business, send proper price signals to customers, keep costs stable and competitive, plan for future system needs and more. Recently, WPPI's rates staff reviewed with the member Rates Services Advisory Group (RSAG) and the Executive Committee (EC) a comprehensive list of the considerations they use when helping members identify local rate priorities. Enclosed is a customized version of this list for New Richmond Municipal Utilities, including benchmarking information to reflect the overall membership's progress on a number of key business priorities. The report also includes some suggested retail rate strategies for our utility to consider.

Although New Richmond Municipal Utilities has historically met or exceeded the authorized rate of return, our last rate study was complete in 2013 and current rates have been in place since December of that year. Industry best practices suggest a cost of service study be completed every five years or more frequently as determined by rate of return. Based on this information, the attached list and benchmarking data, it is recommended that New Richmond Municipal Utilities partner with WPPI Energy to complete a cost of service study during the 2019 calendar year. Through this process, we will ensure our rates are in alignment with current and future infrastructure needs and operating costs for our growing community.

Note: There is no financial investment to complete the cost of services study; however, in the event it is determined that a rate adjustment is warranted New Richmond Municipal Utilities would incur fees for filing the new rates with the Public Service Commission.

WPPI energy

1425 Corporate Center Drive Sun Prairie, WI 53590-9109 608.834.4500 wppienergy.org

December 14, 2018

Mike Darrow
City Administrator/Utility Manager
New Richmond Utilities
156 E First St
New Richmond, WI 54017

Kevin Westhuis

Eric Anthon

Dear Mike:

Public power utilities like ours provide significant benefit to the local community. Regularly updating electric rates is one way we preserve and enhance that value for the long term.

As members-owners of WPPI Energy, we have access to a specialized rates staff that helps our not-for-profit utilities establish rates to accurately and fairly collect the revenue necessary to cover our costs for doing business, send proper price signals to customers, keep costs stable and competitive, plan for future system needs, and more. Recently, WPPI's rates staff reviewed with the member Rates Services Advisory Group (RSAG) and the Executive Committee (EC) a comprehensive list of the considerations they use when helping members identify local rate priorities. Both the RSAG and the EC encouraged the rates staff to share this list with all members.

As a membership of 51 unique, local utilities, we each have different local fixed costs, cost allocation structures and retail rate priorities, so it makes good sense to think about rate-design opportunities on an individual basis. With this in mind, the rates staff has enclosed a customized version of this list, including benchmarking information to reflect the overall membership's progress on a number of key business priorities. They have also included some suggested retail rate strategies for your utility to consider.

We hope what you will take away from these items is that WPPI is ready to support you with a focus on what matters most for your utility. If you are interested in discussing any of these options, please contact Tim Ament at 608-834-4530 or tament@wppienergy.org.

Sincerely,

Kevin Westhuis (River Falls), Chair
Rates Services Advisory Group

Eric Anthon (Columbus), Vice Chair
Rates Services Advisory Group

cc: Rae Ann Ailts, Weston Arndt

WPPI energy

RETAIL ELECTRIC RATES BENCHMARKING REPORT

2018

NEW RICHMOND UTILITIES

NEW RICHMOND UTILITIES

RETAIL RATES STRATEGY

We are aware that your utility's 2017 rate of return is high. With this in mind, the utility may not be interested in pursuing a full rate case. Still, the following are some of the key opportunities you may wish to consider.

AREAS TO CONSIDER: Has the utility...?

- Updated its customer charge?
- Set 8AM-8PM as the only on-peak period for residential and general service optional time-of-day rates?
- Removed kilowatt-hour and load-factor criteria for general service rates?
- Eliminated the option to remain on a given commercial rate for an extra year after a customer no longer meets the criteria?

There are several rate updates that can be filed with the Public Service Commission (PSC) outside of a full rate case application: a coincident demand metering rider, a New Load Market Pricing rate, an electric vehicle charging rate, changing time-of-use periods for optional rates, and updates to customer-owned generation tariffs.

Other rate strategies require a full rate case, such as changing customer charges, changing the time-of-use periods for standard rates, removing language from rate tariffs, adding a standard time-of-day rate, changing the energy-usage thresholds for customers to qualify for particular rate classes, or adding seasonal components to rates.

Currently, the PSC has been authorizing about a 5.5% rate of return.

If you are interested in pursuing any of these opportunities,
please contact Director of Rates Tim Ament at 608-834-4530 or tament@wppienergy.org.

BENCHMARKING
RETAIL RATES

The WPPI membership's five-year business plan prioritizes rate strategies to help preserve and enhance the local value of public power utilities. Below is an overview of related retail rates topics for your utility and for the WPPI membership as a whole.

FOR ALL MEMBER UTILITIES

Has the utility...?	New Richmond	All Members	Benefit
Completed a rate study within the past 5 years?	NO	33/51	A current rate study helps ensure that rates reflect current costs. Your utility's last rate study was completed 12/1/13.
Put in place a Power Cost Adjustment Clause?	YES	48/51	Establishing a Power Cost Adjustment Clause ensures that the utility collects its actual monthly costs for purchased power.
Had its Power Cost Adjustment Charges remain below 1.5¢?	YES	46/51	Keeping the Power Cost Adjustment Charge at or below 1.5¢ reduces subsidies between customers.
Aligned its retail Power Cost Adjustment Charges for large power customers with the Power Cost Adjustment Charges on the utility's wholesale power bill?	NO	38/51	Aligning retail and wholesale Power Cost Adjustment Charges better recovers the utility's cost of service, makes billing errors easier to detect, and enables the utility to establish seasonal rates.
Aligned its retail Power Cost Adjustment Charges for all power customers with the Power Cost Adjustment Charges on the utility's wholesale power bill?	NO	18/51	Aligning retail and wholesale Power Cost Adjustment Charges better recovers the utility's cost of service, makes billing errors easier to detect, and enables the utility to establish seasonal rates.
Updated its customer charge since 2015? Your utility's fixed residential revenue compared to fixed costs:	NO 35.74%	WI avg: 39.03%	Updating fixed charges matches fixed revenue with fixed costs and reduces subsidies between customers.

FOR ALL MEMBER UTILITIES IN WISCONSIN

Has the utility ...?	New Richmond	All Members	Benefit
Received a rate of return that is equal to or greater than the current Public Service Commission-authorized rate of 5.5%? Your utility's 2017 rate of return:	YES 7.05%	11/41	Receiving a sufficient approved rate of return ensures that the utility can collect the revenue it needs.
Set 8AM-8PM as the only on-peak period for residential and general service optional time-of-day rates?	NO	10/41	Establishing a standard on-peak period for optional time-of-day rates simplifies tariff compliance and eliminates manual tracking.
Eliminated the option to remain on a given commercial (Cp) rate for an extra year after a customer no longer meets the criteria?	NO	6/41	Streamlining commercial (Cp) customer rate criteria simplifies tariff compliance and eliminates manual tracking.
Removed kilowatt-hour and load-factor criteria for general service rates?	NO	20/41	Clarifying general service customer rate criteria simplifies tariff compliance and eliminates manual tracking.
Added an energy limiter for commercial (Cp-1) customers?	YES	23/41	Adding an energy limiter for commercial (Cp-1) service protects customers from high costs due to unusually low load-factors.
Updated its customer-owned generation (Pgs-1 and Pgs-2) rates?	NO	0/41	Updating rates for customer-owned generation ensures that the utility doesn't pay more for surplus generation than its avoided cost for wholesale power.

FOR ALL MEMBER UTILITIES WITH ADVANCED METERS

Has the utility ...?	New Richmond	All Members	Benefit
Implemented a Demand Cost Adjustment and Energy Cost Adjustment (DCA/ECA) charge?	NO	6/51	Establishing a Demand Cost Adjustment/Energy Cost Adjustment charge ensures that the utility collects its actual monthly costs and reduces subsidies between customer classes.
Reduced its threshold (ex., to 20 kilowatts) for customers to receive commercial (Cp) service?	NO	1/51	Updating the criteria for customers to receive commercial (Cp) service provides a better price signal and better aligns fixed charges with fixed costs.
Implemented time-of-day rates with on-peak demand as the standard service for commercial (Cp-1) customers?	NO	5/51	Implementing standard time-of-day rates matches revenue recovery closer with costs, providing customers a better price signal.
Implemented simple seasonal energy rates for residential and general service customers?	NO	0/51	Seasonal residential and general service rates provide customers a better price signal by more closely matching retail rates to the utility's wholesale costs.
Implemented simple seasonal demand charges for commercial (Cp) customers?	NO	1/51	Seasonal demand charges for commercial (Cp) customers provide a better price signal by more closely matching retail rates to wholesale costs.
Implemented a coincident demand metering rider for large commercial (Cp-2, Cp-3 and Cp-4) customers?	NO	5/51	By combining coincident load on a contiguous property, a coincident demand metering rider can help protect large commercial customers from unnecessarily high demand charges.
Implemented a New Load Market Pricing (economic development) rate? * Requires interval data	NO	26/51	New Load Market Pricing rates encourage new industries to locate in the community and support growth for existing large customers.
Implemented an electric vehicle charging rate?	NO	1/51	Electric vehicle charging rates encourage customers to buy electric vehicles and to make more efficient use of the system by charging them at night.

WPPI energy

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