

## **REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD OCTOBER 11, 2021**

On call of the roll, commissioners present were: Oppermann (arrived at 5:34 p.m.), Brandel, Adams, Bristol, Ganser, Pieters and Neils. Also present were: Utility Manager Adler, Office Manager Statz, City Administrator Freitag, Water/Wastewater Director Clark and City Attorney Rogers. The meeting began at 5:30 p.m.

### **PUBLIC PARTICIPATION**

Utility Manager Adler shared that he had received a resignation letter from Office Manager Statz.

Office Manager Statz stated she had accepted a position with another utility. The opportunity was too good to pass up. Her last day would be November 5, 2021.

### **MINUTES**

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve the minutes from the September 13, 2021 meeting. Motion carried on a voice vote.

Comm. Oppermann arrived.

### **EXPENDITURES**

It was moved by Comm. Pieters and seconded by Comm. Ganser to approve the payment of September 2021 bills totaling \$1,459,682.60. On call of the roll, motion carried. (Neils – Aye, Oppermann – Aye, Brandel – Aye, Adams – Aye, Ganser – Aye, Bristol – Aye, Pieters - Aye)

### **DISCUSSION – WATER BUDGET – CITY ADMINISTRATOR TIM FREITAG**

Comm. Pieters stated it seemed like everything was going well. He wanted to know how things were going from their perspective.

City Administrator Freitag stated the water budget had been prepared and reviewed by the Finance Committee today. There would be a public hearing at the second Common Council meeting in November. He stated the 2022 budget would be lower than the 2021 water budget due to water main projects. He explained that the 2022 water budget was put together conservatively. They planned to allow 12 months of experience with the water budget before making any changes.

Water/Wastewater Director Clark stated the crews were meshing well and cross training was also going well. He explained everyone has been getting along well and he had been having good discussions with City Engineer Pinnow regarding water main replacements.

Comm. Pieters explained there are certain days of the month that he can smell sewage in the city. He questioned what could be done about this odor.

Water/Wastewater Director Clark stated the smell was not from the sewage plant, but from a sewer customer pumping at their location. He explained that the sewer plant often gets blamed for the odor.

Comm. Pieters stated someone should reach out to the customer to see what could be done. He felt the smell could discourage people from locating in Jefferson.

Comm. Adams questioned if the water and electric rate cases would be submitted together.

Water/Wastewater Director Clark stated they would be done separately.

Comm. Oppermann asked for specific dates and times of the odors. He stated the sewer customer in question has made great improvements. He went on to say that the sewer plant was well run.

Comm. Pieters stated he would contact Comm. Oppermann next time the smell is noticeable.

### **DISCUSSION & POSSIBLE ACTION – 2022 ELECTRIC BUDGET**

Office Manager Statz reviewed the 2022 electric budget. She stated the budget was put together with a bit of uncertainty. With the loss of the water department to share in costs and with increasing costs due to COVID, she took her best guess when putting together the budget. She stated electric usage has been decreased by .50%, which brings the expected 2022 revenues to \$9,541,204. The expenses for 2022 are expected to increase due to COVID. Because of this, there was a 3% increase allotted for all expense accounts. The purchase power cost is estimated to be 76% of revenues, which is predicted to be \$7,183,143.

Office Manager Statz explained the water, sewer, refuse and storm water utilities will contribute an estimated \$140,387 in 2022. The electric utility will still need to absorb about \$156,724 in expenses that were shared with the water utility. Total estimated expenses are expected to be \$9,534,793. This will put the income in 2022 at \$1,461. At this income level, the rate of return would be 0.03%.

Utility Manager Adler was asked if he was seeing increases in costs.

Utility Manager stated he has been seeing cost increases. As an example, he shared the price of transformers has gone up, and so has the lead time, which is now up to 40 weeks.

Comm. Pieters questioned the importance of the rate of return and how it was calculated.

Office Manager Statz explained how the rate of return was determined. She stated the rate of return is the best indicator of the health of the utility.

Comm. Pieters asked if a low rate of return was indicative of the need for a rate increase.

Office Manager Statz stated it was. At 0.03%, the utility would need to seek a rate increase.

Office Manager Statz stated the capital projects for 2022 are about \$75,000 over the average spending. This was due to the Riverside Alley project. She went on to say that wage increases were budgeted for employees in the steps to move up another step and for those in the matrix to receive a 3% increase.

Comm. Oppermann stated there is interest in performing a compensation review in 2023.

Office Manager Statz stated insurances for next year were budgeted with a 9.9% increase for health, 2% for vision and 0% for dental. Additionally, there were funds budgeted for health savings accounts contributions at the 2021 level.

Office Manager Statz stated that cash position at the end of 2022 is expected to be \$2,947,186. This barely meets the auditor's recommendation of three months of expenses on hand.

Utility Manager Adler stated Office Manager Statz suggest holding off on issuing debt for an AMI change over and smart reclosures. He agreed with the suggestion, as our financials are not looking good in 2022.

Comm. Neils stated she agreed with the recommendation at this time.

Utility Manager Adler stated he has been in contact with OpenPoint about a work order and property records management system. He explained the system would be an asset to the utility, as it would improve work flows and information gathering for the utility.

Comm. Oppermann stated he was not against technology that would move the utility into the 21<sup>st</sup> century. He was interested in seeing some hard figures and what the software can do. He didn't believe now was the time to jump on board.

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve the 2022 electric budget. On call of the roll, motion carried unanimously. (Neils – Aye, Oppermann – Aye, Brandel – Aye, Adams – Aye, Ganser – Aye, Bristol – Aye, Pieters - Aye)

It was moved by Comm. Neils and seconded by Comm. Bristol to adjourn to closed session pursuant to section 19.85(1)(b)(c) considering dismissal, licensing or discipline of any public employee and to consider employment, promotion, compensation or performance evaluation data of any public employee. On call of the roll, motion carried unanimously. (Neils – Aye, Oppermann – Aye, Brandel – Aye, Adams – Aye, Ganser – Aye, Bristol – Aye, Pieters - Aye)

It was moved by Comm. Brandel and seconded by Comm. Neils to reconvene to open session. Motion carried on a voice vote.

It was moved by Comm. Ganser and seconded by Comm. Bristol to adjourn. Motion carried on a voice vote. The meeting adjourned at 6:50 p.m.

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PRESIDENT

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SECRETARY