

OSKALOOSA WATER BOARD
REGULAR MEETING
2/16/16

Members Present:

Jason Carter
Brad Hodges
Mike Vore
Kevin Tacke (entered at 3:10)

Ex-Officio Members Present:

Tom Jiminez
Mayor Krutzfeldt
Mike Schrock

Others Present:

Chad Coon
Crystal Breuklander

The Oath of Office was administered to Jason Carter. One copy will be filed with OMWD minutes and the original will be sent to City Hall.

A motion was made by Brad Hodges and 2nd by Mike Vore to approve the agenda as presented. The motion carried with Carter, Vore and Hodges voting yes, Tacke and Ryan absent.

A motion was made by Brad Hodges to approve the minutes of the 1/18/16 regular meeting. The motion was 2nd by Mike Vore. The motion carried with Carter, Vore and Hodges voting yes, Tacke and Ryan absent.

Board member Kevin Tacke entered the meeting at 3:10 PM.

The attached vouchers totaling \$362,829.31 were presented for approval as well as Financial Statements. A motion was made by Mike Vore to approve the vouchers for payment and accept the Financial Statements. The motion was 2nd by Brad Hodges. The motion carried with all members present voting yes.

1. The next agenda item was Customer Forum. There were no items presented.
2. The next agenda item was discussion of wastewater operations. Chad briefly updated the group on the operations as well as items as addressed in the 28E agreement. There was also discussion about the facility plan and the engineering firm that was hired to complete it.

3. Next agenda item was Discussion of billing for Red Carpet Inn. Greg Life was in attendance representing the ownership of Red Carpet Inn and addressed the Board about the billing and water rates for the Red Carpet Inn. He asked the Board to consider what impact the rate structure has for those outside of city limits. Chad was instructed to compile a spreadsheet showing revenue generated for the last 5 years and report back to the Board. No action was taken by the Board,
4. Susanne Gerlach, representing Public Financial Management (PFM), was in attendance for the next agenda item, Consideration and discussion of Water Capital Funding Options and Water Cashflow Analysis as prepared by Public Financial Management (PFM). Susanne presented three different options to the Board of Trustees for funding and possible rate increase scenarios. Exhibit #1 showed a 25% increase and allowed for cash funding for capital projects. Exhibit #2 showed a 22.5% increase this year and also introduced an SRF loan in fiscal year 2018-2019 in the amount of \$1,575,000.00. Exhibit #3 was also discussed and that option showed a 12.5% increase this year with revenue bonds in fiscal year 2016-2017 as well as an SRF loan in fiscal year 2018-2019. After discussing the pros and cons of each plan, and looking at projected water rates after 5 years as well as the cost associated with the debt, the Board took an inventory of how they felt each plan addressed what was needed to sustain the necessary capital spending. There was general agreement that while no one wanted to increase rates as dramatically as was proposed, in order to plan for the long term viability of the utility, Exhibit #1 provided the means necessary to continue investing in the infrastructure. There was no action taken on this issue by the Board of Trustees.
5. The Ex-Officio members left the meeting towards the end of the previous discussion. The time was 4:25 PM.
6. Public hearing for proposed water rate increase was next on the agenda. Motion to open the public hearing made by Kevin Tacke and second by Mike Vore. Public hearing open at 4:32 PM. There were no comments made by those in the audience and no written comments were received either. The Board members took this time to give their comments. Kevin Tacke commented that the Board needed to get rates up to a sustainable level to complete future capital projects, and that option #1 looked best to him. Brad Hodges stated that he agreed with Kevin's opinion and that there is a need to get funding to a point where the utility can continue to complete infrastructure work, and that the best long term solution was to approve the 25% increase. Mike Vore said that even when looking at other options and the long term water rates with those options, option #1 looked to be the best option. Kevin Tacke also stated that he felt cash funding would provide the best basis for continued spending on infrastructure unless there was a one-time, big ticket item such as a plant rebuild, then it may make more sense to look at debt more closely. Jason Carter commented that he didn't see debt as a good thing and

with the difference in the increase from Exhibit #1 to Exhibit #2 only being 2.5% it made sense to go with option #1. There were general questions that drifted off the topic of the public hearing that dealt with online bill payment and a move to monthly billing. During this discussion Chad was instructed to put together a committee of employees for making a move to monthly billing and to report back with an update at the next month's meeting. Motion by Vore and second by Tacke to close the public hearing. Public Hearing closed at 4:46 PM.

7. The next agenda item was Introduction of Resolution #1601, Resolution to Increase Water Rates Effective March 1, 2016. Mike Vore read the resolution and Jason Carter made a motion to increase water rates by 25% effective March 1, 2016. This was second by Brad Hodges. Ayes all, motion passed.
8. Next on the agenda was consideration and discussion on plans and specifications for Carbonado Road Water Main Replacement. Jack Pope was in attendance to provide some background and information to the Board about the proposed project. It was noted that there are approximately 5900 lineal feet of new main that will be installed as well as about 55 service connections. Jack answered questions that the Board had regarding this project and proposed setting April 14th as the bid letting date and April 18th as the bid award date, which would be the regularly scheduled meeting for April. Motion by Mike Vore and second by Kevin Tacke to approve the plans and specifications for Carbonado Road project and set April 14th as the bid letting date and April 18th as the bid award date. Ayes all, motion passed.
9. General Manager's update was next. Chad updated the Board about issues at the treatment plant, including wells #22 and #25, high service pump #5 being rebuilt, lime feeder problems, bench testing of water meters, a new operation permit and plans for installation of water main along Highway 23. There was also discussion about water stability in light of the current crisis in Flint Michigan and how OMWD's treatment plant is equipped to handle that issue.
10. Miscellaneous was the last agenda item. Chad talked about the two leaks that had happened in the last month. One on Highway 23 and the other along 263rd Street, south of Edmundson Park.

There being no further items to discuss, it was moved by Kevin Tacke, and second by Brad Hodges to adjourn.

ATTEST

Meeting Adjourned 5:20 PM

Mike Vore – Chairman

Brad Hodges– Secretary