

**SEPTEMBER 11, 2023 UTILITY COMMISSION MEETING MINUTES
CITY OF EDGERTON**

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

Present: Paul Davis (arrived at 5:48), Shawn Prebil, Jim Kapellen, Lawanna Schieldt, Denise Langan, Rick Petersen and Todd Wescott

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

Flanigan confirmed the meeting agenda was properly posted on Friday, September 8, 2023 at the Post Office, Edgerton Library, City Hall and the City's website.

MINUTES: A Denise Langan/Rick Petersen motion to approve the August 14, 2023 Utility Commission meeting minutes passed, all voted in favor.

OVERPAYMENT REFUND: A Denise Langan/Lawanna Schieldt motion to approve the overpayment refund for 414 Randolph St in the amount of \$185.89 passed on a 7/0 roll call vote.

VOUCHERS PAYABLE: A Jim Kapellen/Rick Petersen motion to approve vouchers payable in the amount of \$46,081.31 passed on a 7/0 roll call vote.

OVERPAYMENT REFUND POLICY: The current overpayment refund policy requires overpayment refunds on terminated accounts to be approved by a motion from the agenda and then again on the bills list. Staff is requesting the step requiring a separate motion be eliminated from the process.

A Jim Kapellen/Lawanna Schieldt motion to approve the overpayment refund policy to not require a separate motion passed, all voted in favor.

2024 WATER & SEWER FORECAST/RATE INCREASE: 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 \$2.9 million in capital projects over the next five years. The projects budgeted for 2024 include replacing public and private lead laterals, the north half of Albion St, hydrants, meters and a Scada (communication) system upgrade. Four water utility forecast scenarios were offered and discussed. All scenarios include the following: completion of the private and public lead lateral replacement project; an assumption that the Utility will receive 50% grant funding for the private side lead lateral replacement; and borrowing for Quigley St.

1. No rate increases over the next 5 years and no borrowing (other than those mentioned above). This results in a need for large rate increases every year.
2. Having an 8% rate increase (per PSC regulations) and no other rate increases over the next 5 years, using \$100,000 each year of Utility cash to pay for projects, and borrowing

for all other project costs. This scenario results in a relatively stable cash position and no additional required rate increases in the next 5-year period.

3. Having no rate increases over the next 5 years, using \$100,000 each year of Utility cash to pay for projects, borrowing for all other project costs, and not doing a capital project in 2025. This scenario results in no required rate increase but also leaves almost no cash in the last year. This option will not be sustainable over the long-term meaning there will have to be some rate increases at some point in the next 5 years.
4. Have no rate increase in 2024 and having 3% increases in each of the subsequent years, using \$100,000 each year of Utility cash to pay for projects, and borrowing for all other project costs. This results in somewhat low, but relatively stable cash.

A Rick Petersen/Jim Kapellen motion to approve an 8% rate increase for water (scenario two) passed on a 7/0 roll call vote.

The sewer utility forecast includes the same projects mentioned in the water utility forecast. Three sewer utility forecast scenarios were offered and discussed.

1. Having no rate increase and no borrowing for any projects provides the utility with adequate but declining cash over the 5-year period. This indicates that an adjustment to rates and/or expenses will be required in the future.
2. Having no rate increase and no borrowing for any projects and paying an extra \$37,000 to reduce the loan term on the WWTP Rural Development loan by about 4.5 years. This shows positive but quickly declining cash over the 5-year period.
3. Have a 3% rate increase in 2024, do not borrow for projects, and paying an extra \$37,000 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 Denise Langan/Todd Wescott motion to approve a 0% rate increase and no borrowing for sewer (scenario one) passed on a 7/0 roll call vote.

Being no other business before the Commission, a Lawanna Schieldt/Rick Petersen motion to adjourn passed, all voted in favor.

Howard Moser/mjd
Municipal Services Director