

REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD MAY 13, 2019

Commissioners present were: Brandel, Ganser, Adams, Bristol, and Oppermann. Also present: Utility Manager Adler, Office Manager Statz, City Attorney Rogers and Baker Tilly Partner Jodi Dobson. Absent was: Horn. The meeting began at 5:30 p.m.

PUBLIC PARTICIPATION

Utility Manager Adler read thank you cards from the Jefferson Public Library and the Council for the Performing Arts regarding the utility's donations towards their programs.

MINUTES

It was moved by Comm. Brandel and seconded by Comm. Oppermann to approve the minutes from the April 8, 2019 meeting. Motion carried on a voice vote. Comm. Bristol abstained.

EXPENDITURES

It was moved by Comm. Brandel and seconded by Comm. Ganser to approve the payment of April's bills totaling \$1,352,015.29. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO ACKNOWLEDGE MICHAELIS LETTER OF TERMINATION

Comm. Brandel stated the Jefferson codebook lists "citizen of Jefferson" in all other places other than in the Utilities Commission section. It has been past practice for the commission members to reside in the City of Jefferson limits.

It was moved by Comm. Brandel and seconded by Comm. Ganser to acknowledge the termination of Commissioner Marla Michaelis. Motion carried on a voice vote.

THANK YOU TO PAST COMMISSIONERS PHIL RISTOW AND MARLA MICHAELIS

The commission directed staff to send plants to Mr. Ristow and Ms. Michaelis as a thank you for their service.

WELCOME NEW COMMISSIONER FRANK BRISTOL

The commission welcomed Comm. Bristol.

Comm. Bristol explained his professional background in the electrical industry.

DISCUSSION AND POSSIBLE ACTION TO APPOINT COMMISSION SECRETARY

Comm. Adams recommended Roger Ganser as the secretary.

It was moved by Comm. Brandel and seconded by Comm. Oppermann to appoint Roger Ganser as Secretary of the Utilities Commission. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND PRESENTATION OF 2018 AUDIT – JODI DOBSON, BAKER TILLY

Baker Tilly Partner Jodi Dobson presented the 2018 audit results to the Utilities Commission. In 2018, the water utility had a rate of return of 5.28%. The PSC authorized a 5.50% rate of return in the last rate case. Ms. Dobson indicated that you will never hit the authorized rate of return, so 5.28% is very good. The electric utility had a rate of return of 9.09%, with an authorized return of 5.00%.

Office Manager Statz reminded the commission that we just hired a lineman that we were holding off on. This higher rate of return reflects those dollars that were unspent, but being collected in rates. The rate of return will come down in 2019 with those dollars now being spent.

Ms. Dobson reviewed the debt coverage calculation. The utility is required to have 1.10 times its annual debt payments, but has 37.94 on hand. She indicated that the utility has a lot of borrowing capacity, if the need were to arise. In addition, she reviewed the percentage of capital assets that are funded by equity and by debt. Currently, the utility's capital projects are funded 94% by cash on hand and 6% by borrowing.

Ms. Dobson reviewed the utility's cash on hand. The recommended amount of cash on hand for a utility is three months' worth of expenses. At the end of 2018, Jefferson Utilities has 3.45 months on hand.

Lastly, Ms. Dobson reviewed some required communications on internal controls. She noted that journal entries should be kept in one location with all proper documentation for each entry. Currently, the journal entries are stored in different locations depending on the type, accounts payable, accounts receivable etc. She also noted that Baker Tilly drafts the financial statements at year end with all required footnotes. She went on to note that the utility should continue to assess its cyber security practices and in 2020, GASB will enforce changes in lease reporting.

City Attorney Rogers questioned Ms. Dobson about what kinds of leases would be included.

Ms. Dobson stated each lease has to be analyzed individually to see if it meets the GASB requirements. She recommended making a list of the different types of leases to make it easier once implementation time comes.

Comm. Adams questioned what the utility is doing about cyber security.

Office Manager Statz stated the 2019 budget included funds to participate in WPPI's new cyber security service. The service offers an increased firewall protection and an email phishing service. Staff can send suspicious emails to WPPI immediately for them to analyze. In addition, WPPI sends out fake phishing emails to test staff. The program helps staff be more aware of what they are clicking on in emails. This service does come at a cost, but anything the utility can do to protect its data is important.

Ms. Dobson added that cyber security is difficult in that once you block one avenue of breach, another is created.

Comm. Adams asked Ms. Dobson if the utility was in good standing based on her experience.

Ms. Dobson stated based on what she sees, yes, the utility is very healthy.

It was moved by Comm. Oppermann and seconded by Comm. Ganser to accept the 2018 financial audit. Motion carried on a voice vote.

Ms. Dobson left the meeting.

DISCUSSION AND POSSIBLE ACTION TO APPROVE PLM PAVING FOR ASPHALT REPAIR WORK FOR \$14,632.69

Utility Manager Adler explained the watermain breaks throughout last fall, last winter and early this spring need to have patch work done yet. He received three quotes and was recommending PLM Paving, as they were the lowest bidder.

It was moved by Comm. Ganser and seconded by Comm. Brandel to approve PLM Paving for asphalt repair work in the amount of \$14,632.69. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO APPROVE CARLSON-DETTMANN TO PERFORM COMPENSATION REVIEW AND ELIMINATE THE BONUS WAGE STRUCTURE

Utility Manager Adler explained that the 2019 budget had funds allocated for a compensation review. In addition, he recommended that the utility eliminate the bonus wage structure, as the utility cannot recover those costs in our rates. He was asking for approval to get a proposal for the work.

Comm. Brandel stated the city is also looking to eliminate the bonus wage structure.

City Attorney Rogers agreed the bonus wage structure should be eliminated.

It was moved by Comm. Brandel and seconded by Comm. Oppermann to authorize Utility Manager Adler to obtain a proposal from Carlson Dettmann to perform a compensation review and to eliminate the bonus wage structure. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION ON COMMUNITY CONTRIBUTION POLICY

City Attorney Rogers reviewed the requirements that the Community Contribution Sub-Committee determined for community contribution donations.

Comm. Brandel stated he liked the guidelines and thought the sample request for donation form would work, with a few edits.

City Attorney Rogers indicated he would edit the form to accommodate the needs of the commission.

It was moved by Comm. Brandel and seconded by Comm. Oppermann to approve the community contribution guidelines as presented, changing the due dates listed to the first of each month. Motion carried on a voice vote.

DISCUSSION AND POSSIBLE ACTION ON SOUTH WATER TOWER WORDING MODIFICATION – SUEZ UTILITY SERVICE COMPANY FOR \$10,000

Utility Manager Adler stated he would like to add “A Public Power Community” to the South Water Tower. It is up for painting this year. He stated funds are set aside by Suez Utility Service each year in our annual maintenance payments, which offsets the large expense of painting the tower.

Comm. Oppermann and Comm. Brandel liked the idea of adding “A Public Power Community” to the South Water Tower.

Utility Manager Adler added that the color of the water tower would change to maroon, to match Jefferson's school colors.

City Attorney Rogers questioned how much Suez puts away each year for the painting costs.

Utility Manager Adler stated he was not sure, but would find out.

Comm. Brandel questioned when the tower was painted last.

Utility Manager Adler thought it was painted between five and ten years ago.

It was moved by Comm. Oppermann and seconded by Comm. Bristol to approve the painting of "A Public Power Community" on the South Water Tower by Suez Utility Service Company for \$10,000. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO APPROVE FARM TECH DAYS 2019

Utility Manager Adler explained Farm Tech Days is coming to the Jefferson area in 2019. The utility has signed up to have a booth at the event for all three days. In addition, MEUW and WPPI are interested in having a presence at the event.

Comm. Oppermann stated Jefferson is hoping to host the event every other year.

Office Manager Statz stated she purchased 5,000 coloring books with the utility logo to hand out at the event. Those came at a cost of about \$2,200.

Utility Manager Adler stated the cost of the booth was about \$800. So, the utility was in for about \$3,000 at this point.

Office Manager Statz added that she would still like to purchase crayons to hand out with the coloring books.

It was moved by Comm. Brandel and seconded by Comm. Ganser to approve spending up to \$4,000 to promote Jefferson Utilities and WPPI at Farm Tech Days. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION ON ELECTRIC DEPARTMENT DIGGER DERRICK TRUCK

Utility Manager Adler explained the digger derrick is in need of repairs, but because it is eighteen years old parts are difficult to obtain. Currently, the parts needing repair on our machine are in Canada. We are hoping that it can be fixed, but this may not be possible. He explained the utility may need to replace the unit in 2020.

Comm. Oppermann asked how much a new unit would cost.

Utility Manager Adler stated it would be about \$275,000 for a new unit. Currently, Lake Mills has agreed to help us out if we need a unit.

DISCUSSION ON MYACCOUNT

Office Manager Statz explained the utility has officially launched MyAccount. She explained that MyAccount allows customers to view their bills, track their usage and sign up to receive their bills electronically. She explained that customers have been asking for e-billing for a long time and she was excited to finally be able to offer that to them. In addition, when the utility changes over to AMI meters, customers will be able to set notification alerts that tell them when they exceed their target usage. Customers can do this now, but the alert will not be available until the end of their billing cycle when the bill is issued.

Office Manager Statz stated she has been pleasantly surprised with customers' reactions to office staff no longer being able to process credit card payments for them. She explained that a computer has been set up in the lobby for staff to help customers sign up for MyAccount. She has placed the information on Facebook, the utility website and has scheduled a bill insert in customers' May statements.

Comm. Oppermann suggested placing a press release in the newspaper as well.

Office Manager Statz stated that she would like to do a promotion over the summer or possibly during public power week that promotes the services that we have added over the last few years. Her thought was to create a bingo card for customers to fill out and submit their name in a drawing for a prize. She explained the office receives a lot of questions about due dates and copies of bills. Her hope is to give customers the tools to answer these questions at their own leisure. She will bring back more concrete ideas on this promotion at a later time.

Overall, MyAccount has been well received so far and while there are still kinks to be worked out, the roll out has gone well.

DISCUSSION AND POSSIBLE ACTION TO ENTER INTO A COLLECTIONS AGREEMENT WITH MARGRAF COLLECTION AGENCY, INC.

Office Manager Statz explained that collecting the utility's money continues to become harder and harder. She explained that for debts that we cannot send to the tax roll and cannot submit to the Department of Revenue, she would like to enlist the help of a collection agency. Currently, these debts are written off in full. She got information from two companies, Margraf Collection Agency and Online Utility Exchange & Collections. She explained that the agency does take a percentage of the collection, but as of now, the utility gets nothing. She felt the commission paid was worth it if the utility could get some money back.

City Attorney Rogers stated he had worked with Margraf Collection Agency and said they have knowledge about local citizens that Online Utility Exchange may not have. He would recommend working with Margraf Collection Agency.

Office Manager Statz explained that the utility currently has \$2,735.42 that it cannot collect via the tax roll or Department of Revenue, but of that \$1,035.23 is from a customer that has passed away. She stated the utility would need to write off that amount.

City Attorney Rogers stated the utility could check to see if there was anything in probate where a claim could be made before writing off the debt.

It was moved by Comm. Brandel and seconded by Comm. Oppermann to enter into a collections agreement with Margraf Collection Agency, Inc for debts that cannot be sent to the tax roll or the Department of Revenue for collection. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

It was moved by Comm. Brandel and seconded by Comm. Ganser to adjourn to closed session pursuant to section 19.85(1)(e) deliberating or negotiating the purchase of public properties, the investing to public funds, or conducting of public business. On call of the roll, motion carried. (Oppermann – Aye, Adams – Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

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

It was moved by Comm. Bristol and seconded by Comm. Oppermann to adjourn. Motion carried on a voice vote. The meeting adjourned at 6:41 p.m.