

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
JULY 11, 2016**

COMMISSION MEETING MINUTES

A regular meeting of the Marshfield Utility Commission was called to order by President Mike Eberl at 4:00 pm on July 11, 2016 in the downstairs meeting room of the utility office. Present were Commissioners Mike Eberl, John Maggitti, Alen Johnson, Harry Borgman and George Holck. Also present were Alderperson Gordon Earll, Attorney John Adam Kruse, and Utility staff. Absent was Alderperson Peter Hendler.

- During commissioner, council, and staff comments Commissioner Borgman stated he thought the recent presentation given to City Council was very good. Alderperson Earll shared that he also thought the presentation went well and was well received. The Electric, Communications, & Gas Manager presented Cole Eswein with his diploma for the successful completion of the Substation Electrician Apprenticeship. The General Manager shared that an update on the solar project will be presented at the August commission meeting.
- The Human Resources Manager presented a final draft of the General Manager Review form.

UC/16-39 Motion by Holck, seconded by Borgman, to adopt the General Manager Review form. All ayes, motion carried.

- The Human Resources Manager and General Manager reviewed the employee wage policy document. The final draft of the policy to be presented at the August commission meeting.

UC/16-40 Motion by Maggitti, seconded by Borgman, to approve the following job orders:

5725	Replace 1321' of 6" water main with 8" water main on Locust Ave	\$124,151.68
5726	Replace 550' of 4" water main with 8" water main on Hemlock Ave	\$54,767.74
5727	Replace 350' of 4" water main with 8" water main on Weister Court	\$83,913.75

All ayes, motion carried.

UC/16-41 Motion by Borgman, seconded by Maggitti, to approve payroll for June in the amount of \$250,894.26 and general bills for June in the amount of \$2,631,701.59. All ayes, motion carried.

May 2016 Financial Statement Notes

Electric Utility

- Net loss was \$270 thousand for the month, with a net income of \$726 thousand year-to-date.
- Net operating loss was \$145 thousand for the month, compared to budgeted net operating income of \$84 thousand. Year-to-date net operating income was \$1.230 million, compared to budgeted net operating income of \$1.030 million.
- After adjusting for the PCAC timing, net operating income for the month was \$152 thousand.
- The League of Wisconsin Municipalities Mutual Insurance, which provides our liability and workers compensation insurance, declared a dividend of \$1.6 million for the 2015 policy year. Our portion of the dividend was \$3,664; \$2,565 of which was allocated to the electric utility.
- May consumption was down 3.55% from May 2015, with year-to-date consumption down 4.67%. Year-to-date energy losses were 0.91%, compared to prior year losses of -0.06%.

Water Utility

- Net income was \$112 thousand for May, with a net income of \$421 thousand year-to-date.
- Net operating income was \$147 thousand for the month, compared to budgeted net operating income of \$136 thousand. Year-to-date net operating income was \$600 thousand, compared to budgeted net operating income of \$549 thousand.
- Operating expenses included \$15 thousand for modifying the hand railing at the Water Treatment Facility to allow safe access to filter cells.
- The water utility portion of the League of Wisconsin Municipalities Mutual Insurance dividend for the 2015 policy year was \$1,099.
- May consumption was down 9.44% from May 2015, with all major customer classes showing a decrease. Year-to-date consumption was down 3.55% from the prior year. Year-to-date water losses were 16.35%, compared to prior year losses of 16.73%.

Communication Utility

- Net income was \$17,356 for the month, compared to budgeted net income of \$18,805. Year-to-date net income was \$84,827, compared to budgeted net income of \$89,606.

UC/16-42 Motion by Holck, seconded by Maggitti, to dispense with reading the minutes of the previous meeting and accept them as submitted. All ayes, motion carried.

- The General Manager reviewed the operations and financial reports.
- The Technical Services Manager shared information on a recent Groundwater Guardian event for the Girl Scouts.

UC/16-43 Motion by Maggitti, seconded by Borgman, to adjourn. All ayes, motion carried. Meeting adjourned at 4:46 p.m.



John Maggitti, Secretary

Operations Report July 2016

At the last commission meeting, there was a question about the breakeven point for the investment in the M-1 generator and if it would be before or after our purchased power agreement with WPSC expires in 2028. Our investment in the M-1 is currently at \$34 million and the net revenues and cost savings over expenses is \$3 million for a typical year. The breakeven point is therefore slightly more than 11 years. Since the M-1 started in 2011, the breakeven point is in 2022, which is prior to the expiration of the current purchased power agreement with WPSC.

We have received notice that our Regulatory Compliance Coordinator is resigning. We will look at some potential candidates inside the utility to replace her before looking to the outside. She has generously offered to stay on until we have a replacement candidate on board.

We are working on the rate case applications for both the electric and water utilities. These will be submitted to the PSC by July 31st to meet their deadline for using 2016 as our test year for revenues and expenses. For the water utility, we will request a 7.5% rate of return as enthusiastically endorsed by both the Utility Commission and City Council.

The water main lining project on Upham Street is progressing. All of the water main has been lined. They are now pressure testing, reinstating water services and installing new hydrants and valves. Most of the water main should be back in service in about 3 weeks and road repairs will start at that time.

You may have seen the work on the Grant Park Water Tower painting. A heavy tarp surrounds the tower during the sand blasting and paint process to contain the overspray. About 60% of the primer coat has been applied at this time. There have been zero complaints from the public as of July 1st.

We are at the approximate 75% point for the AMI installations 10,070 of 13,100 (77.3%) of the electric meters installed and 5446 of 8300 (66%) water meters installed as of June 30th.

From July 2015 to date, Marshfield Utilities has been responsible for the recycling of 2561 pounds of batteries, 5481 fluorescent bulbs, and 1086 HID street lights. Our recycling program continues to be successful. Hillers True Value's and Reigle Plumbing's willingness to participate in our program has been paramount to our success.

Another huge success is the drug collection program. Below is a summary of pounds of drugs collected in Wood County during the past DOJ event. Marshfield is doing a great job!

Wood County	DOJ Event April 30, 2016	From Permanent Site	Total
Marshfield	185	726	911.0
Grand Rapids/Nekoosa	20	139	159.0
Pittsville		30	30.0
Port Edwards			0.0
Rome			0.0
Wisconsin Rapids	3	398	401.0

Wood County Sheriff's Depart.

24.4	<u>31</u>	<u>55.4</u>
	TOTAL	
	DISPOSED:	<u>1,556</u>