

**AUGUST 12, 2024 UTILITY COMMISSION MEETING MINUTES
CITY OF EDGERTON**

Chairperson Kapellen called the meeting to order at 5:45 p.m.

Present: Paul Davis, Shawn Prebil, Jim Kapellen, Rick Petersen, Todd Wescott, Richard Sturm and Denise Langan

Others Present: City Administrator Ramona Flanigan, Municipal Services Director Howard Moser, Mayor Christopher Lund and citizens.

Flanigan confirmed the meeting agenda was properly posted on Friday, August 9, 2024 at the Post Office, Edgerton Library, City Hall and the City's website.

MINUTES: A Shawn Prebil/Paul Davis motion to approve the July 8, 2024 Utility Commission meeting minutes passed, all voted in favor.

PAY REQUEST #2 FROM MILLER PIPELINE FOR THE 2024 LEAD LATERAL REPLACEMENT PROJECT: A Denise Langan/Shawn Prebil motion to approve pay request #2 from Miller Pipeline for the 2024 Lead Lateral Replacement project in the amount of \$359,739.79 passed on a 7/0 roll call vote.

VOUCHERS PAYABLE: A Jim Kapellen/Rick Petersen motion to approve vouchers payable in the amount of \$450,733.27 passed on a 7/0 roll call vote.

LEAK CREDITS: A Jim Kapellen/Todd Wescott motion to approve a leak credit at 121 Whitney's Way for sewer only in the amount of \$130.00 passed on a 7/0 roll call vote.

A Jim Kapellen/Richard Sturm motion to approve a leak credit at 506 Chamberlain St for sewer only in the amount of \$90.00 passed on a 7/0 roll call vote.

2025 WATER & SEWER FORECAST: Staff presented the five-year updated financial forecasts for the water utility and the sewer utility. The forecasts are largely driven by capital projects and equipment.

The water utility forecast includes almost \$1.7 million capital projects over the next four years. The forecast also includes the following increases in operating costs: increased costs in meter replacements in order to stay compliant with DNR regulations; an 11% health insurance rate increase and an increase in retirement costs. The lead lateral project is done and the closing on the loan/grants is scheduled for September. Three water utility scenarios were offered and discussed.

1. No rate increases over the next 5 years and no borrowing after 2024. This shows positive by quickly declining cash over the five years.
2. No rate increases over the next 5 years, using \$100,000 each year of utility cash to pay for projects, and borrowing for all other projects. This scenario results in a relatively stable cash position and no need for additional required rate increases in the next 5-year period.

3. No rate increases over the next 5 years, using \$200,000 each year of utility cash to pay for projects, and borrowing for all other projects. This scenario results in a relatively stable cash position and no need for additional required rate increases in the next 5-year period.

Per PSC regulations, the water utility has reached a limit in simplified rate increases and the utility will not be able to increase rates using the simplified rate increase process until a full rate study has been completed. The last full rate study was in 2001.

A Rick Petersen/Richard Sturm motion to consider water scenario #3 passed on a 7/0 roll call vote.

Flanigan explained the sewer utility is not regulated by the PSC so the Commission and the City Council determine the rates. The last sewer rate increase was a 3% increase in 2021. Three sewer utility forecast scenarios were offered and discussed.

1. No rate increase and no borrowing for any projects provides the utility with adequate but slightly declining cash over the 5-year period. This indicates that an adjustment to rates and/or expenses will be required in the future.
2. No rate increase, no borrowing for any projects and paying an extra \$37,400 to reduce the loan term on the WWTP Rural Development loan by about 4.5 years. This shows positive but declining cash over 5 years.
3. A 3% rate increase in 2025, do not borrow for projects and paying an extra \$37,400 to reduce the loan term on the WWTP Rural Development loan by about 4.5 years. The 3% rate increase provides a new revenue stream adequate to pay for the increase loan payments.

A Rick Petersen/Shawn Prebil motion to consider sewer scenario #1 with no rate increase passed on a 7/0 roll call vote.

Being no other business before the Commission, a Shawn Prebil/Denise Langan motion to adjourn passed, all voted in favor.

Howard Moser/mjd
Municipal Services Director