

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

On call of the roll, commissioners present were: Adams, Brandel, Pieters, Ganser, Oppermann and Neils. Also present were: Utility Manager Adler, Office Manager Statz, City Attorney Rogers, Baxter & Woodman Representative Gary Vogel, City Administrator Tim Freitag and Wastewater Treatment Plant Superintendent Todd Clark. Absent was: Comm. Bristol. The meeting began at 5:30 p.m.

### **PUBLIC PARTICIPATION**

None

### **MINUTES**

Comm. Brandel noted that the figures for Christmas Neighbors were switched around in the minutes.

Comm. Oppermann noted the date of the last meeting was December 14, not December 13.

It was moved by Comm. Brandel and seconded by Comm. Neils to approve the minutes from the December 14, 2020 meeting with the noted correction. Motion carried on a voice vote.

### **EXPENDITURES**

It was moved by Comm. Pieters and seconded by Comm. Ganser to approve the payment of December 2020 and January 2021 bills totaling \$1,228,309.54. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Aye)

### **DISCUSSION ON WELL #2 FILTRATION ISSUE AND WELL #2 AND WELL #5 SCALE UPGRADES, CHANGE ORDERS FOR WELL #3 AND WELL #4 PROJECT**

Utility Manager Adler explained it was time to replace the sand in the radium filter and Well #2. He stated Baxter & Woodman Representative Gary Vogel was here tonight to explain what needs to be done.

Comm. Adams asked if we filled in the well.

Utility Manager Adler explained that it was not, we filled in Well #5.

Baxter & Woodman Representative Gary Vogel explained that staff found particles in our water. Municipal Well & Pump was hired to look into the matter and found sand particles in the samples. Mr. Vogel explained that radium sticks to sand and eventually ends up clogging the filter. This occurs over time. At this time, the sand now needs to be replaced. Typically this is done every ten to fifteen years. The tank is nine years old. While it sounds early, it is not unheard of. He believes the size of the tank and the addition of manganese may have caused this to need replacement a little earlier than anticipated. Mr. Vogel stated it is an expensive project to have done. A similar project they were involved with not too long ago brought back bids ranging from \$170,000 to \$380,000. That system is bigger than Jefferson's, so he would estimate Jefferson's cost to be about \$150,000. Baxter & Woodman would work with Jefferson on the project for a cost of \$24,000. If in-house staff was available to do some oversight work on the project, the utility could save about \$5,000.

Comm. Pieters asked if this has been done at any of our other wells.

Utility Manager Adler stated to his knowledge it has not been done ever. He explained that Well #2 was the only well we had with a radium filter. We do perform scrubs at Well #4 and Well #5 to remove the biofilm, but they do not have the sand filters like at Well #2.

Mr. Vogel stated you could increase the size of the filter to slow this replacement in the future, but the payback on that is not good. He stated the filter was sized appropriately for that well.

Comm. Neils asked if staff was able to take on the oversight work to save some money.

Utility Manager Adler stated he would recommend Baxter & Woodman perform the oversight work because the water department is short staffed.

Comm. Oppermann questioned if all possibilities had been explored in relation to using in-house staff. Comm. Oppermann stated he spoke with the Lead Water Operator and was told the Lead Water Operator didn't know anything about the project.

Utility Manager Adler stated he was confused because the Lead Water Operator was a part of the discussion and knew all about the work that needed to be done.

Mr. Vogel stated that in order to remove the sand from the well, staff would need to be certified.

Comm. Oppermann questioned what work could be done in-house.

Mr. Vogel stated the oversight of sand removal could be done by in-house staff.

Utility Manager Adler stated the project could cost a couple hundred thousand dollars. He felt more comfortable with professionals overseeing that work.

Comm. Adams asked if Baxter & Woodman could train our staff on what to look for.

Mr. Vogel stated Baxter & Woodman could be on-site for the first day to show in-house staff what they need to do.

Comm. Ganser clarified that the oversight work would be about 40 hours' worth of time.

Mr. Vogel stated that was correct.

Mr. Vogel went on to explain there are change orders needed for work at Well #3 and Well #4. He explained the WI Department of Natural Resources (DNR) requested a valve be placed outside of the reservoir. This valve costs \$1,245. In addition, the DNR has requested chemical tanks at both well houses.

Comm. Oppermann questioned how this was different from the work that the Wastewater Treatment Plant does.

Utility Manager Adler stated he wasn't sure what Comm. Oppermann was referring to. He explained these changes were recommended by the DNR. The thought is that it is more exact to weigh chemicals rather than looking at levels. This will give us more accurate totals.

**DISCUSSION AND POSSIBLE ACTION – BAXTER & WOODMAN FOR ENGINEERING – REPAIRS TO WELL #2 FILTRATION ISSUE FOR \$24,000**

It was moved by Comm. Pieters and seconded by Comm. Neils to approve Baxter & Woodman for engineering services to make repairs at Well #2 for the filtration issue, not to exceed \$19,000. In-house staff will perform the oversight duties. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Nay)

**DISCUSSION AND POSSIBLE ACTION – CHANGE ORDER FOR MZ CONSTRUCTION BUTTERFLY VALVE AND NEW SCALES AND CHEMICAL CONTAINMENT FOR WELL #2 AND WELL #5, NOT TO EXCEED \$18,425.66**

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve a change order for MZ Construction to repair a butterfly valve and add new scales and chemical containment for Well #2 and Well #5,

not to exceed \$18,425.66. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Nay)

Baxter & Woodman Representative Gary Vogel left the meeting.

### **DISCUSSION – MERGING WATER WITH WASTEWATER AND FINANCIAL IMPACTS TO ELECTRIC UTILITY**

Utility Manager Adler discussed moving the water utility to the sewer utility and the effect of losing efficiencies and share cost savings between the electric and water utilities. The water and electric utilities have been together for over 100 years. Utility Manager Adler explained it is list the two utilities are married and are getting a divorce. So, all shared costs with the building and shared salaries will be strictly on the electric utility.

Utility Manager Adler explained that staff comes in every day to watch all costs associated with utility operations. He went on to say that staff is here for the ratepayer and their best interests, as is the Public Service Commission. The goal is to keep our rates low and to provide excellent service.

Office Manager Statz stated after attending the last joint meeting between the Common Council and the Utilities Commission she heard two things. Both parties want to increase efficiency and to decrease costs. She explained that her mind immediately focused on the financial impacts this will have on the electric utility. She explained that just as Utility Manager Adler mentioned, the electric and water utility have been together for 119 years. Over that time, the two utilities have gained a lot of cost sharing and efficiencies between the two. Much like that is desired from the merger of the water and wastewater utilities. As she began to think more of how financials and operations would change, she grew more concerned about how the electric utility will be affected. She explained that while efficiencies will increase between water and sewer, efficiencies benefiting the electric utility could be eliminated. In addition, the Utilities Commission oversees the electric and water utility because they are both regulated by the Public Service Commission (PSC). She stated that there are two items on the agenda tonight that affect both the electric and the water utility concerning PSC compliance. She was concerned that if there are two governing bodies, staff will need to meet and gain approval from both entities for some issues. She felt there could be a loss in responsiveness to our customers' needs by the increased approval needs.

Office Manager Statz stated she pulled together some rough numbers showing the costs that the electric utility would now need to bear 100 %. That total is about \$170,000, assuming that the billing, collecting, metering and Office Manager salaries and benefits and costs remain split with the water utility at current rates. If that were to change, the impact could be over \$300,000 annually. This equates to a 1%-3% rate increase for electric customers. Office Manager Statz went on to say that it is important to note that approximately 1,000 of our customers only pay for electricity. This could be because they live outside of the City limits or because they live in apartments and their landlord pays for the water and sewer. She was concerned that 25% of our customers would see a cost increase, as they would not see the savings from water and sewer costs being lowered. More importantly, a lot of our customers that live in apartments are low-income. This change could negatively impact our most financially struggling customers, as they won't see the savings between sewer and water on their bill.

Office Manager Statz stated another thing that needs to be addressed is that half of Jefferson Utilities' employees work for both the electric and water utility. She wondered how that would work with personnel. Who do employees report to? How will wages be handled?

Office Manager Statz wondered if there was a solution that would be beneficial for all three of the city's major utilities. She stated the water and wastewater utilities are cross-training now to assist each other. She proposed that things stay the way they are now and have the water and wastewater utilities continue to cross train and work together. This would achieve financial savings and increase staff for both utilities and would also keep the synergies that exist between the water and electric utilities. She thought was a win for all parties involved.

Comm. Pieters stated he had been through three mergers in his career and they are always contentious. He stated he had not seen enough numbers to justify the switch, but said it appeared to be legal. He felt the merger was not about dollars. He stated he was not originally going to vote in favor of the merger, but has changed his mind. He would support the move for better business on the electric side. Comm. Pieters stated he would like to have a discussion on how the Utilities Commission would deal with its management moving forward. He stated the Common Council and the Utilities Commission should not manage personnel issues and day-to-day operations. He stated that by looking at the rates we have, the Utilities Commission and staff are good at what they do. He went on to say that he felt the future is better served to combine the water and wastewater utilities. He has put a lot of thought into his decision. Comm. Pieters stated that as a group we should discuss how we will deal with things being separate.

City Administrator Freitag stated he agreed with Comm. Pieters. From time to time you have to look at the way your organization operates and make changes accordingly. He stated the numbers to operate the utilities will not change. He felt that would be a wash overall and some customers will see a cost increase. He told Office Manager Statz he did not understand what she was saying about 25% of the customers not paying for water and sewer service. He stated customers that lived in the City had to hook up to the sewer service.

Office Manager Statz stated that they may receive the service, but they do not pay for it directly. Landlords pay those costs on behalf of their tenants. Their tenants would not see the wash in costs. Office Manager Statz asked if he had received the financial handouts.

City Administrator Freitag stated he was not going to look at any numbers tonight and he and Office Manager Statz could discuss it when they met later that week.

Office Manager Statz asked City Administrator Freitag if he could clear up some of the assumptions she had made in putting together the cost increase for the electric utility.

City Administrator Freitag stated he was not going to answer any questions about it tonight and that she could email him her documents for their meeting.

Office Manager Statz stated City Administrator Freitag must have an idea in his mind about how this will work, she would like to know if the billing, collecting, meter reading and Office Manager salaries would continue to be billed to the water utility or if that would all shift to the electric utility.

City Administrator Freitag stated the 2021 budgets that have been set will be apportioned as planned. He stated in 2022 the financial changeover would begin. He stated that could happen over a period of time if necessary.

Wastewater Treatment Plant Superintendent Todd Clark stated it was not all about cost savings, as mentioned by Comm. Pieters. He stated it was about efficiency and thought that was important.

City Administrator Freitag and Wastewater Treatment Plant Superintendent Clark left the meeting at 6:14 p.m.

### **DISCUSSION AND POSSIBLE ACTION – CREDIT CARD FEES FOR 2021**

Office Manager Statz stated a couple of meetings ago the Commission voted to cease the coverage of credit card processing fees because the temporary cost recovery allowed by the PSC was ending on December 31. Since that time, the Public Service Commission has extended the temporary recovery provision for credit card processing fees due to COVID. She stated she was bringing it back to the Commission for further discussion. She explained that it has been very confusing for customers about whether we cover the cost or not, for them to pay their bill online. She stated the office has received a lot of phone calls regarding the notice that was sent informing customers we would no longer cover the fee in 2021. Because of this, she was on the fence about

going back to covering the fees. She felt that would create more confusion for customers, especially since we would revert back to not paying the fees once the PSC voted to stop the temporary cost recovery.

The commission agreed that it would create more confusion and the utility would not revert back to covering these fees for customers.

No action was taken.

### **DISCUSSION AND POSSIBLE ACTION – WAIVE LATE PENALTIES FOR JANUARY 2021 DUE TO LATE MAIL DELIVERY**

Office Manager Statz stated that when Billing Clerk Emily Hein creates a bill file to be sent to InfoSend, our mailing service, she creates it a couple of days in advance of the issue date to allow for the post office to deliver the bills on the issue date. This gives customers the full 20 days to pay their bills. Office Manager Statz stated that our cycle three bills that were to be delivered on December 31 were not delivered to customers until January 8, over a week late. She stated other utilities have been waiving the late fees for these affected customers, even though the utility is not at fault. She was bringing this before the Utilities Commission to see if this is something they would be interested in doing for these customers.

Utility Manager Adler stated other utilities have reported issues with bills not being delivered on-time.

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve waiving late penalties for customers with bills due on January 20, 2021 due to a delay in post office delivery. Motion carried on a voice vote.

### **DISCUSSION AND POSSIBLE ACTION – PURCHASE OF NEW FOLDER/INSERTER NOT TO EXCEED \$9,733**

Office Manager Statz stated she was requesting authority to purchase a new folder/insert machine. She is still waiting on two quotes, but stated that time is of the essence, as our current machine is nearly inoperable. She would like to be able to make the purchase as soon as the other quotes come in. She was recommending a purchase of the machine, as a lease over five years would cost about \$20,000. Purchasing the machine would cost us about \$35,000 over ten years. She explained that our current machine is about 15 years old and she had no reason to think that we wouldn't get over ten years out of a new one. This would account for a savings of about \$5,000 over time.

Comm. Ganser questioned when our current machine was purchased.

Office Manager Statz stated the current machine was purchased in 2005. She explained that she should have replaced the unit a couple of years ago. So while we have had it for 15 years, she felt it was efficient for about 13 years. She hoped to get that out of the new machine as well.

Comm. Brandel noted that if we purchase a machine, we will get the first year's maintenance free, but questioned how much the maintenance agreement would be each year after that and if that had been considered in the total costs.

Office Manager Statz stated the second year's maintenance agreement was roughly \$1,200 with a possible 10% increase each year. When calculating costs, she factored the purchase price of the machine and the maximum 10% increase each year on the maintenance agreement for a ten-year life. That cost is about \$35,000. She stated that if we lease a machine for two five-year terms it would cost about \$40,000.

Comm. Pieters questioned if this purchase was budgeted.

Office Manager Statz stated there was \$10,000 allocated in the budget for this purchase.

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve the purchase of a new folder/insert machine, not to exceed \$9,733. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Aye)

**DISCUSSION AND POSSIBLE ACTION – RENEW LEASE FOR NISSAN LEAF ELECTRIC CAR \$3,000**

Utility Manager Adler stated he was requesting the renewal for our third Nissan Leaf electric car. He explained that we will take back the old one and get a new one. He explained the lease was up in March and he would like to get it cleared up sooner rather than later.

Comm. Adams questioned the taxes listed on the lease. He wondered if those should be removed.

Comm. Brandel stated it may be taxes that the utility isn't exempt from, but was worth checking out.

Comm. Oppermann clarified that the vehicle would be white. He stated it was hard to see the graphics on a vehicle that was colored.

Utility Manager Adler stated he requested a white vehicle and has an email in the packets from Nissan saying it wouldn't be a problem to get one.

Comm. Brandel suggested Utility Manager Adler check to make sure there wouldn't be an extra cost for a white vehicle.

Utility Manager Adler stated he would check on the taxes and surcharge for paint color prior to signing the lease.

It was moved by Comm. Pieters and seconded by Comm. Neils to approve the renewal of the Nissan Leaf Lease for a cost of \$3,000 up front. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Aye)

**DISCUSSION AND POSSIBLE ACTION – COMMUNITY CONTRIBUTION – NEW LIGHTING FOR WALK BRIDGE**

Comm. Oppermann stated that Rotary Club and some Common Council members have had brief discussions about lighting the walk bridge. The hope is that we can set up an account through the Jefferson Community Foundation to fund raise for this project. He explained the City will hire a contractor to do the work. He would like to have permanent signage advertising sponsors of the project. He felt that Jefferson Utilities would be an obvious partner for this kind of a project.

Comm. Oppermann stated he noticed that there were funds left in our Community Contribution funds from 2020 and thought this would be a good project for the unspent dollars. He questioned what happened to that money if it is unspent.

Office Manager Statz explained that it would roll into our reserves. She stated we will still have 2020 expenditures next month and we could still include this in 2020.

Utility Manager Adler clarified that the Community Contribution funds are not recoverable in our rates and this comes out of our reserve funds.

Office Manager Statz stated that was correct. The utility does not receive these dollars back.

Comm. Pieters and Comm. Adams both supported the idea.

Comm. Ganser clarified the cost estimate for the project was \$50,000.

Comm. Oppermann stated the City still needed to have vendors look at the project and how it will work, but that was the estimate.

It was moved by Comm. Brandel and seconded by Comm. Pieters to approve a contribution of \$12,000 for lighting on the walk bridge. On call of the roll, motion carried. (Pieters – Aye, Brandel – Aye, Ganser – Aye, Adams – Aye, Neils – Aye, Oppermann - Aye)

It was moved by Comm. Pieters and seconded by Comm. Ganser to adjourn. Motion carried on a voice vote. The meeting adjourned at 6:45 p.m.