

REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD OCTOBER 15, 2018

On call of the roll, commissioners present were: Adams, Horn, Brandel, Ristow and Oppermann. Also present: Utility Manager Adler, Office Manager Statz, City Attorney Rogers (left at 6:23 p.m.) and Director of Public Works Pinnow (left at 7:13 p.m.). Absent was: Comm. Michaelis. The meeting began at 6:02 p.m.

PUBLIC PARTICIPATION

None.

MINUTES

It was moved by Comm. Brandel and seconded by Comm. Horn to approve the open session minutes from the September 10, 2018 meeting. Motion carried on a voice vote. Comm. Ristow abstained.

EXPENDITURES

It was moved by Comm. Horn and seconded by Comm. Ristow to approve the payment of September's bills totaling \$1,553,890.05. On call of the roll, motion carried. (Oppermann – Aye, Horn – Aye, Adams – Aye, Ristow – Aye, Brandel – Aye)

DISCUSSION OF LANDLORD NOTICE – CUSTOMERS UNPAID BALANCES

Office Manager Statz explained that the utility sends out notices to landlords of their tenant's unpaid balances per the state law. She stated there was a complaint from a tenant that participates in the budget program about the language in the letter. She stated some changes were made to the letter to help clarify a customer's participation in the budget billing program, as well as the deferred payment agreements.

City Attorney Rogers questioned if it was possible to change the word "Overdue" on the letter.

Comm. Ristow stated when he saw the letter, his concern was with the column titled "Overdue." He stated it does give the impression that a customer has not paid their bill.

Comm. Brandel questioned if landlords understand what a budget billing program is.

Office Manager Statz stated she does not believe most landlords understand what it is or that they are responsible for their tenant's unpaid bills.

Comm. Brandel stated he thought the letter should include language to explain what the program is to help clear up some confusion.

Comm. Ristow stated he thought it would be helpful to have a column that noted if a budget customer was delinquent on their monthly budget payment.

Office Manager Statz stated she would need to check with WPPI to see if that could be programmed, as the letter is computer generated.

Comm. Oppermann stated he would like the customer's name removed from the record.

Office Manager Statz stated she would do so on the official packet. She questioned if Comm. Oppermann would also like that done on the commercial delinquency list that is provided monthly to the commission.

Comm. Oppermann did not feel that document was the same, as the commercial delinquency list was not listed on the agenda for discussion.

Comm. Ristow stated the customer listed on the example was not being discussed in a public meeting, but rather the letter itself.

Office Manager Statz stated she would check with WPPI to see if there could be a column added noting that a budget customer has made their monthly payment and will work on language in the letter to explain a budget billing program and a deferred payment agreement.

Office Manager Statz questioned if she should work directly with City Attorney Rogers on the changes or if the commission would like to see a draft at November's meeting.

Comm. Brandel stated he would like the proposed changes to be brought back to the commission for approval.

DISCUSSION OF FEDERAL FCC RULING ON SMALL CELL ATTACHMENT BILL

Utility Manager Adler explained that with the push for 5G data service, the Federal Communications Commission (FCC) has passed a bill that limits a utility's ability to negotiate pole contracts. He stated currently those contracts are negotiated privately and usually include a 3% annual increase. Currently, the utility receives about \$63,000 in annual revenue for companies to place their wires on our poles. With the FCC legislation, our pole contract revenue could drop significantly in 2020 and there is nothing that we can do about it.

City Attorney Rogers asked if the utility owns the poles.

Utility Manager Adler stated the utility does own all of the poles.

City Attorney Rogers and Comm. Ristow stated they didn't think the FCC would have the authority to dictate how the utility's infrastructure is used and how the utility is compensated for it.

Utility Manager Adler stated there are already lawsuits filed against the ruling.

City Attorney Rogers questioned if the law would negate any contracts already in place.

Utility Manager Adler stated was a good question and he did not have the answer, but would look into it.

City Attorney Rogers questioned if WPPI would be involved in a lawsuit against the ruling.

Utility Manager Adler stated he wasn't sure of WPPI would be, but thought that Municipal Electric Utilities of Wisconsin (MEUW) would.

City Attorney Rogers left the meeting at 6:23 p.m.

DISCUSSION OF USING ONE ENGINEERING CONSULTANT FOR WATER MAIN PROJECTS WITH CITY

Director of Public Works Pinnow was invited to join the meeting from the audience.

Comm. Oppermann stated he met with Director of Public Works Pinnow and asked him to attend the meeting. He stated he wanted to have a discussion about using one engineer for joint city and utility projects. He went on to say that last year's bids varied greatly in price. He wasn't sure if the lowest bid really wanted the business or if they didn't understand the project.

Director of Public Works Pinnow stated going out for Request for Proposals (RFP) saves money on the front end, but is not always realized as time goes on. Town and Country Engineering uses the same specifications and is familiar with the City of Jefferson's processes. He was concerned with having to do an RFP each year. He went on to say that there are issues that arise when using two engineering firms, such as paying two engineers to attend the pre-construction meeting, sharing design data between both parties and paying for two inspectors to be on-site. He stated during a recent project, the detour signs were removed too early and a resident drove through the street and damaged their vehicle. He stated this was not the result of Town and Country Engineering and Baxter and Woodman not doing their jobs, just with staff and consultants not being on the same page.

Director of Public Works Pinnow stated the Streets Committee entrusts the Streets Department budget to him and it is his job to work with Town and Country Engineering to make sure the city is getting the best deal.

Director of Public Works Pinnow stated it made sense to him to have one consultant. He stated the large variation in pricing that the utility saw for engineering services in 2018, this could indicate that the consultant may be making some assumptions about the project.

Comm. Horn stated when the utility and city are doing joint projects, there should be one engineer and the RFP's could be sent out at the same time.

Director of Public Works Pinnow stated he was not bidding out the engineering work in 2019 unless he was directed to do so by the Streets Committee. He stated he would need new specifications.

Comm. Ristow questioned why the specifications wouldn't be the same as prior year's projects.

Director of Public Works Pinnow stated most firms will use their own specifications. He stated a previously used consultant wouldn't allow their specifications to be used with another contractor.

Comm. Ristow stated he felt the specifications became public documents once they were given to the city.

Utility Manager Adler stated the utility has their own water main specifications that were developed by staff. He stated when the utility goes out for pricing, those specifications are given to the consultant.

Comm. Ristow stated RFP's have not been done in the past and they should be. He stated the utility saved \$20,000 on audit services by getting bids from other firms. In the end, the vendor we historically have used dropped their price significantly. He stated there should be an RFP policy that explains the process and who pays for what. He felt that if the city and utility use one engineer those questions should be addressed ahead of time.

Director of Public Works Pinnow stated there are issues with using more than one engineer.

Comm. Ristow stated he didn't have a problem with using one engineer, but felt that a policy should be put in writing.

Director of Public Works Pinnow stated the Common Council leaves it up to staff to make sure that the city is getting a good deal. He stated he did not want to send out RFP's each year. In his experience Town and Country Engineering is a quality contractor and has provided the city with good bid results.

Utility Manager Adler stated the watermain project in 2018 came in under budget, as did the prior year's project.

Comm. Ristow stated by writing a good RFP you will get quality work and save money in the process.

Comm. Adams questioned how joint projects have been split up in the past.

Utility Manager Adler stated there has been one bill for all departments and it was split three ways.

Director of Public Works Pinnow stated he thought the engineering costs were split 1/3, 1/3 and 1/3.

Comm. Horn questioned how many projects involve both the Streets Department and Water Department.

Utility Manager Adler stated the utility looks at the city's street schedule to determine if the watermain needs to be replaced. The Water Department's projects are decided based on that information. He stated when the sanitary sewer was extended on the north side of town it was such a big project that one consultant was used.

Comm. Horn stated contractors do get complacent, but that is where Mr. Pinnow's oversight is needed. He agreed with Comm. Ristow, but with Mr. Pinnow overseeing the projects he did not feel an RFP was needed. He felt it was important to avoid issues like signs erroneously being removed.

Utility Manager Adler stated the sign removal on Dane Street was from the water main replacement contractor, not Baxter and Woodman.

Director of Public Works Pinnow stated he was not placing blame on anyone. He stated using one consultant that is familiar with the city from year to year will result in consistency.

Comm. Horn stated since the Water Department plans their projects around the streets projects, he felt it was important to keep the projects together.

Comm. Ristow questioned if the city ever went out for RFP's.

Director of Public Works Pinnow stated the city did so four years ago and the initial bid came in 30% higher than what was budgeted. He felt that the consultant under budgeted for inspection services. He reiterated that he disagrees with doing an RFP annually.

Comm. Ristow stated an RFP doesn't have to be done each year.

Comm. Horn questioned what the checks and balances are to make sure that the consultant is doing the job at a fair price.

Director of Public Works Pinnow stated was a tough question. He stated he relies on his own expertise to evaluate what is fair and what is not. In addition, he performs his own engineering estimate on each project.

Utility Manager Adler stated typically the utility's budget and engineer is approved, preliminary design work is completed and field data is taken. After that, the bids are sent out early in the year.

Comm. Oppermann stated Mr. Pinnow's expertise is the check and balance and he is held accountable for his budget. He stated the Common Council needs to trust the people that are working for the city.

Director of Public Works Pinnow stated he needs to start the design process on several projects for 2019 and using one or more engineer will depend on how he proceeds.

Comm. Horn stated he felt we should use one engineer for joint projects.

Comm. Brandel stated he also felt one engineer should be used, as well as a single bid. He stated if there needs to be an RFP, there could be. He was satisfied with Town and Country Engineering's work and didn't see a reason to change. He stated Mr. Pinnow oversees the process. It was his opinion that the utility and city should try using one engineer 2019 and see how it goes. The practice could get revisited if needed.

Utility Manager Alder questioned how the engineering costs will be split, based on Mr. Pinnow's allocation or based on Town and Country Engineering's allocation.

Comm. Brandel stated he wasn't sure on that. He thought maybe the general cost of the project could be used for the engineering cost split.

Director of Public Works Pinnow stated he has not yet requested a proposal for work to be done in 2019.

Utility Manager Adler questioned if Mr. Pinnow receives proposals for paving work.

Director of Public Works Pinnow stated he does.

Comm. Brandel questioned if this work was split 50/50. He stated maybe costs could be split out in the bid.

Director of Public Works Pinnow stated would be easy enough to do, as he was not asking for anyone to pay more than their fair share.

Comm. Ristow questioned if there was time to do an RFP.

Director of Public Works Pinnow stated he would put the projects out for bid in January and start designing in November. He stated there is time to do an RFP.

Comm. Ristow reiterated that he was not against using one engineer, but was opposed to going with a blanket vendor.

Utility Manager Adler stated bidding out in January for water main projects is the same time frame that the utility has used in previous years.

Director of Public Works Pinnow stated unless an RFP is recommended by the Streets Committee, he would use the prior year's projects and not do an RFP for 2019 work.

Comm. Ristow stated when a consultant already has data, they have an incentive to get the job. He stated an RFP needs to be done every once in a while and it needs to be spelled out who makes that decision. He stated you don't always go with the low bid; sometimes there are other factors to need to be taken into consideration. He felt that there should be a policy in writing explaining who is responsible for what.

Utility Manager Adler asked Mr. Pinnow how much it costs to put a crown on one block of street.

Director of Public Works Pinnow stated it costs about \$20,000 per block, with no utilities.

Utility Manager Adler asked what the engineering costs would be.

Director of Public Works Pinnow stated he would have to get back on the costs for paving.

Director of Public Works Pinnow stated he engineers the work himself and Town and Country Engineering review his specifications. Typically engineering costs are about 17% of the project.

Utility Manager Adler asked if Town and Country Engineering could provide an estimate prior to the start of the project.

Director of Public Works Pinnow stated he wouldn't go with a consultant without bidding.

Utility Manager Adler stated the utility does an RFP and gives consultants two weeks to submit their proposal.

Comm. Oppermann stated no one wants to pay more.

Comm. Ristow asked how you knew if you were paying too much if you didn't ask.

Comm. Oppermann asked if it was always appropriate to take the low bid.

Comm. Ristow stated it absolutely was not. He stated by doing an RFP it keeps vendors honest. He referred to the RFP's sent out by the utility last year, which resulted in significant savings for the utility. He stated the engineering firm used did a great job and at a good price. He didn't think it was difficult for an engineer to design the placement of pipe in the ground.

Comm. Oppermann stated he had a higher regard for engineers' work than Comm. Ristow.

Comm. Ristow stated he respects the work performed by engineers, but didn't feel that replacing water main was difficult work for them.

Utility Manager Adler stated a representative of Baxter and Woodman, engineering firm used by the utility in 2018, was present at the meeting if any of the commissioners had any questions. There were no questions asked of the consultant.

Comm. Adams stated it was important for everyone to be on the same team and if that meant using one engineering firm then we should give it a try and see how it goes.

Utility Manager Adler stated everyone meets and talks together about the projects already.

Director of Public Works Pinnow echoed that the city and utility work together all the time.

Comm. Horn stated the he just wants to make sure we are closing any gaps that may exist by using more than one consultant.

Director of Public Works Pinnow stated he was not asking for a lifetime contract with Town and Country Engineering. He stated most of the city's projects are 60% completed based on the data from prior projects.

It was the consensus of the commission to use one engineering firm for joint Streets Department and Water Department projects.

Comm. Ristow stated he does not have an issue with cooperation or using one firm. He stated by doing an RFP there could be some savings. If an RFP isn't done for 2019 projects, then it should be done the next year. He stated there needs to be a process established who is in charge of inspections, as-builts, and who answers general questions so there isn't an issue with who is responsible for what.

Director of Public Works Pinnow left the meeting at 7:13 p.m.

DISCUSSION AND POSSIBLE ACTION ON 2019 WAGES AND HEALTH INSURANCE POLICY

Utility Manager Adler stated he was proposing to follow the city's compensation plan for 2019, which includes a 3% increase in the pay matrix for all positions except that of the Lineman, Meter Technician and Utility Manager. It is proposed that the Lineman, Meter Technician and Utility Manager positions would receive a 5% increase on the matrix.

Comm. Brandel asked for comparable wages for the Lineman position.

Utility Manager Adler provided a list of comparable utility's wages.

Comm. Brandel stated the lineman wages are still behind, but the utility is trying to catch up.

Comm. Ristow stated it was important to stay competitive, but also that our linemen do not have to travel like those in the private sector.

Comm. Brandel agreed and stated he felt we should be using Oconomowoc as a comparison.

Comm. Brandel questioned how much money this would cost the utility.

Office Manager Statz stated moving the matrix 3% and increasing the Lineman, Meter Technician and Utility Manager position wages by 5%, the cost over last year's wages would be about \$37,000, including retirement and taxes.

Comm. Brandel stated wasn't too bad.

Office Manager Statz clarified that the matrix would be increase 3%, which would mean that those employees in the steps would be receiving a 5.5% increase.

Comm. Brandel, seconded by Comm. Oppermann moved to increase the pay matrix by 5% in 2019 for the Lineman positions and 3% for all other positions. On call of the roll, motion carried. (Oppermann – Aye, Horn – Aye, Adams – Aye, Ristow – Aye, Brandel – Aye)

Office Manager Statz explained that the city is proposing to cover 100% of the health insurance deductible through an HSA contribution, \$2,700 for family and \$1,350 for single.

Comm. Ristow stated the utility should look at an opt-out plan again. He stated there may be some additional savings.

Comm. Brandel agreed, as long as there were enough people in the program.

Comm. Ristow stated maybe the utility could entice people with a \$3,000 opt-out payment.

Comm. Horn asked what the premium split was between the utility and employee.

Office Manager Statz explained that the utility pays for 88% and the employee pays for 12% of the monthly premium.

Comm. Ristow asked when the Common Council will approve the HSA contribution.

Comm. Brandel stated while it isn't yet official, it is almost certain to happen.

Comm. Ristow stated he would like to see the opt-out reopened to utility staff.

Comm. Brandel agreed that it should be revisited and should be discussed with the City Administrator.

Comm. Oppermann agreed with Comm. Ristow to offer an opt-out program and try to save money on insurance costs.

Comm. Ristow stated the commission should offer it now and maybe people will jump off of the insurance in 2019.

It was moved by Comm. Ristow, seconded by Comm. Oppermann to offer an opt-out incentive of \$3,000 per year to be paid 1/26 each payroll period and to make a contribution to the employee's HSA of \$2,700 for families and \$1,350 for single employees, contingent upon legal review. On call of the roll, motion carried. (Horn – Nay, Brandel – Aye, Adams – Aye, Ristow – Aye, Oppermann – Aye)

DISCUSSION AND POSSIBLE ACTION ON 2019 CAPITAL PROJECTS

Utility Manager Adler reviewed the proposed the 2019 electric projects.

Comm. Adams questioned if any work would be done in Eifler Alley.

Utility Manager Adler stated the city is using those TID funds for the Foremost project and a new park.

Utility Manager Adler reviewed the proposed 2019 water projects. He stated he would also like to replace some utility lead services in 2019 as well, so that more customers could take part in the lead replacement program.

Comm. Ristow questioned if the proposed spending matched what we normally spend on average.

Office Manager Statz stated it was a little over the average, but was close. She stated it was important to stay close to the average to make sure we are collecting those dollars in our rates.

Comm. Brandel explained that the bonds for the building project would go out for sale tomorrow (10/16/18). He stated the city got the highest bond rating it could, AA3, which helps to keep the interest rates low.

It was moved by Comm. Brandel, seconded by Comm. Oppermann to adjourn to closed session pursuant to section 19.85(1)(f) considering financial, medical, social, or personal histories of a specific person. On call of the roll, motion carried. (Oppermann – Aye, Horn – Aye, Adams – Aye, Ristow – Aye, Brandel – Aye)

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

It was moved by Comm. Ristow, seconded by Comm. Brandel to adjourn. Motion carried on a voice vote.

PRESIDENT

SECRETARY