



**Utility Commission  
Meeting Agenda  
Wednesday,  
September 11, 2019 at  
8:00 AM  
Wastewater  
Treatment Plant**



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1. CALL TO ORDER	
2. ROLL CALL	
3. ADOPTION OF AGENDA	
4. APPROVAL OF MINUTES	
a. <a href="#">Utility Commission Meeting Minutes 8-7-2019</a>	3 - 5
5. APPROVAL OF BILLS AND DISBURSEMENTS - AUGUST 2019	
a. <a href="#">Check Register AUGUST 2019</a>	6 - 9
6. PUBLIC COMMENT	
7. SECOND QUARTER 2019 FINANCIAL RESULTS	
a. Second Quarter 2019 Financial Results <a href="#">Memo-Second Quarter 2019 Financials</a>	10 - 37
8. WASTEWATER TREATMENT PLANT UPGRADE PROJECT	
a. <a href="#">Memo-WWTP Upgrade Design</a>	38 - 41
9. PFAS UPDATE	
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10. RESIDENTIAL & GENERAL SERVICE TARIFFS - OPTIONAL TIME-OF-DAY RATE AMENDMENT	
a. <a href="#">Memo-Time of Day Rate Amendment</a>	43 - 47
11. 2020 BUDGET	
a. <a href="#">Memo-2020 Budget</a>	48
12. CAPITAL IMPROVEMENT PLAN 2020-2024	
a. <a href="#">Memo-Capital Plan</a>	49 - 55
13. DEPARTMENT REPORTS	
14. COMMUNICATION AND MISCELLANEOUS	
15. CLOSED SESSION WIS. STAT. 19.85 (1)(C): 2019-2020 STAFFING	
a. Considering Employment	
16. OPEN SESSION	
a. Action on Closed Session	

17. ADJOURNMENT

**NEW RICHMOND UTILITY COMMISSION MINUTES**  
**August 7, 2019**

The regular meeting of the New Richmond Utility Commission was held on August 7, 2019 at 8:00 a.m. at the Civic Center.

Mike Kastens called the meeting to order at 8:10 a.m.

Members Present: Bob Mullen, Mike Kastens, Gerry Warner, Dan Casey (via phone), and Pat Becker.

A motion was made by Bob Mullen to approve the agenda moving agenda item # 8, WPPI Member Governing Body Presentation, prior to agenda item #7, Audit Report, seconded by Pat Becker, and carried.

A motion was made by Pat Becker to approve the minutes of the July 10, 2019 meeting, seconded by Gerry Warner, and carried.

A motion was made by Pat Becker to approve June 2019 bills and disbursements, seconded by Gerry Warner, and carried.

**Public Comment:**

None

**WPPI Governing Body Presentation:**

Tom Hanrahan from WPPI Energy joined the Utility Commission meeting for a Member Governing Body presentation. The title of the presentation was “The Power of Great Places” and focused on what that means for New Richmond as a member-owner of WPPI Energy. The presentation highlighted some recent accomplishments WPPI members have achieved by collaborating through joint action, noted some current WPPI and industry developments, and discussed ways that WPPI can support member’s local efforts and priorities. WPPI currently has 51 members, 41 are Wisconsin owners, and run by members.

**2018 Auditor Report:**

Kim Schultz from Bakker Tilley gave an overview of the financial report.

- Electric sales have been consistent, increasing a total of 10% from 2015 to 2018
- Water volume increased 0.5% from last year but has increased 3.1% since 2015. The increase is primarily due to irrigation usage, which increased 27.3% from last year and increased 60.2% since 2015.
- Sewer volumes have remained fairly consistent overall, increasing 4.1% from 2015 to 2018. Residential customer volumes increased by 4.5% during this time while interdepartmental and public authority volumes decreased 7.5% and 19.0%, respectively.
- Current electric rates were implemented on December 1, 2013.
- Current water rates were implemented on July 1, 2014.
- Bond Resolutions require that earnings from the system be 1.25 times the revenue bond annual debt service based on the bond year. The coverage requirement was met in 2018.
- Cash flow from operations should be sufficient not only to recover operating costs, but also to provide for debt service, transfers to the municipality for property tax equivalent and routine plant additions.

**Department Reports**

**Jeremiah Wendt, Director of Public Works:**

- No Report Jeremiah absent

**Steve Skinner, Lead Wastewater Treatment Plant Operator:**

- Greg Hermansen is testing in Plover for more wastewater DNR certifications.
- The air compressor in the basement of the digester was repaired. Failed psi switch was the source of the problems.
- Pump at Main Lift Station has been blowing fuses. Fuses were ordered from J.H. Larson on July 10<sup>th</sup>, but still have not received them. Contacted J. H. Larson and found out they will not be shipped until August 26<sup>th</sup>. Instead of waiting for those fuses, an order was placed on Amazon with delivery expected within a week.
- Steve Skinner met with Rep. Rob Stafsholt on concerns and costs of transporting biosolids. Rep. Stafsholt will bring it back to the capital to discuss with other representatives. Hopefully the issue will be brought to the House of Representatives in the next 6-8 weeks.
- Annual generator service is scheduled for next week.

**Bob Meyer, Water Superintendent:**

- Lightning strike hit transducer on Tower #1.

- Fox Run Lift Station panel had a control piece fail during the lightning storm. Quality Flow brought new part and did repair.
- Water Department is still busy doing locates.
- Residential sewer and water inspections continue.
- Installation of new meters is ongoing.
- Jetting continues.
- A sewer reline took place by the old high school.
- New truck arrived approximately three weeks early. Still needs to be converted.
- Manhole rehab is on the agenda to be completed.

**Weston Arndt, Electric Superintendent:**

- **Bosch Packaging Outage** – On Tuesday, July 16, we had a failed underground primary cable feeding the south service of the Bosch facility. A temporary primary was established, restoring power within roughly two hours. On July 17, River Falls brought their fault finding equipment to help us find where the cable failed. Fortunately, the failure was south of the parking lot. The cable was spliced on Wednesday, and Thursday morning at 6:00 am we had a short outage to switch back to the repaired cable. We are making plans to upgrade this line from the riser pole to the transformer. This will take some coordination with Bosch, and will likely occur in October.
- **Only one other outage** – squirrel at Immaculate Conception.
- **Rustic Ridge** – We completed our underground system improvements.
- **Overhead Improvements** – Continuing with work along East Sixth, East Fifth Streets
- **James Place** – Getting closer to joint trench work with Xcel at James Place development.
- **Electric Operations Intern** – We are proceeding with offering our current GIS intern, Josh Miller, the opportunity to stay on as our Electric Operations Intern. He will work roughly 16 hours per week during his fall semester, for 266 hours. This position is funded by an APPA grant.
- **Shared Meter Tech Service** – Two meter technicians from WPPI Energy are testing meters August 6, 7, and 8<sup>th</sup>. They'll also be performing thermal imaging as time allows.
- **WPPI Energy Executive Committee member visit** – On July 23, Wes met with member representatives from Waupun, Cedarburg, and Black River Falls to discuss performance and provide feedback on WPPI Energy.
- **Mutual Aid** – Wes shared a presentation on our mutual aid assistance for Barron and Wisconsin Rapids. It was a good learning experience and the importance of tree trimming and placing underground services.

**Stacie Running, WPPI ESR:**

- Focus on Energy:
  - Incentives paid January-June, 2019 = \$49,670
    - \$22,415 paid last month
  - 781 customer measures:
    - 20 commercial/industrial
    - 913 residential
    - 11 school & government
  - Estimated contribution into the program < \$40,000/year
  - 850,823 first year kWh savings
  - 10,901,129 kWh lifecycle savings
- WPPI/New Richmond Utilities
  - We received the APPA Smart Energy Provider plaque.
  - Solar inverter repair was made on the Community Solar Garden.
  - A thank you from RISE was shared for the recent contribution.
  - We are planning a Lunch and Learn for the New Construction Design Assistance Program in partnership with River Falls and Slipstream for the Fall of 2019.
  - Working with the PACE Wisconsin program to offer Property Assessed Clean Energy financing to New Richmond customers.
  - Customer Connections:
    - Barley Johns
    - NRSB
    - Phillips Medisize

**Rae Ann Ailts, Finance Director:**

- Working on the 2020 budget with all departments. Conversations with the Utility Commissioners will take place in the coming weeks. Draft to follow.
- Working on improving the Capital Improvements Planning vs maintenance.
- The Municipal Management Software Request For Proposals went out the end of July. The initial intent responses will be evaluated by EO Johnson in August and September. Small group of vendors will be brought forward for selection.

- Working on municipal management software, EO Johnson will evaluate the responses in August & September
- Next month's Utility Commission meeting will take place at the WWTP.

**Mike Darrow, Utility Manager:**

- Mike complimented staff on great transparency. The audit report will be on the website.
- Interviewing took place with firms interested in the Beebe Building. Three firms have been brought forward, with information released to the public later in the week. A decision is expected to be made sometime in the fall.
- Staff is doing a value statement of compensation before jumping into benefits and wages.
- The Friday Memorial Library is hoping for a location decision by August 26<sup>th</sup>.

There being no further business, Gerry Warner motioned to adjourn, seconded by Pat Becker, and carried. The meeting adjourned at 9:25 a.m.

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Mike Kastens, President

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Gerry Warner, Secretary

# New Richmond Utilities

AUGUST 2019

## Check Register

Check #	Date	Amount	Vendor Name	Description
002520	8/2/2019	75,684.80	CITY OF NEW RICHMOND	PAYROLL 8-2-19
002521	8/8/2019	14,996.83	US BANK CORPORATE PAYMENT SYSTEM	WWTP JULY PCARD INVOICES
002522	8/9/2019	1,178.56	SPEEDWAY	JULY FUEL BILL
002523	8/19/2019	29,708.62	WI DEPT OF REVENUE	JUL19 SALES TAX
002524	8/16/2019	60,465.90	CITY OF NEW RICHMOND	PAYROLL 08-16-19
002525	8/15/2019	1,409.64	CITY OF NEW RICHMOND	WAGE REIMB CROSBY, MEIER, POWE
002526	8/15/2019	443.44	CITY OF NEW RICHMOND	WAGE REIMB CROSBY, MEIER, MILL
002527	8/15/2019	11,182.53	CITY OF NEW RICHMOND	MONTHLY BILL
002528	8/15/2019	18,178.40	CITY OF NEW RICHMOND	RECYCLING
002529	8/15/2019	25,762.61	CITY OF NEW RICHMOND	STORM WATER
002530	8/15/2019	5,000.00	CITY OF NEW RICHMOND	RENT
002531	8/15/2019	5,964.70	CITY OF NEW RICHMOND	INSURANCE
002532	8/15/2019	118.02	CITY OF RIVER FALLS	FAULT FINDING
002533	8/15/2019	1,912.00	DIGGERS HOTLINE, INC.	2ND PREPAYMENT
002534	8/15/2019	339.54	GOLDCOM VOICE & DATA SUPPLY	RED MARKING PAINT
002535	8/15/2019	3,236.49	HAWKINS, INC	ALUMINUM SULFATE
002536	8/15/2019	622.00	HYDRODESIGNS	CROSS CONNECT INSPECT & REPORT
002537	8/15/2019	507.90	NORTH CENTRAL LABORATORIES INC	AMMONIA STANDARD, HACH BOD
002538	8/15/2019	6,294.45	NEW RICHMOND UTILITIES	JULY CTOC COLLECTIONS
002539	8/22/2019	23,472.00	LOCAL GOVERNMENT INVESTMENT POOL	JUL19 WATER IMPACT & SAC COLLE
002540	8/21/2019	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP#5, 8 & 10 AUG19 INVESTMEN
002541	8/21/2019	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP#7, 9 & 11 AUG19 INVESTMEN
002542	8/28/2019	844,739.58	WISCONSIN PUBLIC POWER INC	JUL19 PURCHASED POWER
002543	8/30/2019	60,425.49	CITY OF NEW RICHMOND	PAYROLL 8-30-19
002544	8/29/2019	45,675.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
002545	8/29/2019	21,333.17	CITY OF NEW RICHMOND	HEALTH INSURANCE
002546	8/29/2019	45.91	CITY OF NEW RICHMOND	LIFE INSURANCE
002547	8/29/2019	451.71	CITY OF NEW RICHMOND	LONG TERM DISABILITY INSURANCE
002548	8/29/2019	369.67	CITY OF NEW RICHMOND	SHORT TERM DISABILITY INS
002549	8/29/2019	666.64	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
002550	8/29/2019	106.25	CITY OF NEW RICHMOND	BENEFIT EXTRA MO FSA, HRA & CO
002551	8/29/2019	273.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
002552	8/29/2019	24.00	DIGGERS HOTLINE, INC.	TICKET BALANCE
002553	8/29/2019	317.49	MAILFINANCE	LEASE PYMT JUN 9-SEP9
002554	8/29/2019	503.40	NORTH CENTRAL LABORATORIES INC	PHOSPHORUS, FIBER FILTERS
002555	8/29/2019	223.76	QUALITY FLOW SYSTEMS, INC.	GENERAL REPAIR FOX RUN LIFT
002556	8/29/2019	171.87	QUILL	PAPER, LABELS, POSTIT NOTES,
002557	8/29/2019	26.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
036426	8/14/2019	-685.00	B & B ELECTRIC INC	VOIDED CHECK
036462	8/1/2019	213.00	JENNIFER H SUIT	CR REF ACCT# 625500-21
036463	8/5/2019	204.86	RODNY L TONI	CR REF ACCT# 1076800-21
036464	8/7/2019	214.31	BALDWIN TELCOMM	JULY PHONE BILL
036465	8/7/2019	253.79	VERIZON WIRELESS	JUL CELL PHONE BILL
036466	8/7/2019	10.47	K.A. OR RANDY SPINKS	CR REF ACCT# 703200-20
036467	8/7/2019	129.54	MARISIN DEL C LAFAVOR	CR REF ACCT# 1486600-34
036468	8/14/2019	4,616.00	BAKER TILLY VIRCHOW KRAUSE LLP	FINANCIAL STATEMENT AUDIT
036469	8/14/2019	0.00	B & B ELECTRIC INC	VOID INV# 8072 INV PD BY PCARD
036470	8/14/2019	391.00	INDUSTRIAL SAFETY, INC.	ANNUAL FIRE EXTINGUISH SVC
036471	8/14/2019	766.08	KWIK TRIP	JULY FUEL BILL
036472	8/14/2019	1,523.71	SHORT ELLIOTT HENDRICKSON INC	NORTH TANK ANNUAL INSPECTION

036473	8/15/2019	0.00	STUB CHECK	AMERIPRIDE LINEN & UNIFORM SERVICES
036474	8/15/2019	1,412.25	AMERIPRIDE LINEN & UNIFORM SERVICES	ELECTRIC UNIFORM SVC
036475	8/15/2019	1,066.37	BORDER STATES ELECTRIC SUPPLY	INNERDUCT COUPLING
036476	8/15/2019	205.44	CORE & MAIN LP	TOP SECT THRD, LID M/WATER
036477	8/15/2019	2,320.00	ENERGIS HOLDINGS, LLC	OIL SAMPLES AT HIGHVIEW, KNOWL
036478	8/15/2019	124.50	FRESCO INC	SMALL FAST PATCH
036479	8/15/2019	285.84	FRONTIER COMMUNICATIONS	JULY PHONE BILL
036480	8/15/2019	6,275.61	STUART C IRBY CO	BOX PAD, HOT LINE CLAMPS, SPLI
036481	8/15/2019	375.00	KROLL'S EXCAVATING	BLACK DIRT & COMPOST MIXTURE
036482	8/15/2019	2,709.92	METERING & TECHNOLOGY SOLUTIONS	100W ERT METERS
036483	8/15/2019	100.00	MY RECEPTIONIST, INC	ANSWERING SVC JUL 24- AUG 20
036484	8/15/2019	226.20	RESCO	VINYL TAPE, INSULATOR
036485	8/15/2019	219.32	WASTE MANAGEMENT OF WI-MIN	GARBAGE SVC 6/1/19-7/31/19
036486	8/15/2019	136.88	WESTON ARNDT	REIMBURSE BARRON MUTUAL AID
036487	8/15/2019	2,518.92	WESCO RECEIVABLES CORP	PEDESTAL-SECONDARY
036488	8/19/2019	18.00	CITY OF NEW RICHMOND	PYMT ISSUED IN ERROR TO NRUTI
036489	8/29/2019	50.67	ADAM NYBERG	CR REF ACCT# 1447600-36
036490	8/29/2019	327.50	ALTEC INDUSTRIES INC	LEAK UNDER CHASSIS
036491	8/29/2019	6,623.00	B & B TRANSFORMER, INC	RETANKS
036492	8/29/2019	47.11	BETTY HANSON	CR REF ACCT# 418500-20
036493	8/29/2019	10,438.52	BORDER STATES ELECTRIC SUPPLY	SLIP ON CONN, WASHERS, SCREWS
036494	8/29/2019	283.18	BRIAN & AMIE SCHROEDER	CR REF ACCT# 1613500-21
036495	8/29/2019	3,600.72	CORE & MAIN LP	IPERL METERS
036496	8/29/2019	514.00	CURT'S ELECTRIC LLC	ATTACH UNITS FOX RUN LIFT STAT
036497	8/29/2019	245.00	DECLAN PROPERTIES LLC	CR REF ACCT# 339400-25
036498	8/29/2019	70.00	ELECTRICAL TESTING LABORATORY	GLOVE TEST
036499	8/29/2019	93.65	EMILY & JEREMY BARTZ	CR REF ACCT# 1804100-27
036500	8/29/2019	1,381.38	EO JOHNSON CO.	FIELD LAPTOP ELECTRIC DEPT
036501	8/29/2019	132.81	FAWD LLC	CR REF ACCT# 300800-21
036502	8/29/2019	266.00	FLEX-O-SWEEP CO	PIPE EXTENSION
036503	8/29/2019	2,556.25	STUART C IRBY CO	TAP CONN
036504	8/29/2019	181.28	JASON & LAUREN RASMUSSEN	CR REF ACCT# 1908000-21
036505	8/29/2019	207.84	JEFF & JULIE LANDT	CR REF ACCT# 1062800-21
036506	8/29/2019	31.04	JILL GLORVIGEN	CR REF ACCT# 213600-20
036507	8/29/2019	153.26	JIM & HOLLY WOLF	CR REF ACCT# 1907400-21
036508	8/29/2019	207.63	JOAN BRISTOL	CR REF ACCT# 1614200-21
036509	8/29/2019	45.58	JOHN S HELLING	CR REF ACCT# 1040600-22
036510	8/29/2019	8.60	JOSHUA & TAYLOR GEORGE	CR REF ACCT# 1087100-22
036511	8/29/2019	109.43	KATIE L SAMPAIR	CR REF ACCT# 1082500-22
036512	8/29/2019	42.69	KENNETH E BRITZIUS	CR REF ACCT# 626900-23
036513	8/29/2019	41.20	LYNN E SKOOG	CR REF ACCT# 839000-41
036514	8/29/2019	108.95	MACKLYN HOMES LLC	CR REF ACCT# 1649800-20
036515	8/29/2019	2,709.92	METERING & TECHNOLOGY SOLUTIONS	100 W ERT ENCODER
036516	8/29/2019	12.64	MIN QUE	CR REF ACCT# 1296200-35
036517	8/29/2019	34.21	MOLLY & STEVEN OHM	CR REF ACCT# 1625500-25
036518	8/29/2019	6,293.00	MSA PROFESSIONAL SERVICES INC	WWTF UPGRADE DESIGN
036519	8/29/2019	100.00	MY RECEPTIONIST, INC	RECEPTIONIST SVC AUG 21-SEP 17
036520	8/29/2019	54.71	NICOLE L JOHN	CR REF ACCT# 1491100-23
036521	8/29/2019	53.05	PATRICIA A GEISSLER	CR REF ACCT# 216000-22
036522	8/29/2019	291.30	RESCO	INSULATOR - SUSPENSION 15 KV
036523	8/29/2019	4,916.98	SHORT ELLIOTT HENDRICKSON INC	WATER SYSTEM MASTER PLAN
036524	8/29/2019	554.49	SKOGLUND OIL CO. INC.	SYN GEAR 220 & SYN GEAR 680
036525	8/29/2019	117.44	1ST AYD CORPORATION	GLASS CLEANER
036526	8/29/2019	244.72	ST CROIX COUNTY HWY DEPT	LABOR & MACHINERY
036527	8/29/2019	162.45	THE SULLIVAN FAMILY IRREVOCABLE TRUST	CR REF ACCT# 209200-20
036528	8/29/2019	605.00	TRILOGY CONSULTING, LLC	REVIEW PSC APPLICATION

036529	8/29/2019	18.05	TROY & RACHEL GREENWOLD	CR REF ACCT# 219700-25
036530	8/29/2019	70.01	VALERIE STACKEN HINZ	CR REF ACCT# 1289300-20
036531	8/29/2019	34,289.85	WEST CENTRAL WIS BIOSOLIDS FAC	BIOSOLIDS
036532	8/29/2019	308.54	WESCO RECEIVABLES CORP	W-DIE MD6 HYTOOL
036533	8/29/2019	123.76	WESTVIEW CONSTRUCTION INC	CR REF ACCT# 1851100-20
036534	8/29/2019	205.67	XCEL ENERGY	AUG GAS BILL

**Total**                    **\$ 1,505,941.46**

**Total Checks & Wires**



# MEMO



**Prepared for:** Utility Commission  
**Staff Contact:** Joel Enders, Management Analyst  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** Second Quarter 2019 Financial Results

**BACKGROUND INFORMATION:**

Staff will review and present analysis of the attached second quarter 2019 financial results at the upcoming Utility Commission meeting. Presentation slides are also attached.

**RECOMMENDATION:**

Discussion item only – no action is being requested at this time.

**ATTACHMENTS:**

[NRU 2Q19 Fin Report Presentation](#)  
[2Q19 Utility Financial Report](#)

# NEW RICHMOND UTILITIES



SECOND QUARTER 2019 FINANCIAL RESULTS

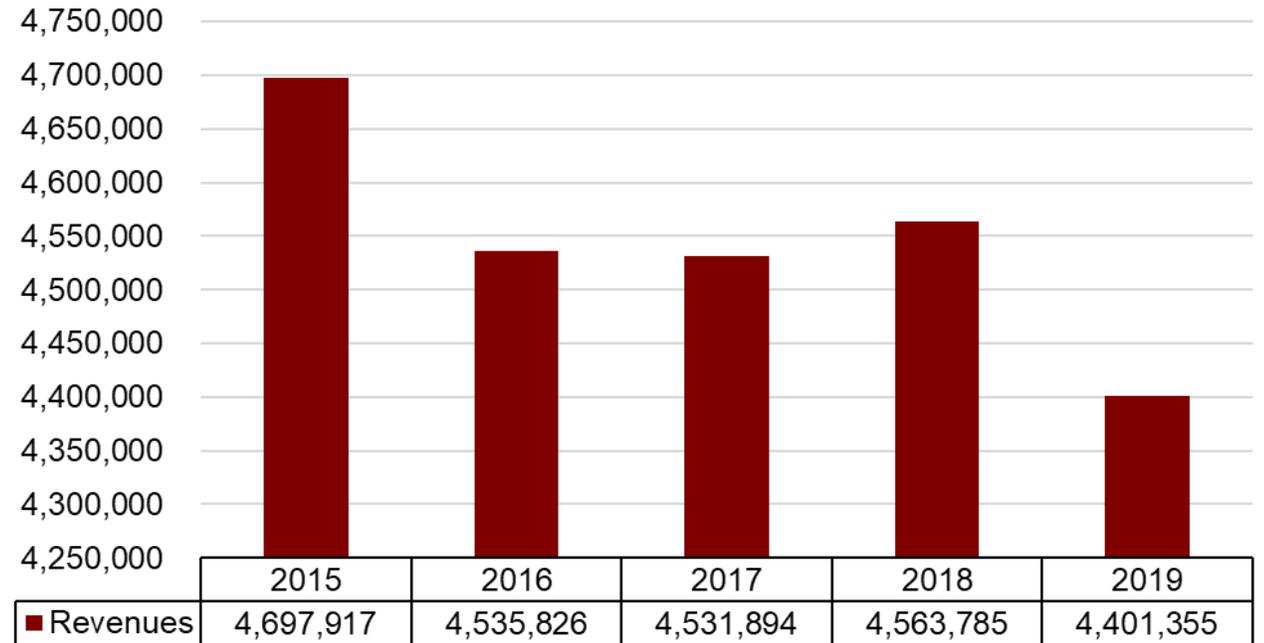




# ELECTRIC UTILITY – REVENUES

- \$4.40 million thru second quarter
- 12% below budget target
- Power cost adjustments skewed budget-to-actuals
- Commercial & Industrial sales slow vs.YTD 2018
- Revenues expected to pick up in Q3
- Customers increased by 147 since 2Q18

Electric 5-Year Actuals through 2nd Quarter

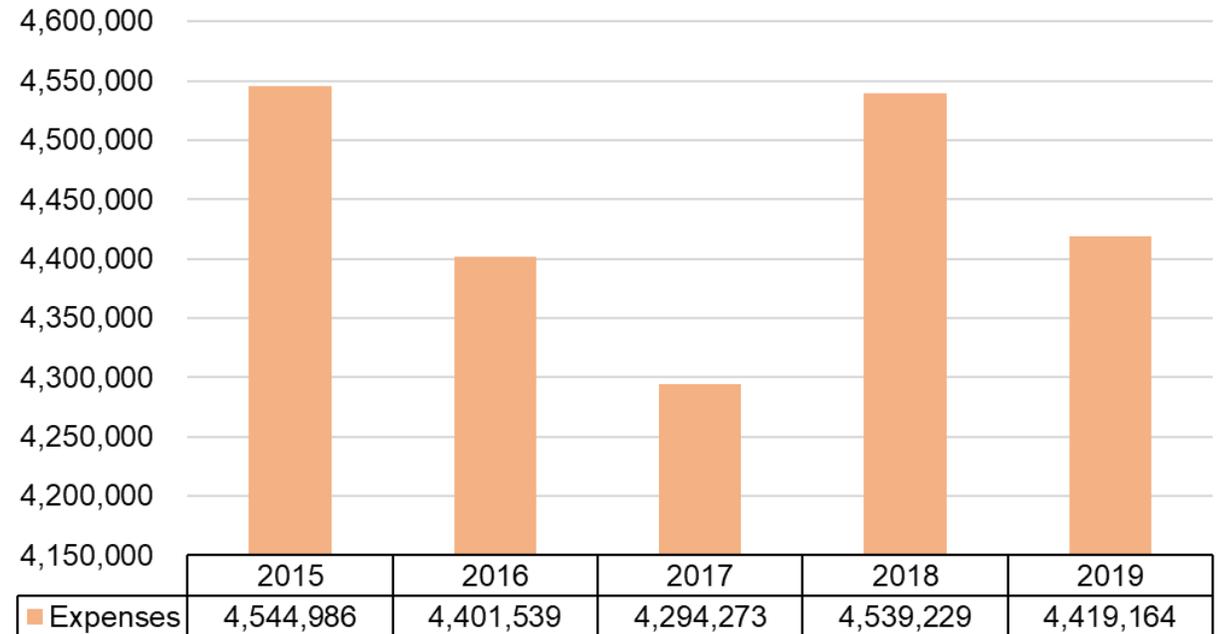




# ELECTRIC UTILITY – EXPENSES

- \$4.41 million thru second quarter
- 11.4% under budget – low wholesale costs
- OH/UG Line Maintenance
- Vehicle Repairs & Maintenance
- Expenses slightly less than 2Q18 and 5-year average
- Local expenses 1.1% over budget
  - O&M costs slowly rising with growth

Electric 5-Year Actuals through 2nd Quarter

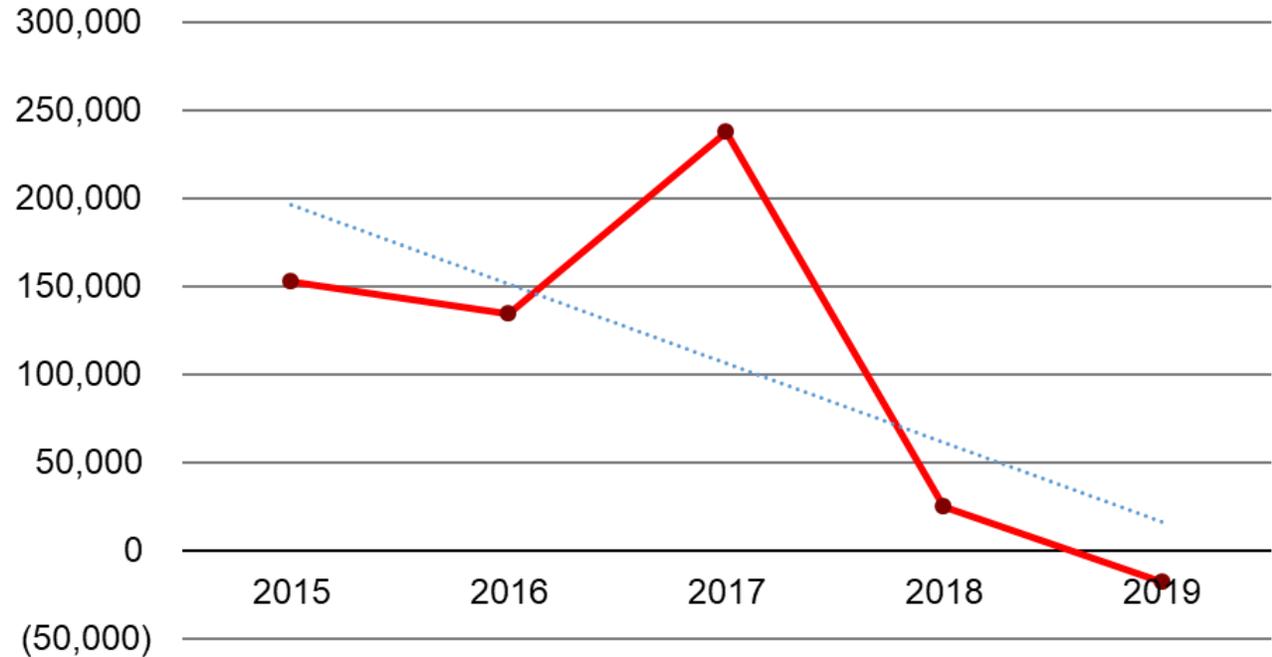




# ELECTRIC UTILITY – OPERATING INCOME & NET POSITION

- Operating loss of -\$17.8K thru 2Q19
- Seasonal factor
- Commercial & Industrial sales slow
- O&M costs increasing with growth
- Trending down over last 5-year period
- -\$134K change in net position
  - Tax equivalent transfers

Electric Operating Income Trend - 2nd Quarter





## ELECTRIC UTILITY – A LOOK AHEAD

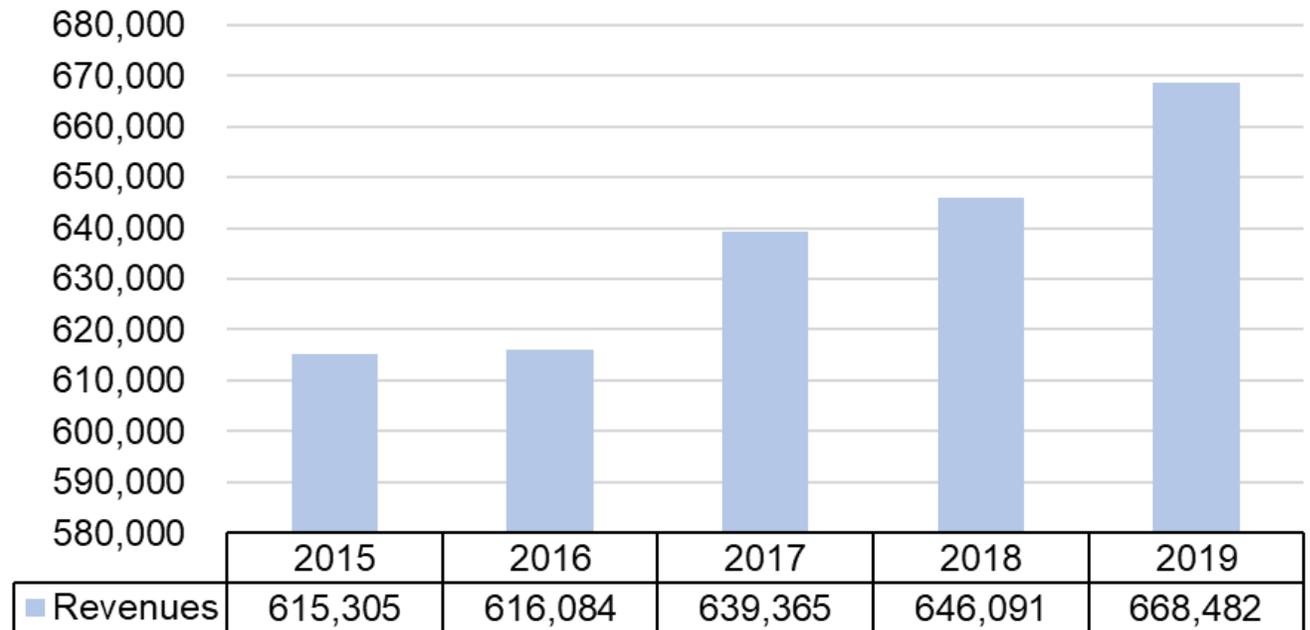
- Sales expected to increase as seasonal demand pricing comes into effect
- Small operating gain expected by end of year
- Cost of service study may be necessary in 2020



# WATER UTILITY - REVENUES

- \$668K thru second quarter
- 14.8% below budget target
- Following seasonal trends
- Year-on-year revenue continues to rise
- Customers increased by 194 since 2Q18

Water 5-Year Actuals through 2nd Quarter

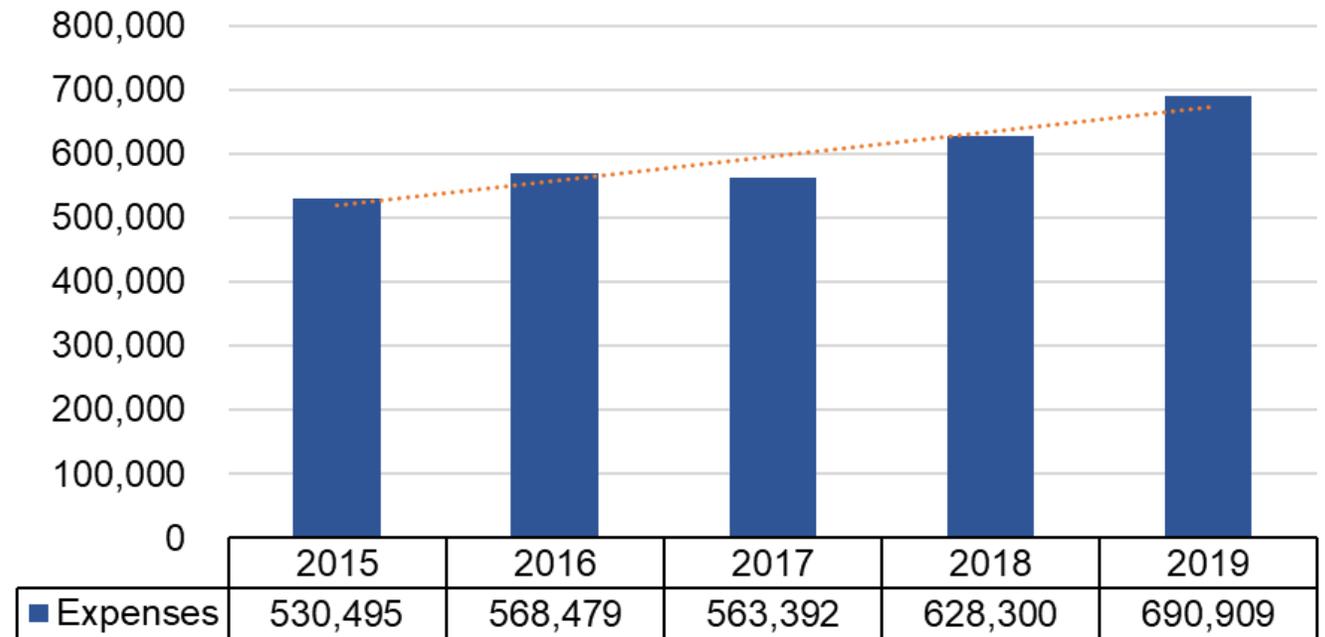




# WATER UTILITY - EXPENSES

- \$690K thru second quarter
- 3.7% below budget
- Water main breaks will impact budget
- O&M expenses rising slightly faster than revenues as customer base increases

Water 5-Year Actuals through 2nd Quarter

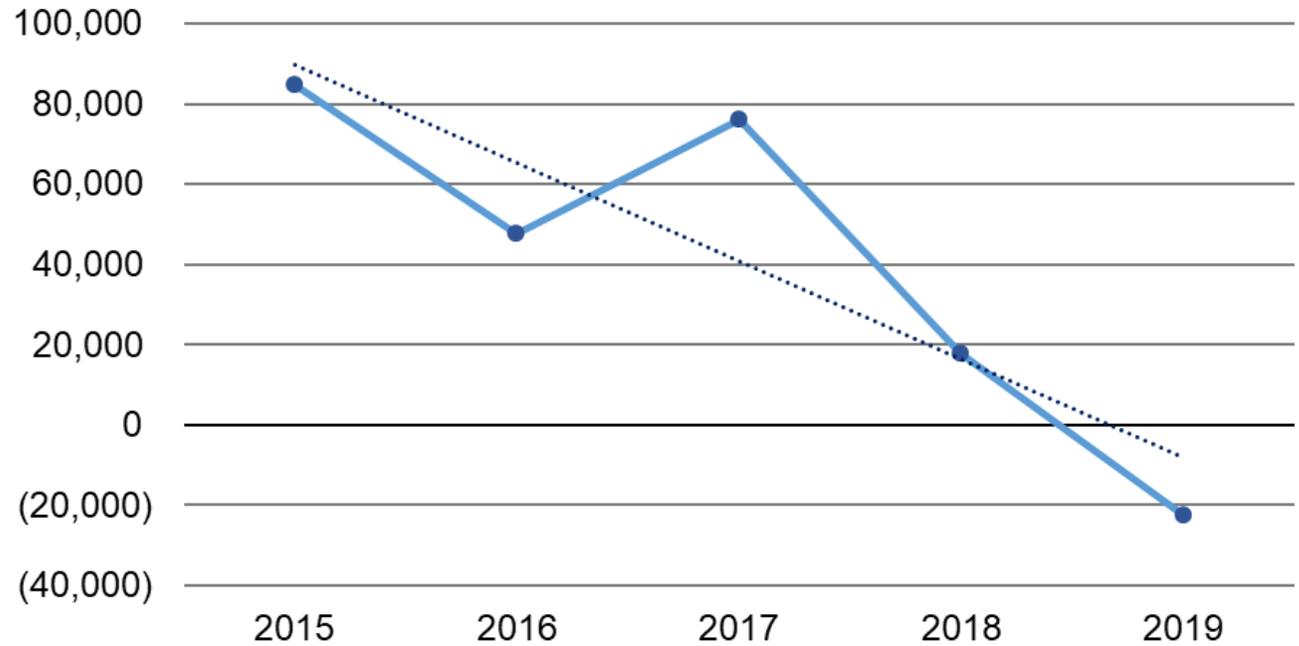




# WATER UTILITY – OPERATING INCOME & NET POSITION

- Operating loss of -\$22.4K thru 2Q19
- Seasonal trends
- Significant one-time expenses
- Slowly increasing O&M costs
- Small operating gain expected by year end

Water Operating Income Trend - 2nd Quarter





# WATER UTILITY – A LOOK AHEAD

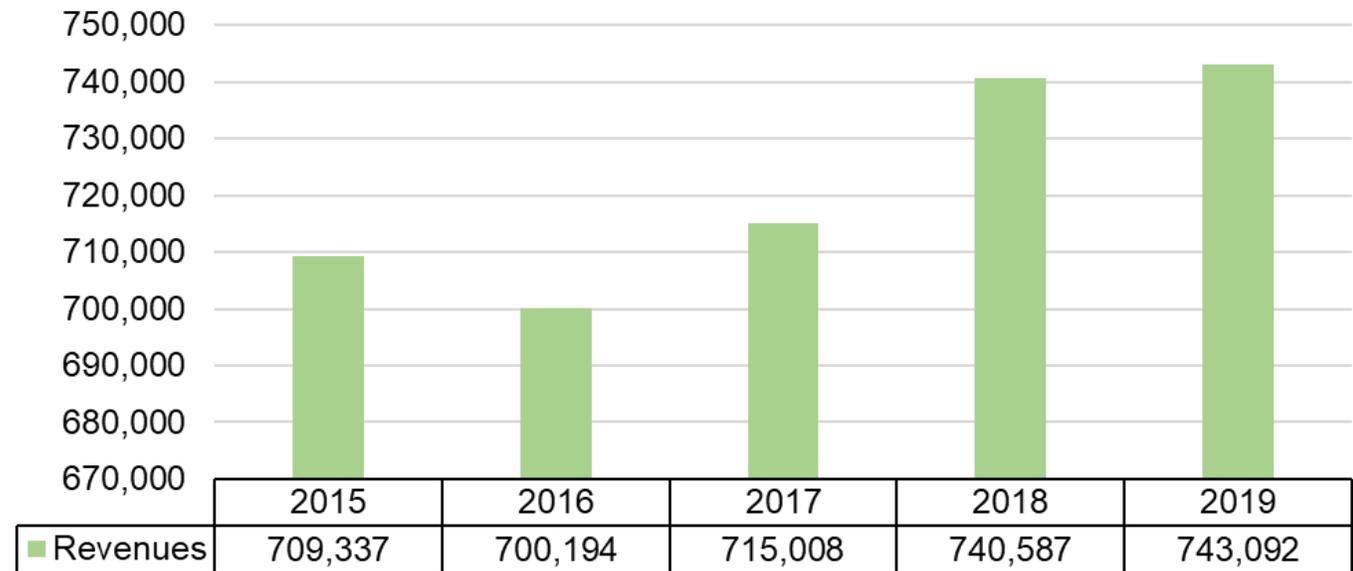
- Revenues expected to increase in Q3 and Q4
- Irrigation revenues may fall short due to mild summer
- Rate adjustments will:
  - Help revenues catch up to expenses
  - Help pay for capital improvements / replacements



# SEWER UTILITY - REVENUES

- \$743K thru second quarter
- Less than 1% under budget target
- Closely following quarterly trends
- YTD revenue trending upward over last 5 years
- Customers increased by 119 since 2Q18

Sewer 5-Year Actuals through 2nd Quarter

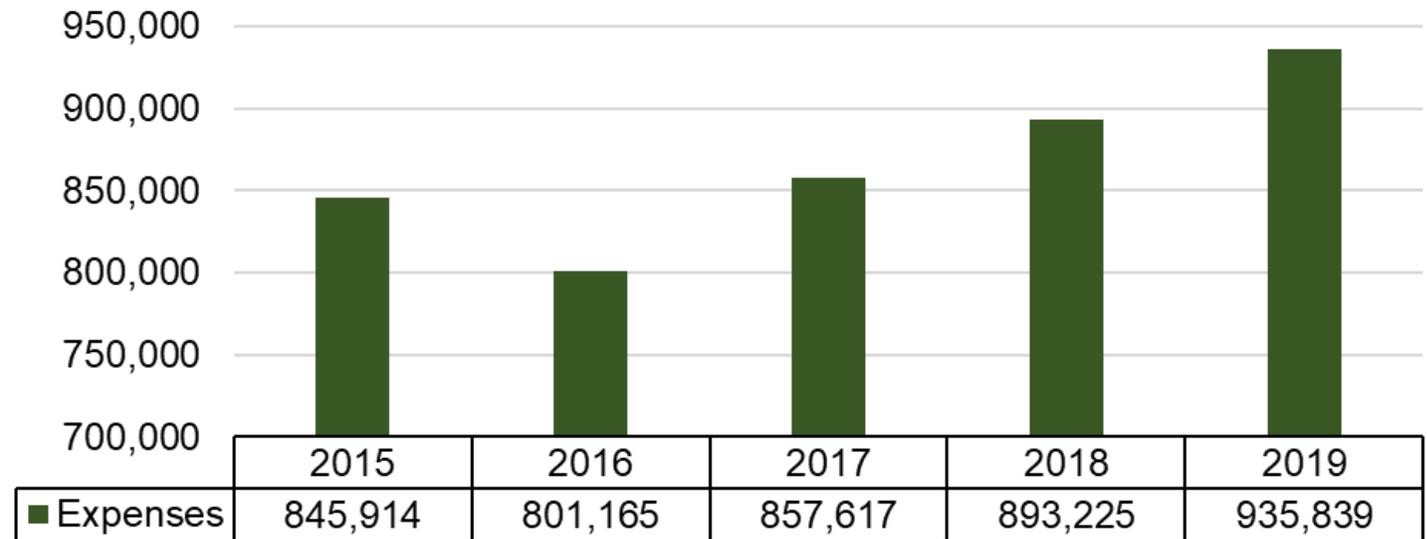




# SEWER UTILITY - EXPENSES

- \$935K thru second quarter
- 6.7% under budget
- Biosolid hauling still an issue
  - \$12.8K refund from WCWB
  - \$15-\$20K budget variance by year end
- O&M costs trending upward as customer base grows

Sewer 5-Year Actuals through 2nd Quarter

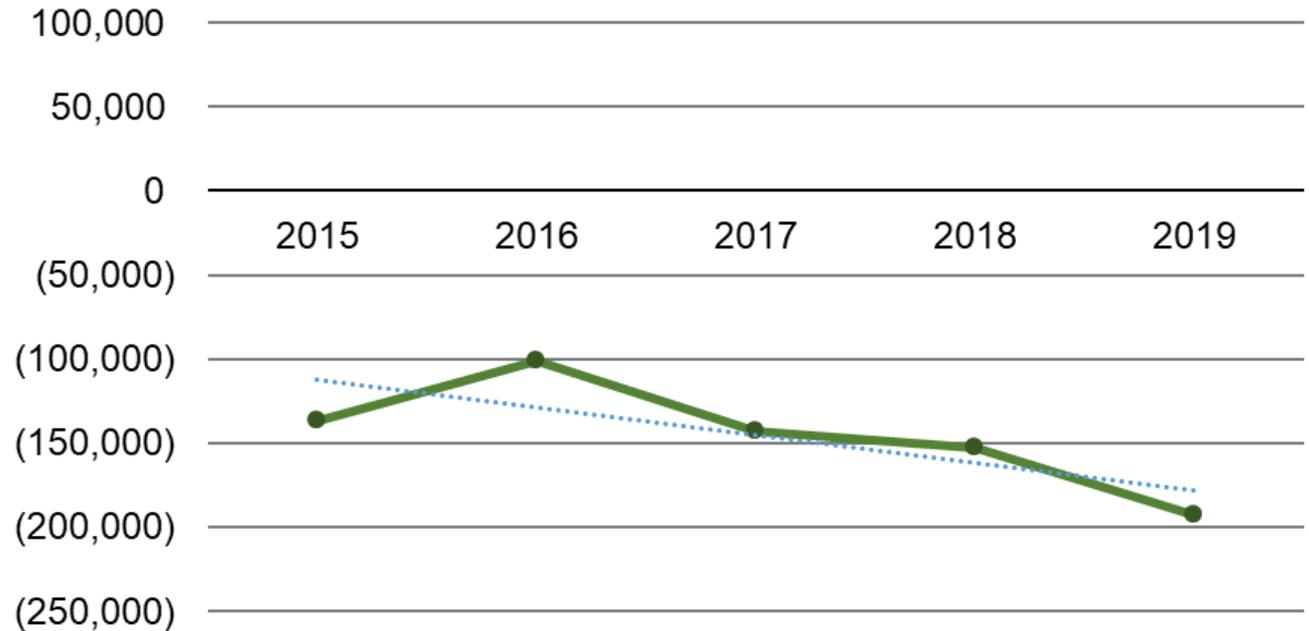




# SEWER UTILITY – OPERATING INCOME & NET POSITION

- Operating loss of  $-\$192\text{K}$  thru 2Q19
- Losses trending upward over last 5 years
- $\$60\text{K}$  better than budgeted
- $-\$86\text{K}$  change in net position
  - Investment income & impact fees

Sewer Operating Income Trend - 2nd Quarter





# SEWER UTILITY – A LOOK AHEAD

- Expenses will align to budget in Q4
- Approved rate adjustments will:
  - Help revenues catch up to expenses
  - Help pay for capital improvements / replacements
- Staff continue to lobby for and monitor legislative action on biosolid hauling limits



## QUARTERLY FINANCIAL DASHBOARD

Second Quarter 2019

ELECTRIC REVENUE & EXPENSES	2019			VARIANCE		2018	
	Actuals through 2nd Quarter	Budget through 2nd Quarter	Adopted Annual Budget	Over (Under) through 2nd Quarter	Percent of Budget Year-to-Date	Actuals through 2nd Quarter	Budget through 2nd Quarter
Operating Revenue	4,401,355	5,009,835	10,019,670	(608,480)	44%	4,563,785	4,993,515
Operating Expenses	4,419,164	4,987,950	9,975,896	(568,786)	44%	4,539,229	4,910,781
Change in Net Postion	(134,792)	7,863	15,726	(142,655)	-857%	(38,320)	12,043
REPORTING METRICS	YTD 2017	YTD 2018	YTD 2019	SUMMARY			
Number of Customers	4,627	4,747	4,894	2Q19 revenues were approximately 12% short of budget due to seasonal trends, low wholesale energy rates and slightly lower than expected commercial and industrial sales. Expenditures ended 11.4% under budget due to lower than expected wholesale energy rates. Local O&M costs were about 1.1 percent over budget.			
kWh Sold	44,477,616	47,120,960	47,535,062				
Daily Operating Cost	22,004	23,223	22,277				
Operating Income (Loss)	237,625	24,557	(17,809)				

WATER REVENUE & EXPENSES	2019			VARIANCE		2018	
	Actuals through 2nd Quarter	Budget through 2nd Quarter	Adopted Annual Budget	Over (Under) through 2nd Quarter	Percent of Budget Year-to-Date	Actuals through 2nd Quarter	Budget through 2nd Quarter
Operating Revenue	668,482	784,820	1,569,640	(116,338)	43%	646,091	778,438
Operating Expenses	690,909	717,594	1,435,184	(26,685)	48%	628,300	687,589
Change in Net Postion	(99,003)	(65,645)	(131,290)	(33,358)	75%	(46,921)	(45,728)
REPORTING METRICS	YTD 2017	YTD 2018	YTD 2019	SUMMARY			
Number of Customers	4,255	4,421	4,615	Revenues ended second quarter approximately 14.8% under budget, following seasonally slow irrigation and industrial sales. 2Q19 expense variance was driven by unanticipated water main repairs near Knowles/2nd and Knowles/6th, resulting in small operating loss.			
Gallons Sold (thousands)	105,670	103,191	105,574				
Daily Operating Cost	2,242	2,457	2,635				
Operating Income (Loss)	75,974	17,789	(22,426)				

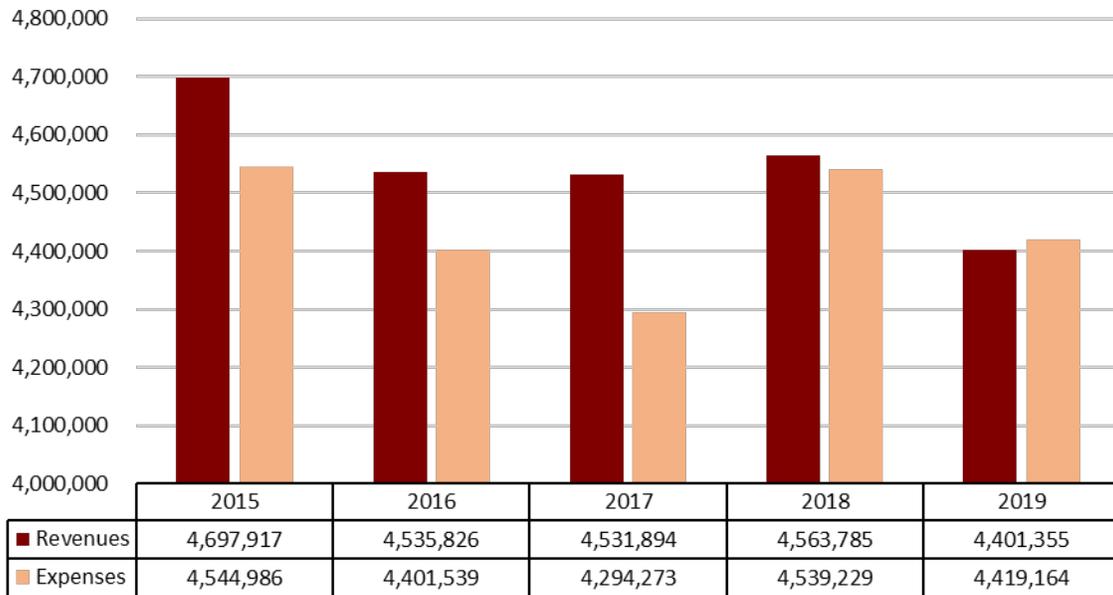
SEWER REVENUE & EXPENSES	2019			VARIANCE		2018	
	Actuals through 2nd Quarter	Budget through 2nd Quarter	Adopted Annual Budget	Over (Under) through 2nd Quarter	Percent of Budget Year-to-Date	Actuals through 2nd Quarter	Budget through 2nd Quarter
Operating Revenue	743,092	750,000	1,500,000	(6,908)	50%	740,587	747,402
Operating Expenses	935,839	1,002,820	2,005,642	(66,981)	47%	893,225	903,294
Change in Net Postion	(86,417)	(202,324)	(404,648)	115,907	21%	(45,369)	(124,694)
REPORTING METRICS	YTD 2017	YTD 2018	YTD 2019	SUMMARY			
Number of Customers	3,579	3,698	3,817	Revenues ended close to budget, showing a small year-on-year increase. Expenses as a whole were under budget, but variance in biosolid hauling costs will continue to grow over the remainder of the year. Operating losses were less than anticipated but still higher than YTD 2018 and the five-year average.			
Gallons Treated (thousands)	93,819	95,601	96,488				
Daily Operating Cost	3,228	3,424	3,411				
Operating Income (Loss)	(142,608)	(152,639)	(192,748)				



# Electric Utility Financial Report

## Second Quarter 2019

Electric 5-Year Actuals through 2nd Quarter



### OPERATING REVENUES

#### **Actuals vs. Budget**

Revenues through June 31, 2019 total \$4.40M, which is approximately 12 percent (\$608.4K) below budget. Commercial and Small/Large Power ended a combined \$456K short of budget, while residential revenue fell \$160.5K short. Revenues through same period 2018 were approximately \$4.56M, or \$429.7K below budget.

#### **Revenue Trend**

YTD revenue is approximately \$144.8K lower than the five-year average of \$4.54M. However, the five-year trend also shows that, on average, revenues end second quarter \$387K short of budget. Kilowatt-hours sold increased by just under 1 percent compared to YTD 2018, while total customers increased by 147 compared to same time last year. Residential growth accounted for the majority of customer base increase.

#### **Analysis**

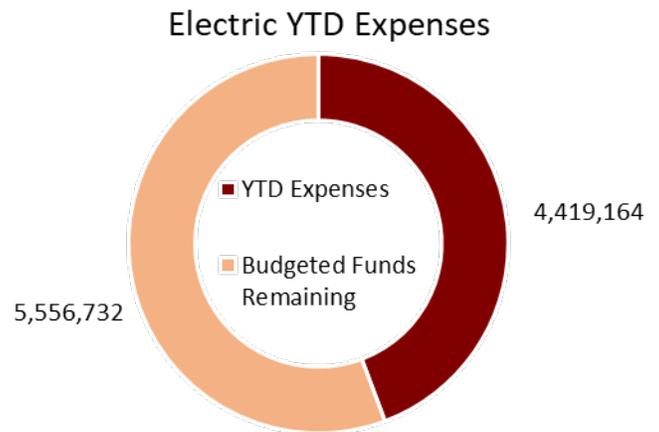
Second quarter revenues were affected by seasonal usage patterns, wholesale power costs, and slower than expected commercial, small power and large power sales. Kilowatt usage was slightly higher than same time last year but the cost per kWh was driven down by low wholesale power costs, which were passed on to customers via the Power Cost Adjustment Clause (PCAC) mandated by the PSC. It is anticipated that low wholesale costs will continue to skew actual to budget comparisons through the end of 2019. Revenues should track closer to budget in Q3 and Q4 as sales increase and seasonal demand pricing comes into effect. Historically, first and second quarters underperform relative to budget while third and fourth quarters overperform.

## **OPERATING EXPENSES**

### **Actuals vs. Budget**

Expenses through March 31, 2019 total \$4.41M, approximately 11.4 percent (\$568K) under budget, due to lower than forecasted purchased power costs. Local operating expenses were approximately 1.1 percent (\$10.9K) over budget. Notable variances include:

- Overhead/Underground Line Maintenance – Replacement of defective poles continues to be a priority in the 2019 budget year.
- Miscellaneous Expenses – the majority of safety and development related training expenses are generally incurred during the first half of the budget year; this account should smooth out over the second half of the year.
- Vehicle repairs and maintenance, including:
  - General maintenance and repair performed by Utility staff
  - Bucket truck repairs
  - Vehicle tires
- Depreciation – Growth and expansion of plant, particularly over the last three years, has increased depreciation costs much faster than the historical average. Staff has increased the budgeted amount for depreciation each year over the last four years, but actual numbers have continued to exceed forecasts.



### **Expenses Trend**

Total YTD expenses of \$4.42M are approximately 1.8 percent (\$120K) less than same period 2018 expenses and are marginally lower than the five-year average (\$4.44M). However, local O&M costs have been slowly but steadily rising over the last 5-year period. Second quarter expenses have shown a year-on-year variance of approximately 3.5 percent over the last five years.

### **Electric 2nd Quarter Actuals to Budget - 5 Year Comparison**

Year	2015	2016	2017	2018	2019
Operating Revenues	4,697,917	4,535,826	4,531,894	4,563,785	4,401,355
Operating Expenses	4,544,986	4,401,539	4,294,273	4,539,229	4,419,164
Budgeted Revenues	4,830,500	4,983,500	4,848,072	4,993,515	5,009,835
Budgeted Expenses	4,814,160	4,818,650	4,700,442	4,910,781	4,987,950
Revenues Over (Under) Budget	(132,583)	(447,674)	(316,178)	(429,730)	(608,480)
Expenses Over (Under) Budget	(269,174)	(417,111)	(406,169)	(371,552)	(568,786)

### **Analysis**

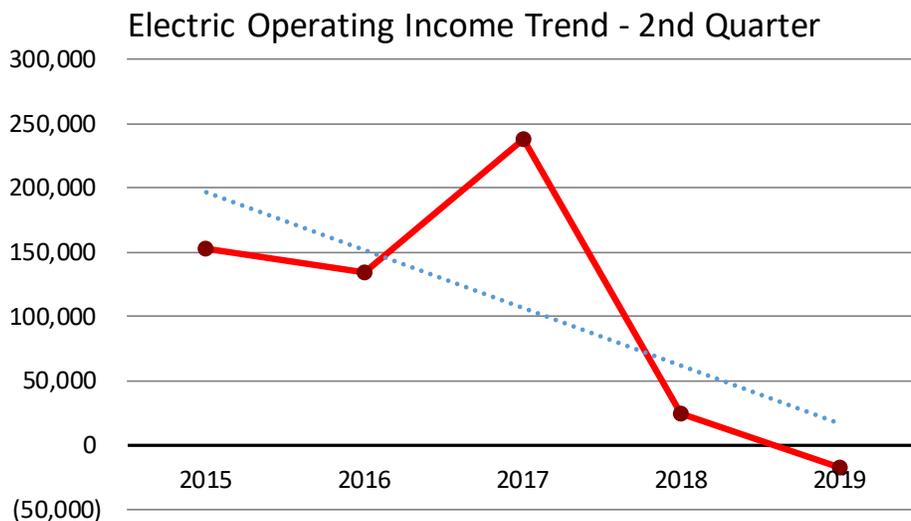
Expenses ended \$568.7K under budget primarily because of relatively low purchased power costs, a trend that has continued from 2018. Excluding purchased power costs, YTD operating and maintenance expenses were 1.1 percent (\$10.9K) over budget.

## **OPERATING INCOME & NET POSITION**

YTD operating income was -\$17.8K, approximately \$39.6K less than budgeted, due primarily to lower than expected commercial/industrial sales, slowly rising O&M costs, and seasonal trends. Operating income through the second quarter has been trending downwards over the last five-year period, with the exception of 2017.

**Electric 2nd Quarter YTD Operating Income (Loss) - 5 Year Comparison**

<b>Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Operating Income (Loss)	152,930	134,289	237,625	24,557	(17,809)



Change in net position through 2Q19 was -134.8K, which is \$142.6K less than the budgeted net position of \$7.8K. Tax equivalent transfers out accounted for the majority of difference between operating income and ending change in net position.

## **CAPITAL IMPROVEMENT PROJECTS**

At June 30, 2019, there were three active capital improvement projects related to the replacement of danger poles, work orders to relocate/move services underground, damaged street light repairs, and minor system improvements.



**ELECTRIC DEPARTMENT**  
**Budget & Actual**  
 For the Six Months Ending 6/30/2019

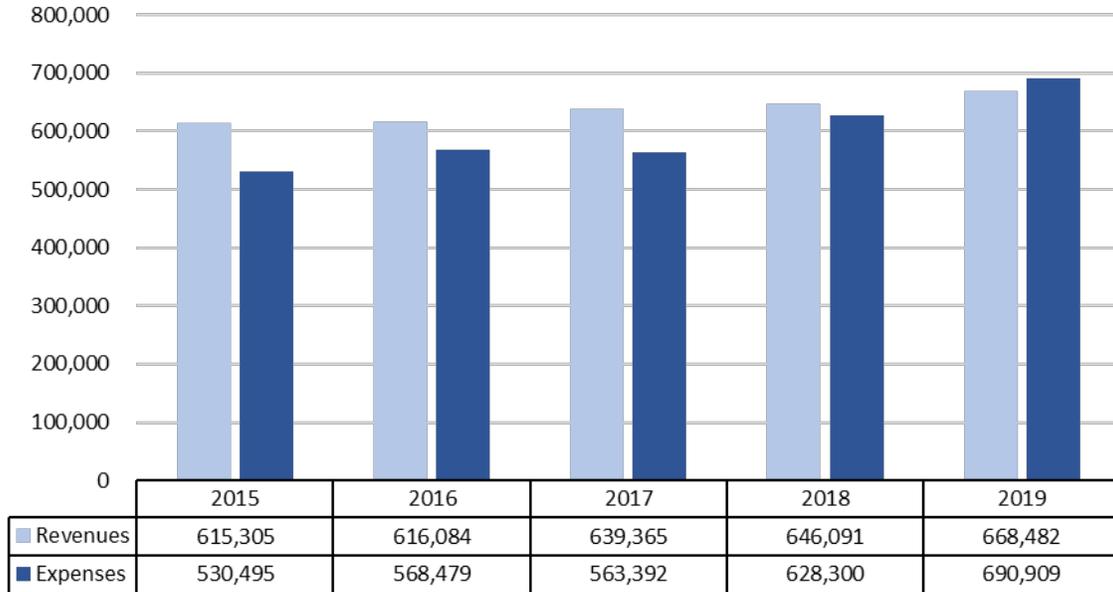
	Quarter 2018 Actual	Quarter 2019 Actual	Quarter 2019 Budget	Variance Actual-Budget	June 2018 Actual YTD	June 2019 Actual YTD	June 2019 Budget YTD	Variance YTD Actual-Budget	2019 Budget
<b>OPERATING REVENUES</b>									
Residential	\$828,173	\$804,829	\$997,875	(\$193,046)	\$1,902,844	\$1,835,213	\$1,995,750	(\$160,537)	\$3,991,500
Commercial	243,235	239,151	287,630	(48,479)	541,351	508,712	575,260	(66,548)	1,150,520
Small/Large/Industrial	951,292	955,904	1,155,000	(199,097)	1,988,215	1,920,450	2,310,000	(389,550)	4,620,000
Lighting	54,115	56,141	56,000	141	111,387	114,721	112,000	2,721	224,000
Miscellaneous Revenue	10,943	16,386	8,413	7,973	19,988	22,259	16,825	5,434	33,650
<b>Total Operating Revenue</b>	<b>2,087,758</b>	<b>2,072,411</b>	<b>2,504,918</b>	<b>(432,507)</b>	<b>4,563,785</b>	<b>4,401,355</b>	<b>5,009,835</b>	<b>(608,479)</b>	<b>10,019,670</b>
<b>OPERATING EXPENSES</b>									
<b>Wholesale Purchased Power</b>									
WPPI	1,770,764	1,666,616	1,986,400	(319,784)	3,556,239	3,393,108	3,972,799	(579,691)	7,945,598
<b>Local Operating Expenses</b>									
Substation Expenses	24,303	2,105	10,624	(8,519)	38,378	14,803	21,248	(6,444)	42,495
Locating Expenses	8,859	10,958	9,500	1,458	18,538	21,995	19,000	2,995	38,000
Overhead Line Maintenance	34,539	40,625	26,488	14,137	72,733	78,061	52,975	25,086	105,950
Transformer Maintenance	3,745	4,110	4,632	(522)	7,320	14,229	9,265	4,964	18,530
Street Lights & Signals Maintenance	760	426	6,691	(6,265)	2,784	1,679	13,383	(11,704)	26,765
Meter Maintenance	5,848	2,526	7,150	(4,624)	10,874	6,967	14,300	(7,333)	28,600
Meter Reading	1,316	1,598	1,412	186	3,020	3,559	2,824	735	5,648
Miscellaneous Distribution Expenses	11,936	13,712	8,624	5,088	24,958	22,011	17,248	4,764	34,495
Supplies	5,033	5,117	4,675	442	9,692	8,645	9,350	(705)	18,700
Shop Expenses	4,946	2,339	6,380	(4,041)	14,784	14,059	12,760	1,299	25,520
Miscellaneous Expenses	11,763	6,277	12,725	(6,448)	28,311	26,475	25,450	1,025	50,900
Rent	3,000	3,000	3,000	0	6,000	6,000	6,000	0	12,000
Utilities	987	1,046	1,500	(454)	4,082	4,069	3,000	1,069	6,000
Vehicle Repairs & Maintenance	14,807	14,761	9,875	4,886	35,007	36,223	19,750	16,473	39,500
Vehicle Fuel	3,075	3,127	3,025	102	5,341	5,235	6,050	(815)	12,100
General & Administrative Wages	91,535	96,375	100,674	(4,299)	179,877	178,513	201,348	(22,834)	402,695
State & Payroll Taxes	17,501	16,585	18,775	(2,190)	35,565	35,902	37,550	(1,648)	75,100
Employee Benefits	63,529	61,315	91,975	(30,660)	132,001	142,231	183,950	(41,719)	367,900
Professional Services	5,874	10,877	12,000	(1,123)	19,122	26,493	24,000	2,493	48,000
Telephone/Cell	179	184	225	(41)	354	367	450	(83)	900
Insurance	3,610	2,679	4,000	(1,321)	7,220	5,357	8,000	(2,643)	16,000
Safety & Training	6,085	3,089	7,375	(4,286)	14,429	8,483	14,750	(6,267)	29,500
Depreciation	156,300	208,400	156,250	52,150	312,600	364,700	312,500	52,200	625,000
<b>Subtotal Local Operating Expenses</b>	<b>479,530</b>	<b>511,231</b>	<b>507,575</b>	<b>3,657</b>	<b>982,990</b>	<b>1,026,056</b>	<b>1,015,151</b>	<b>10,908</b>	<b>2,030,298</b>
<b>Total Operating Expenses</b>	<b>2,250,294</b>	<b>2,177,847</b>	<b>2,493,975</b>	<b>(316,127)</b>	<b>4,539,229</b>	<b>4,419,164</b>	<b>4,987,950</b>	<b>(568,783)</b>	<b>9,975,896</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(162,537)</b>	<b>(105,437)</b>	<b>10,943</b>	<b>(116,380)</b>	<b>24,557</b>	<b>(17,809)</b>	<b>21,887</b>	<b>(39,696)</b>	<b>43,774</b>
<b>Non-Operating Revenues (Expenses)</b>									
Investment Income	6,768	4,087	3,750	337	11,431	14,946	7,500	7,446	15,000
Interest Expense	0	(14,840)	(7,445)	(7,395)	(16,115)	(15,281)	(14,890)	(391)	(29,780)
Non-Utility Expenses	(771)	(2,670)	(2,000)	(670)	(1,140)	(2,871)	(4,000)	1,129	(8,000)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>5,997</b>	<b>(13,423)</b>	<b>(5,695)</b>	<b>(7,728)</b>	<b>(5,825)</b>	<b>(3,206)</b>	<b>(11,390)</b>	<b>8,184</b>	<b>(22,780)</b>
<b>Contributions &amp; Transfers</b>									
Capital Contributions	54,652	13,674	66,250	(52,576)	73,868	13,674	132,500	(118,826)	265,000
Transfers Out (Tax Equivalent)	(65,460)	(63,723)	(67,567)	3,844	(130,920)	(127,450)	(135,134)	7,684	(270,268)
<b>Total Contributions &amp; Transfers</b>	<b>(10,808)</b>	<b>(50,049)</b>	<b>(1,317)</b>	<b>(48,732)</b>	<b>(57,052)</b>	<b>(113,776)</b>	<b>(2,634)</b>	<b>(111,142)</b>	<b>(5,268)</b>
<b>CHANGE IN NET POSITION</b>	<b>(167,348)</b>	<b>(168,909)</b>	<b>3,931</b>	<b>(172,841)</b>	<b>(38,320)</b>	<b>(134,792)</b>	<b>7,863</b>	<b>(142,654)</b>	<b>15,726</b>



# Water Utility Financial Report

## Second Quarter 2019

Water 5-Year Actuals through 2nd Quarter



### OPERATING REVENUES

#### **Actuals vs. Budget**

Revenues through June 30, 2019 total \$668.4K, which is about 14.8% (\$116.3K) below budget. Actuals through second quarter 2018 were \$646K, or 17% (\$132.3K) below budget. Over the last five-year period, second quarter revenues have ended short of budget by an average of 9.5%.

#### **Revenue Trend**

YTD operating revenues are approximately \$22.3K higher than same period 2018, and approximately \$31.4K higher than the five-year average. Approximately 105.5 million gallons were sold through Q2, an increase of approximately 2.3 percent, (+2.38 million gallons) compared to same time 2018, but slightly less than same time 2017 (105.6 million gallons). Customers at the end of 2Q19 was 4,615, an increase of 194 since same time last year. Revenue through second quarter has increased by an average of \$13.3K per year over the past five-year period.

#### **Analysis**

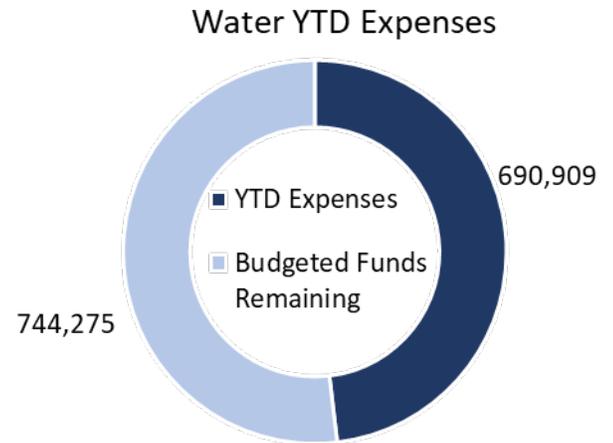
Water revenue followed seasonal usage patterns, underperforming vs. budget in Residential, Irrigation, and Industrial sales. Residential and irrigation sales generally close this budget gap during Q3, while industrial sales spike in late Q3 / early Q4, coinciding with Lakeside’s production season. Miscellaneous revenue will also show negative variance due to joint meter cost sharing, which is allocated at the end of the year. Year-on-year revenue continues to rise in absolute terms due to continued residential growth.

## OPERATING EXPENSES

### **Actuals vs. Budget**

Expenses through June 30, 2019 total \$690.9K, which is approximately 3.7 percent (\$26.6K) below budget. 2Q18 expenses were \$313.4K, or 8.6% (\$59.2K) below budget. Notable variances include:

- § **Water Main Maintenance** – Repair expenses spiked in second quarter due to unanticipated water main repairs near Knowles/2<sup>nd</sup> and Knowles/6<sup>th</sup>, as well as several smaller repairs. Water main repair expenses through second quarter from 2015-2018 averaged \$17.8K; YTD 2019 expenses total over \$33.8K. Note that while combined water main maintenance/repair expenses are under budget through second quarter, additional expenses from the above-mentioned main repairs and annual ice pigging maintenance costs will be incurred in Q3, pushing expenses over budget by year-end.
- § **Water Services Maintenance** – YTD expenses were approximately 22% over budget due to wages, supplies, and repair costs related to unexpected lateral/curb stop repairs near Mallard Ln, Knowles/2<sup>nd</sup>, Wheatfield Ln, and Park Ave.
- § **Depreciation** – Growth in system plant pushed depreciation costs higher than budgeted.



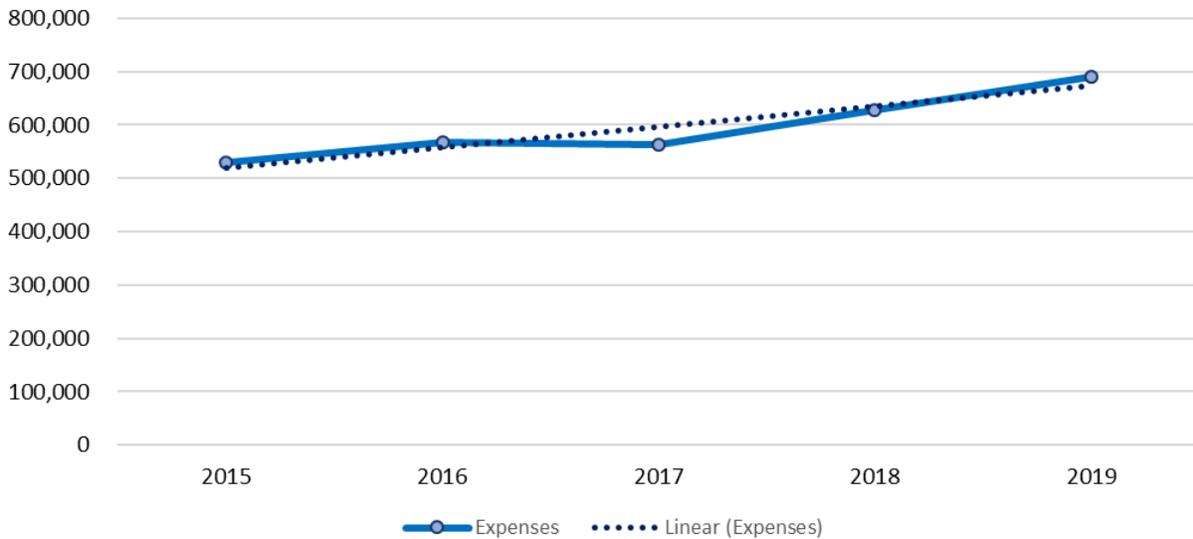
### **Expenses Trend**

YTD expenses are about 10% (\$62.6K) higher than same period 2018 expenses, and approximately 15.8% (\$94.5K) higher than the five-year average, driven by unanticipated main and water service maintenance costs. However, even if these expenses (\$23.5K through second quarter) are excluded, O&M expenses are still above average and trending upwards due to increasing service demands and aging infrastructure.

### **Water 2nd Quarter Actuals to Budget - 5 Year Comparison**

Year	2015	2016	2017	2018	2019
Operating Revenues	615,305	616,084	639,365	646,091	668,482
Operating Expenses	530,495	568,479	563,392	628,300	690,909
Budgeted Revenues	627,253	620,416	733,603	778,438	784,820
Budgeted Expenses	585,432	610,837	628,283	687,589	717,594
Revenues Over (Under) Budget	(11,948)	(4,332)	(94,238)	(132,347)	(116,338)
Expenses Over (Under) Budget	(54,937)	(42,358)	(64,891)	(59,289)	(26,685)

### Water Utility 2nd Quarter Expense Trend



**Analysis**

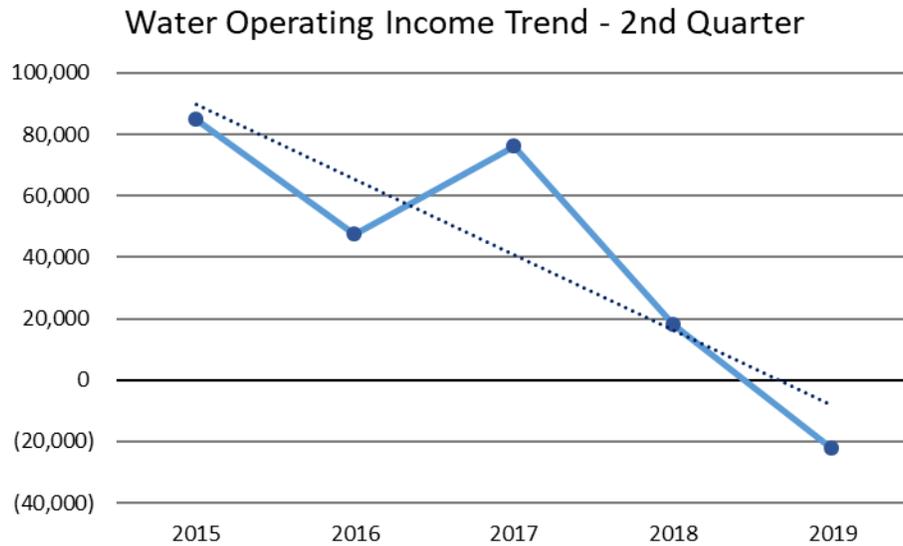
Unanticipated water main and service repairs will create a budget year variance. Second quarter results follow the overall trend of operating costs outpacing revenue growth. Growth in water system plant over the last several years continues to increase depreciation costs. Accounts that show a positive variance through second quarter will align to budget in Q3 and Q4 due to seasonal maintenance activities.

**OPERATING INCOME & NET POSITION**

YTD operating income was approximately \$40K less than same time 2018, ending in a relatively small operating loss. Second quarter-only operating losses reflect seasonally slow revenues, unexpected one-time expenses, rising O&M costs, and increasing depreciation costs. Revenues are expected to increase relative to expenses during the summer and fall months, resulting in a small operating gain by year-end. With the exception of 2017, year-on-year operating income has slowly declined over the last five years.

**Water 2nd Quarter YTD Operating Income (Loss) - 5 Year Comparison**

Year	2015	2016	2017	2018	2019
Operating Income (Loss)	84,808	47,604	75,974	17,789	(22,426)



Change in net position is -\$99K through second quarter, which is \$33.4K less than the budgeted net position of -\$65.6K. The majority of decrease between ending operating income and net position is due to tax equivalent transfers out of \$146.6K.

### **CAPITAL IMPROVEMENT PROJECTS**

At June 30, 2019, there were three active capital projects related to commercial cellular equipment upgrades on the North and South water towers.



**WATER DEPARTMENT**  
**Budget & Actual**  
 For the Six Months Ending 6/30/2019

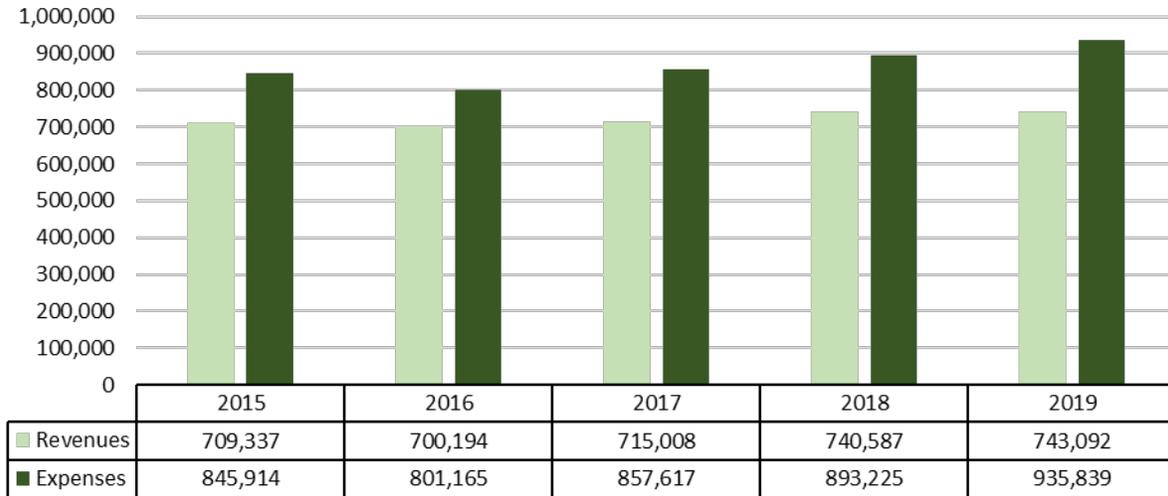
	Quarter 2018 Actual	Quarter 2019 Actual	Quarter 2019 Budget	Variance Actual-Budget	June 2018 Actual YTD	June 2019 Actual YTD	June 2019 Budget YTD	Variance YTD Actual-Budget	2019 Budget
<b>OPERATING REVENUES</b>									
Residential	\$155,967	\$157,301	\$162,650	(\$5,349)	\$306,958	\$314,377	\$325,300	(\$10,923)	\$650,600
Commercial	28,706	30,844	28,000	2,844	56,245	61,769	56,000	5,769	112,000
Industrial	5,993	11,392	42,500	(31,108)	12,444	18,196	85,000	(66,804)	170,000
Irrigation	16,257	12,475	23,750	(11,275)	23,243	20,274	47,500	(27,226)	95,000
Public Authority	8,109	7,884	8,750	(866)	16,045	15,495	17,500	(2,005)	35,000
Fire Protection	93,255	96,430	90,150	6,280	185,634	192,204	180,300	11,904	360,600
Unmetered Sales	108	108	110	(2)	216	216	220	(4)	440
Miscellaneous Revenue	23,343	23,485	36,500	(13,015)	45,306	45,951	73,000	(27,049)	146,000
<b>Total Operating Revenue</b>	<b>331,738</b>	<b>339,919</b>	<b>392,410</b>	<b>(52,491)</b>	<b>646,091</b>	<b>668,482</b>	<b>784,820</b>	<b>(116,337)</b>	<b>1,569,640</b>
<b>OPERATING EXPENSES</b>									
Building/Grounds Maintenance	811	61	1,250	(1,189)	1,847	1,093	2,501	(1,407)	5,001
Well Maintenance & Power Consumption	29,970	15,720	28,675	(12,955)	49,141	34,250	57,351	(23,100)	114,701
Tower Maintenance	1,207	420	5,169	(4,749)	1,815	4,843	10,339	(5,495)	20,677
Water Main Maintenance	7,674	25,244	20,707	4,537	13,130	33,873	41,414	(7,542)	82,829
Water Service Maintenance	9,652	17,127	12,396	4,731	16,887	30,364	24,792	5,572	49,583
Meter Maintenance	12,215	6,878	7,046	(169)	24,369	16,611	14,092	2,518	28,185
Hydrant Maintenance	1,598	1,550	2,773	(1,223)	3,059	3,170	5,546	(2,377)	11,093
Water Testing	4,509	5,436	5,767	(331)	10,068	10,648	11,534	(887)	23,069
Treatment Chemicals	4,389	4,811	4,500	311	7,255	7,612	9,000	(1,388)	18,000
Meter Reading Expenses	987	1,198	1,210	(11)	2,265	2,669	2,420	250	4,839
Rent	9,750	9,750	9,750	0	19,500	19,500	19,500	0	39,000
Utilities	711	884	1,500	(616)	2,883	3,266	3,000	266	6,000
Supplies	4,206	4,306	4,657	(351)	8,717	7,955	9,313	(1,358)	18,626
Miscellaneous Expenses	3,125	4,083	6,325	(2,242)	6,273	7,475	12,650	(5,175)	25,300
Shop Maintenance	334	343	1,945	(1,602)	1,551	3,787	3,890	(102)	7,779
Vehicle Repairs & Maintenance	272	496	975	(479)	1,207	1,422	1,950	(528)	3,900
Vehicle Fuel	2,150	1,935	2,063	(127)	3,889	3,487	4,125	(638)	8,250
Safety & Training	7,656	9,645	7,780	1,865	11,516	18,502	15,560	2,942	31,119
General & Administrative Wages	58,354	65,605	71,046	(5,442)	122,834	128,573	142,093	(13,520)	284,186
Employee Benefits	43,963	42,310	54,502	(12,191)	96,909	90,677	109,004	(18,326)	218,007
Professional Services	4,977	8,398	13,000	(4,602)	12,820	24,394	26,000	(1,606)	52,000
Contract Services	4,733	2,227	1,044	1,183	7,249	2,457	2,087	370	4,175
Telephone/Cell	533	490	600	(110)	1,063	873	1,200	(327)	2,400
Insurance	3,555	3,829	3,550	279	7,109	7,658	7,100	558	14,200
Payroll & PSC Taxes	6,963	7,186	8,041	(856)	13,744	14,350	16,083	(1,733)	32,165
Depreciation (CIAC)	90,600	120,800	82,525	38,275	181,200	211,400	165,050	46,350	330,100
<b>Total Operating Expenses</b>	<b>314,894</b>	<b>360,732</b>	<b>358,796</b>	<b>1,937</b>	<b>628,300</b>	<b>690,909</b>	<b>717,594</b>	<b>(26,683)</b>	<b>1,435,184</b>
<b>OPERATING INCOME (LOSS)</b>	<b>16,846</b>	<b>(20,814)</b>	<b>33,614</b>	<b>(54,428)</b>	<b>17,789</b>	<b>(22,426)</b>	<b>67,228</b>	<b>(89,654)</b>	<b>134,456</b>
<b>Non-Operating Revenues (Expenses)</b>									
Investment Income	13,529	5,504	6,250	(746)	22,676	28,070	12,500	15,570	25,000
Interest Expense (GAAP)	(24,436)	(23,218)	(14,856)	(8,362)	(24,436)	(30,568)	(29,711)	(857)	(59,423)
Non-Utility Expense	0	0	(331)	331	0	0	(662)	662	(1,323)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(10,907)</b>	<b>(17,714)</b>	<b>(8,936)</b>	<b>(8,778)</b>	<b>(1,760)</b>	<b>(2,498)</b>	<b>(17,873)</b>	<b>15,375</b>	<b>(35,746)</b>
<b>Contributions &amp; Transfers</b>									
Capital Contributions	84	155	3,750	(3,595)	84	155	7,500	(7,345)	15,000
Water Impact Fees	69,927	45,966	16,250	29,716	84,686	72,372	32,500	39,872	65,000
Transfers Out (Tax Equivalent)	(73,860)	(73,302)	(77,500)	4,198	(147,720)	(146,605)	(155,000)	8,395	(310,000)
<b>Total Contributions &amp; Transfers</b>	<b>(3,849)</b>	<b>(27,181)</b>	<b>(57,500)</b>	<b>30,319</b>	<b>(62,950)</b>	<b>(74,078)</b>	<b>(115,000)</b>	<b>40,921</b>	<b>(230,000)</b>
<b>CHANGE IN NET POSITION (GAAP)</b>	<b>2,090</b>	<b>(65,710)</b>	<b>(32,822)</b>	<b>(32,887)</b>	<b>(46,921)</b>	<b>(99,003)</b>	<b>(65,645)</b>	<b>(33,358)</b>	<b>(131,290)</b>



# Sewer Utility Financial Report

## Second Quarter 2019

Sewer 5-Year Actuals through 2nd Quarter



### OPERATING REVENUES

#### **Actuals vs. Budget**

Revenues through June 30, 2019 total \$743K, less than 1% (\$6.9K) under budget. Revenues through same period 2018 were \$740.5K, also less than 1% (\$6.8K) under the budgeted amount.

#### **Revenue Trend**

YTD revenues are less than 1 percent (\$2.5K) higher than same period 2018 revenues, and \$21.4K higher than the five-year average. With the exception of 2016, second quarter revenues have shown an upward trend over the last five-year period. YTD residential revenues have shown a much closer alignment to budget in 2018 and 2019 than historically.

#### **Analysis**

Overall revenues ended very close to budget, similar to 2Q18. Revenue growth appears to have slowed somewhat after a 3.4% year-on-year increase in 2018. Customer growth remains brisk; the utility added 119 customers since same time last year.

### OPERATING EXPENSES

#### **Actuals vs. Budget**

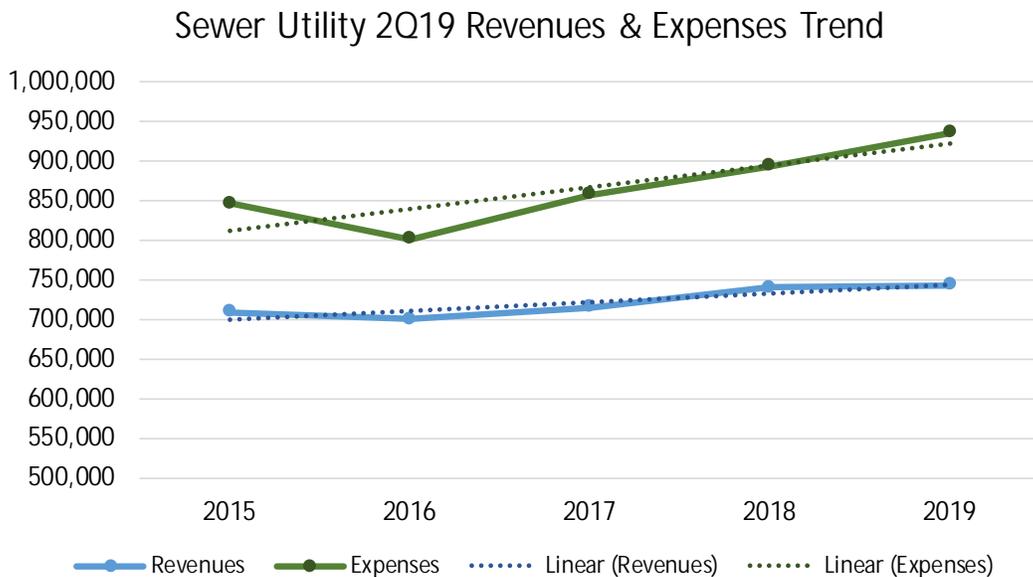
Expenses through June 30, 2019 total \$935.8K, which is approximately 6.7% (\$66.9K) under budget. Notable YTD variances include:

- § **Professional Services** – Annual audit expenses and consulting costs related to the Water and Sewer rate study created a front-loaded variance in Q1 that will smooth out as the year goes on.

- § **Biosolid Hauling** – Early in 2019, the State Patrol made the determination that the City’s biosolid hauler had to reduce the per-trip load limit from 8,000 gallons to 6,000 gallons. This change immediately increased biosolid hauling costs. YTD biosolid removal costs were \$173.8K through second quarter, compared to \$142.1K same time last year and a five-year average of \$153K. While part of this increase is due to rising volume and new hauling rates that took effect last year, hauling increases independent of planned rate adjustments have had a considerable effect. Note that quarter-only expenses show a variance of just \$77 due to an annual refund from West Central WI Biosolids (WCWB) of \$12.8K. WCWB member communities generally receive a refund in the second quarter for excess revenues generated the year before. Although the 2018 refund is substantially larger than 2013-2017 refunds, staff estimate that biosolid costs will nevertheless end \$15-\$20K over budget, assuming current load limits remain in place. Strategies such as increasing the percentage of solids per load has helped to soften the impact, but state legislative action will be needed in order to return the per-trip load limit to previous levels.
- § **Treatment & Disposal Equipment** – The planned auto-dialer upgrade capital project was accidentally placed in this O&M account, when it should have been capitalized (recorded as an asset). This error was corrected, and the variance will not show in Q3.
- § **Depreciation** – Growth in system plant pushed depreciation costs higher than budgeted.

**Expenses Trend**

YTD expenses are \$42.6K greater than same period 2018 expenses, and are 7.9% (\$69K) higher than the five-year average. Expenses dipped in 2016 but are trending upward overall.



**Analysis**

Second quarter expenses were under budget and in line with seasonal expense patterns. Expenses were higher than same time last year and higher the 5-year average due to a combination of budgeted increases, biosolid costs, and depreciation costs. Although they are not a major variance through second quarter, biosolid hauling and removal costs will continue to be a concern as the budget year goes on. Revised biosolid cost projections anticipate a \$15-20K increase over original

estimates if hauling limits remain in place. Staff will continue to monitor state legislative action on this issue.

### Sewer 2nd Quarter Actuals to Budget - 5 Year Comparison

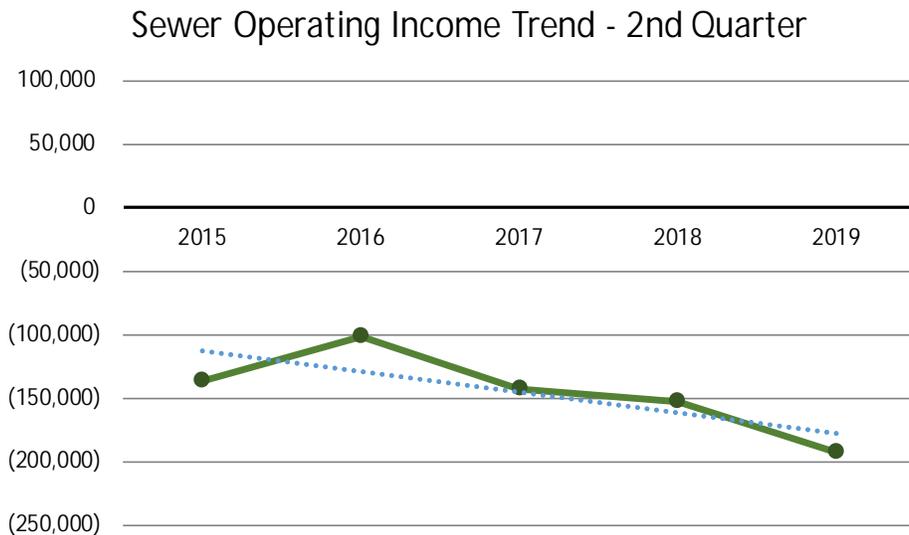
Year	2015	2016	2017	2018	2019
Operating Revenues	709,337	700,194	715,008	740,587	743,092
Operating Expenses	845,914	801,165	857,617	893,225	935,839
Budgeted Revenues	735,000	732,000	739,998	747,402	750,000
Budgeted Expenses	911,884	837,415	852,958	903,294	1,002,820
Revenues Over(Under) Budget	(25,663)	(31,806)	(24,990)	(6,815)	(6,908)
Expenses Over(Under) Budget	(65,970)	(36,250)	4,659	(10,069)	(66,981)

### OPERATING INCOME & NET POSITION

The Sewer Utility had an operating loss of -\$192.7K through 2Q19, which was \$60K better than budgeted. With the exception of 2016, operating losses have increased over the last 5-year period.

### Sewer 2nd Quarter YTD Operating Income (Loss) - 5 Year Comparison

Year	2015	2016	2017	2018	2019
Operating Income (Loss)	(136,578)	(100,970)	(142,608)	(152,639)	(192,748)



Change in net position is -\$86.4K through second quarter, which is \$115.9K above the budgeted net position of -\$202.3K. Investment income and sewer impact fees had a positive impact on ending net position.

### CAPITAL IMPROVEMENT PROJECTS

Through June 30, there were three active capital projects, including work on the WWTP upgrade facility design, Fox Run lift station updates, and sewer lining activities.



**SEWER DEPARTMENT**  
**Budget & Actual**  
 For the Six Months Ending 6/30/2019

	Quarter 2018 Actual	Quarter 2019 Actual	Quarter 2019 Budget	Variance Actual-Budget	June 2018 Actual YTD	June 2019 Actual YTD	June 2019 Budget YTD	Variance YTD Actual-Budget	2019 Budget
<b>OPERATING REVENUES</b>									
Residential	\$242,068	\$243,443	\$245,000	(\$1,557)	\$473,870	\$487,063	\$490,000	(\$2,937)	\$980,000
Commercial & Industrial	103,106	104,021	104,500	(479)	208,507	207,396	209,000	(1,604)	418,000
Public Authority	17,755	16,967	17,500	(533)	34,498	33,026	35,000	(1,974)	70,000
Interdepartmental	4,036	3,928	4,000	(72)	8,137	7,970	8,000	(30)	16,000
Miscellaneous Revenue	13,723	4,550	4,000	550	15,575	7,637	8,000	(363)	16,000
<b>Total Operating Revenues</b>	<b>380,688</b>	<b>372,909</b>	<b>375,000</b>	<b>(2,091)</b>	<b>740,587</b>	<b>743,092</b>	<b>750,000</b>	<b>(6,907)</b>	<b>1,500,000</b>
<b>OPERATING EXPENSES</b>									
Lab Analysis & Tank Cleaning	10,344	10,344	10,626	(282)	22,029	21,351	21,252	99	42,504
Utilities	20,226	20,289	22,500	(2,211)	42,647	42,815	45,000	(2,185)	90,000
Biosolid Removal	85,088	82,577	82,500	77	142,187	173,819	165,000	8,819	330,000
Phosphorus Removal Chemicals	19,937	14,354	20,000	(5,646)	36,198	30,181	40,000	(9,819)	80,000
Rent	2,250	2,250	2,250	0	4,500	4,500	4,500	0	9,000
Lab Supplies & Testing Services	6,992	6,813	6,550	263	14,346	10,469	13,100	(2,631)	26,200
Vehicle Maintenance	0	0	250	(250)	112	59	500	(441)	1,000
Vehicle Fuel	418	388	488	(100)	697	810	975	(165)	1,950
Collection System Maintenance	4,581	12,787	31,566	(18,779)	8,231	20,600	63,132	(42,532)	126,265
Lift Station Maintenance	32,147	10,975	25,283	(14,308)	56,289	26,495	50,566	(24,071)	101,132
Treatment & Disposal Equipment Maintenance	6,504	19,006	13,193	5,813	13,622	31,103	26,386	4,717	52,772
WWTP Building & Equipment Maintenance	10,861	4,785	5,701	(916)	15,424	10,438	11,402	(964)	22,804
Jet Truck Operation & Maintenance	1,935	2,666	1,966	700	2,826	3,133	3,932	(799)	7,864
Meter Reading Expenses	987	1,198	801	397	2,265	2,669	1,602	1,067	3,204
Safety & Training	4,944	3,524	3,625	(101)	6,775	7,134	7,250	(116)	14,500
Administrative Expenses	50,145	53,959	61,773	(7,814)	106,141	110,149	123,546	(13,397)	247,092
Employee Benefits	27,793	28,545	41,499	(12,955)	58,543	56,899	82,998	(26,099)	165,997
Professional Services	4,757	8,790	7,500	1,290	13,002	21,953	15,000	6,953	30,000
Insurance	33,152	5,389	5,700	(311)	38,556	10,777	11,400	(623)	22,800
Miscellaneous & General Expenses	16,944	16,785	12,789	3,997	26,782	22,710	25,577	(2,867)	51,154
Payroll Taxes	5,876	6,229	8,600	(2,371)	12,053	12,775	17,200	(4,425)	34,400
Depreciation (CIAC)	135,000	180,000	136,251	43,749	270,000	315,000	272,502	42,498	545,004
<b>Total Operating Expenses</b>	<b>480,881</b>	<b>491,653</b>	<b>501,411</b>	<b>(9,758)</b>	<b>893,225</b>	<b>935,839</b>	<b>1,002,820</b>	<b>(66,981)</b>	<b>2,005,642</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(100,194)</b>	<b>(118,744)</b>	<b>(126,411)</b>	<b>7,667</b>	<b>(152,639)</b>	<b>(192,748)</b>	<b>(252,821)</b>	<b>60,074</b>	<b>(505,642)</b>
<b>Non-Operating Revenues (Expenses)</b>									
Investment Income	16,792	9,163	11,250	(2,087)	26,712	48,403	22,500	25,903	45,000
Interest Expense	(12,651)	(10,028)	(8,502)	(1,527)	(12,651)	(14,828)	(17,003)	2,175	(34,006)
Non-Utility Expenses									
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,140</b>	<b>(865)</b>	<b>2,748</b>	<b>(3,614)</b>	<b>14,061</b>	<b>33,574</b>	<b>5,497</b>	<b>28,077</b>	<b>10,994</b>
<b>Contributions &amp; Transfers</b>									
Capital Contributions	8,523	384	6,250	(5,866)	8,523	384	12,500	(12,116)	25,000
Sewer Impact Fees	69,927	45,966	16,250	29,716	84,686	72,372	32,500	39,872	65,000
Transfers Out (Tax Equivalent)									
<b>Total Contributions &amp; Transfers</b>	<b>78,450</b>	<b>46,350</b>	<b>22,500</b>	<b>23,850</b>	<b>93,209</b>	<b>72,756</b>	<b>45,000</b>	<b>27,756</b>	<b>90,000</b>
<b>CHANGE IN NET POSITION</b>	<b>(17,603)</b>	<b>(73,259)</b>	<b>(101,162)</b>	<b>27,903</b>	<b>(45,369)</b>	<b>(86,417)</b>	<b>(202,324)</b>	<b>115,907</b>	<b>(404,648)</b>



# MEMO

**Prepared for:** Utility Commission  
**Staff Contact:** Jeremiah Wendt, Director of Public Works  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** WWTP Upgrade Design

## **BACKGROUND INFORMATION:**

MSA is currently under contract with New Richmond Utilities for the design of upgrades to the City's wastewater treatment plant (WWTP), including the addition of grit removal, replacement of gravity thickener equipment, addition of a blower, and enhancement of other items at the WWTP to allow the facility to serve for the next twenty years under the current Facility Plan population/flow projections.

The preliminary design phase has been completed, and staff will provide an overview of the proposed improvements. The schedule for the project includes completion of final design this fall, with bidding in the winter and construction beginning in the spring of 2020.

Staff will present a contract amendment with MSA to add the bidding phase as well as the preparation of an application for Clean Water Funding for the project, along with other project scope modifications.

## **FINANCIAL IMPACT:**

The proposed contract amendment with MSA is for \$79,400.

The construction cost of the project is currently estimated at \$2,138,000.

## **RECOMMENDATION:**

Staff recommends approval of the contract amendment with MSA, to allow the project to proceed to the final design, bidding and funding phase.

## **ATTACHMENTS:**

[07985026 Amendment 1 9-4-19](#)

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**To:** Jeremiah Wendt, Director of Public Works  
Steve Skinner, WWTF Operator  
City of New Richmond

**From:** Tom Fitzwilliams

**Subject:** New Richmond WWTP Upgrades – Contract Amendment No. 1

**Date:** September 4, 2019

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Enclosed is Amendment No. 1 to the Professional Services Agreement between MSA and the City of New Richmond for WWTF Upgrades. The amendment covers additional design services for the proposed garage, sludge pump replacement, and sludge storage tank covers that were not previously included in the project. Also the amendment covers Bidding Phase services and Funding Administration for the Clean Water Fund Application. Attached to this memo is a breakdown of the additional hours and fee for the amendment.

The project schedule shown below remains unchanged from what was discussed previously.

Submit Plans and Specifications to WDNR	October 2019
Receive WDNR approval	December 2019
Advertise for Bids	December 2019
Receive Bids, Award Contract	January 2020
Complete Contracts, Secure Funding	February 2020
Begin Construction	March 2020
Complete Construction	December 2020

Please review the Amendment and attached information and contact me at your convenience to discuss any questions you may have.



**Amendment  
No. 1**

**To: City of New Richmond  
Jeremiah Wendt  
156 East First St  
New Richmond, WI 54017**

**Date of Issuance: September 4, 2019**

**MSA Project No.: 07985026**

This is an amendment to the Agreement dated June 8, 2018 and does acknowledge that MSA Professional Services (MSA) is authorized to begin work on the following project amendment:

**Project Name:** WWTF Improvements

**The project scope has changed due to:** Expansion of existing Control Building for new garage space, replacement of sludge pumps, and replacement of sludge storage tank covers, have been added to the project.

**The scope of the work authorized is:** Design of new garage space, design of new sludge pumps, design of new sludge storage tank covers, Bidding Phase services, Funding application administration services.

**The schedule to perform the work is:** Approximate Start: September 16, 2019  
Approximate Completion: March 2020

**The lump sum fee for the work is:** \$79,400

Authorization for the work described above shall amend the Agreement between MSA and OWNER. Any attachments or exhibits referenced in this Amendment are made part of the Agreement. Payment for these services will be on a lump sum basis.

**Approval:** MSA shall commence work on this project in accordance with your written authorization. This authorization is acknowledged by signature of the authorized representatives of the parties to this Amendment. A copy of this Amendment signed by the authorized representatives shall be returned for our files. If a signed copy of this Authorization is not received by MSA within seven days from the date of issuance, MSA may stop work on the project.

**CITY OF NEW RICHMOND, WI**

**MSA PROFESSIONAL SERVICES**

Jeremiah Wendt  
Director of Public Works

Tom Fitzwilliams  
Team Leader

Date: \_\_\_\_\_

Date: September 4, 2019

156 East First St  
New Richmond, WI 54017  
Phone: 715-246-4268

1230 South Boulevard  
Baraboo, WI 53913  
Phone: 608-356-2771

### New Richmond WWTF Upgrades

<u>Amend No. 1 Design, Bidding</u>	<u>Hours</u>	<u>Fee</u>
Sludge Pumps & Piping	106	\$ 10,900
Storage Tank Covers	54	\$ 6,300
Garage (Control Bldg Addition)	387	\$ 46,200
Bidding	50	\$ 5,500
Funding Application Admin	125	<u>\$ 10,500</u>
<b>Amendment No. 1 Total</b>		<b>\$ 79,400</b>
Previous Proposed Fee		<u>\$ 89,900</u>
<b>Total</b>		<b>\$ 169,300</b>
Construction Cost Est (w/o contingency)		\$2,138,000
Design & Bidding (w/o Funding Admin) as % of Constr		7.4%



# MEMO

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**Prepared for:** Utility Commission  
**Staff Contact:** Jeremiah Wendt, Director of Public Works  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** PFAS Update

## **BACKGROUND INFORMATION:**

The Wisconsin Department of Natural Resources (DNR) is taking steps to begin monitoring and regulating per- and polyfluoroalkyl substances (PFAS), a group of man-made chemicals that has been manufactured and used in a variety of industries around the globe, including in the United States since the 1940s. These chemicals are very persistent in the environment and in the human body – meaning they don't break down and they can accumulate over time. There is evidence that exposure to PFAS can lead to adverse human health effects.

Staff will provide an update to the Utility Commission on how the regulation of PFAS could affect the City of New Richmond.



# MEMO

**Prepared for:** Utility Commission  
**Staff Contact:** Weston Arndt, Electric Superintendent  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** Residential & General Service Tariffs – Optional Time-of-Day Rate Amendment

## **BACKGROUND INFORMATION:**

In an effort to simplify the billing, metering and compliance requirements of the residential and general service optional TOD rates (Rg-2 and Gs-2), the WPPI Rates and Billing staff is recommending New Richmond Utilities close the 7 a.m. to 7 p.m. and 9 a.m. to 9 p.m. on-peak pricing options for new customers. This would leave the 8 a.m. to 8 p.m. on-peak period – which aligns with WPPI Energy’s wholesale on-peak period – available to new customers. Under this proposal, any customers currently taking service on the 7 a.m. to 7 p.m. and 9 a.m. to 9 p.m. on-peak periods would be “grandfathered” and could remain on those on-peak periods going forward.

This tariff change as proposed can be filed outside of a full rate study, would be delegated to PSC staff and no hearing would be needed. Once approved by the Utility Commission, WPPI Energy rates staff will file the tariff revisions with the PSC on behalf of New Richmond Utilities. Once filed with the PSC, the revisions can be approved relatively soon – one Member had its revisions approved in 15 days.

The current Rg-2 and Gs-2 rate schedules are included in the packet for reference.

## **FINANCIAL IMPACT:**

Minimal

## **POLICY IMPLICATIONS:**

Minimal

## **RECOMMENDATION:**

Staff recommends authorization for filing an amendment to the RG-2 and GS-2 rate schedules to close the 7 a.m. to 7 p.m. and 9 a.m. to 9 p.m. on-peak pricing options for new customers.

## **ATTACHMENTS:**

[Existing Residential and General Service Optional TOD Rates](#)

**NEW RICHMOND MUNICIPAL ELECTRIC UTILITY**

**Residential Service - Optional Time-of-Day**

Application: This rate schedule is optional to all Rg-1, Residential Service customers. Customers that wish to be served on this rate schedule must apply to the utility for service. Once an optional customer begins service on this rate schedule, the customer shall remain on the rate for a minimum of one year. Any customer choosing to be served on this rate schedule waives all rights to billing adjustments arising from a claim that the bill for service would be less on another rate schedule than under this rate schedule.

Once on this rate, the utility will review billing annually according to Wis. Admin. Code ch. PSC 113.

Customer Charge:     Single-phase: \$8.00 per month.  
                                  Three-phase: \$15.00 per month.

Energy Charge:     On-peak:         \$0.1757 per kilowatt-hour (kWh).  
                                  Off-peak:         \$0.0685 per kWh.

Power Cost Adjustment Clause: Charge per all kWh varies monthly. See schedule PCAC.

Pricing Periods:

- On-peak:     The three on-peak periods available are:  
                  7:00 a.m. to 7:00 p.m.  
                  8:00 a.m. to 8:00 p.m.  
                  9:00 a.m. to 9:00 p.m.  
                  Monday through Friday, excluding holidays, specified below.
  
- Off-peak:     All times not specified as on-peak including all day Saturday and Sunday,  
                  and the following holidays: New Year’s Day, Memorial Day,  
                  Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, or  
                  the day designated to be celebrated as such.

Minimum Monthly Bill: The minimum monthly bill shall be the customer charge.

Prompt Payment of Bills: Same as Rg-1.

(Continued on next page)

**RATE FILE**

Sheet No. 2 of 2

Schedule No. Rg-2

**Public Service Commission of Wisconsin**

Amendment No. 57

**NEW RICHMOND MUNICIPAL ELECTRIC UTILITY**

<b>Residential Service - Optional Time-of-Day (continued)</b>
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Moving Provision: If a customer moves within the utility's service territory, both the original and the new customer have the option to retain time-of-day billing or to transfer to the Residential Service rate, Rg-1, at no cost to the customer.

Joint Residential/Commercial Customers: A customer occupying a building or apartment for residential and commercial purposes jointly shall be billed on another rate which is determined based on the customer's load.

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EFFECTIVE:

December 1, 2013

PSCW AUTHORIZATION:  
Page 3 of 5

Order in docket 4139-ER-106, service date November 22, 2013

**NEW RICHMOND MUNICIPAL ELECTRIC UTILITY**

**General Service - Optional Time-of-Day**

Application: This rate schedule is optional to all Gs-1, General Service customers. Customers that wish to be served on this rate schedule must apply to the utility for service. Once an optional customer begins service on this rate schedule, the customer shall remain on the rate for a minimum of one year. Any customer choosing to be served on this rate schedule waives all rights to billing adjustments arising from a claim that the bill for service would be less on another rate schedule than under this rate schedule. Once on this rate, the utility will review billing annually according to Wis. Admin. Code ch. PSC 113.

The utility shall install demand energy meters for Gs-2 customers with energy usage in excess of 12,000 kWh per month for three or more months in a consecutive 12-month period. Gs-2 customers shall be transferred into the appropriate demand class as soon as the application conditions of that class have been met.

Gs-2 customers with minimum energy usage of 12,000 kWh per month plus a load factor equal to or greater than 45 percent for three or more months in a consecutive 12-month period shall have the option of transferring to the Cp-1 Small Power Optional Time-of-Day rate schedule. Once a customer begins service on a rate schedule on an optional basis, the customer shall remain on that rate schedule for a minimum of one year. Any customer choosing to be served on a rate schedule on an optional basis waives all rights to billing adjustments arising from a claim that the bill for service would be less on another rate schedule.

Customer Charge:     Single-phase: \$8.00 per month.  
                              Three-phase: \$15.00 per month.

Energy Charge:     On-peak:     \$0.1767 per kilowatt-hour (kWh).  
                              Off-peak:    \$0.0695 per kWh.

Power Cost Adjustment Clause: Charge per all kWh varies monthly. See schedule PCAC.

(Continued on next page)

**NEW RICHMOND MUNICIPAL ELECTRIC UTILITY**

**General Service - Optional Time-of-Day (continued)**

Pricing Periods:

On-peak: The three on-peak periods available are:  
7:00 a.m. to 7:00 p.m.  
8:00 a.m. to 8:00 p.m.  
9:00 a.m. to 9:00 p.m.  
Monday through Friday, excluding holidays, specified below.

Off-peak: All times not specified as on-peak including all day Saturday and Sunday, and the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, or the day designated to be celebrated as such.

Minimum Monthly Bill: The minimum monthly bill shall be the customer charge.

Prompt Payment of Bills: Same as Rg-1.

Moving Provision: If a customer moves within the utility’s service territory, both the original and the new customer have the option to retain time-of-day billing or to transfer to the General Service rate, Gs-1, at no cost to the customer.

Joint Residential/Commercial Customers: Same as Rg-2.

Determination of Maximum Measured Demand: The Maximum Measured Demand in any month shall be that demand in kilowatts necessary to supply the average kilowatt-hours in 15 consecutive minutes of greatest consumption of electricity during each month. Such Maximum Measured Demand shall be determined from readings of permanently installed meters or, at the option of the utility, by any standard methods or meters. Said demand meter shall be reset to zero when the meter is read each month.

Load Factor: Is defined in the following formula, where kWh = monthly energy usage and kW= Maximum Measured Demand during that month and 730 represents the average number of hours in a month.

$$\text{Load Factor} = \frac{kWh}{(kW * 730)}$$



# MEMO

**Prepared for:** Utility Commission  
**Staff Contact:** Rae Ann Ailts, Finance Director  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** 2020 Budget

## **BACKGROUND INFORMATION:**

Earlier this summer, City staff began the process for the development of the 2020 budget. The general fund in combination with the Utilities, Tax Increment Districts, Debt, Capital and other various funds reflects \$26 million dollars in budgets. The budget provides the financial road map aligning resources with operational needs which allow us to keep our infrastructure safe and community beautiful.

While, the various approaches to budgeting, such as budget bus tours, creation of innovation teams to community engagement, have evolved year over year the focus on collaboration and transparency remain pillars in the process.

Over the last several months, we have worked with staff, department heads, council members and stakeholders in identifying needs and opportunities. Additionally, this year the budget process is focused on improving and enhancing policy.

During the meeting on Monday evening, general budget themes and key needs will be presented. Outcomes for this meeting include:

- Understanding and approval of key themes
- Overview of timeline and next steps within the budget process



# MEMO

**Prepared for:** Utility Commission  
**Staff Contact:** Joel Enders, Management Analyst  
**Meeting:** Utility Commission - 11 Sep 2019  
**Subject:** Capital Plan 2020-2024

## **BACKGROUND INFORMATION:**

The Capital Plan is a comprehensive planning document focused on maintaining, rebuilding, replacing, or adding long-lived capital assets such as buildings, water mains, heavy equipment, machinery, computers, or monitoring controls. The plan is updated annually in conjunction with the operating budget to identify new projects and reflect any changes in cost, timing, or scope to existing projects. As part of the 2020 budget process, staff are currently updating the Capital Plan and analyzing funding options.

Staff will provide an overview of the 2020-2024 Capital Plan during the upcoming Utility Commission meeting, discuss major capital projects anticipated for 2020, and review next steps. Presentation slides are attached to this memo.

## **RECOMMENDATION:**

Discussion only - no action is requested at this time.

## **ATTACHMENTS:**

[2020-2024 Capital Plan Presentation](#)

# NEW RICHMOND UTILITIES



CAPITAL PLAN, 2020 – 2024



# CAPITAL PLANNING – THE BASICS

- 5-year plan, updated annually
- Maintaining, rebuilding, replacing or adding long-lived, expensive capital assets such as:
  - Buildings
  - Water/Sewer/Electric infrastructure
  - Heavy Equipment, machinery, vehicles
  - Computers, monitoring and control equipment
- Ensures that City needs are met today and in the future

## CAPITAL PLANNING – THE BASICS (2)

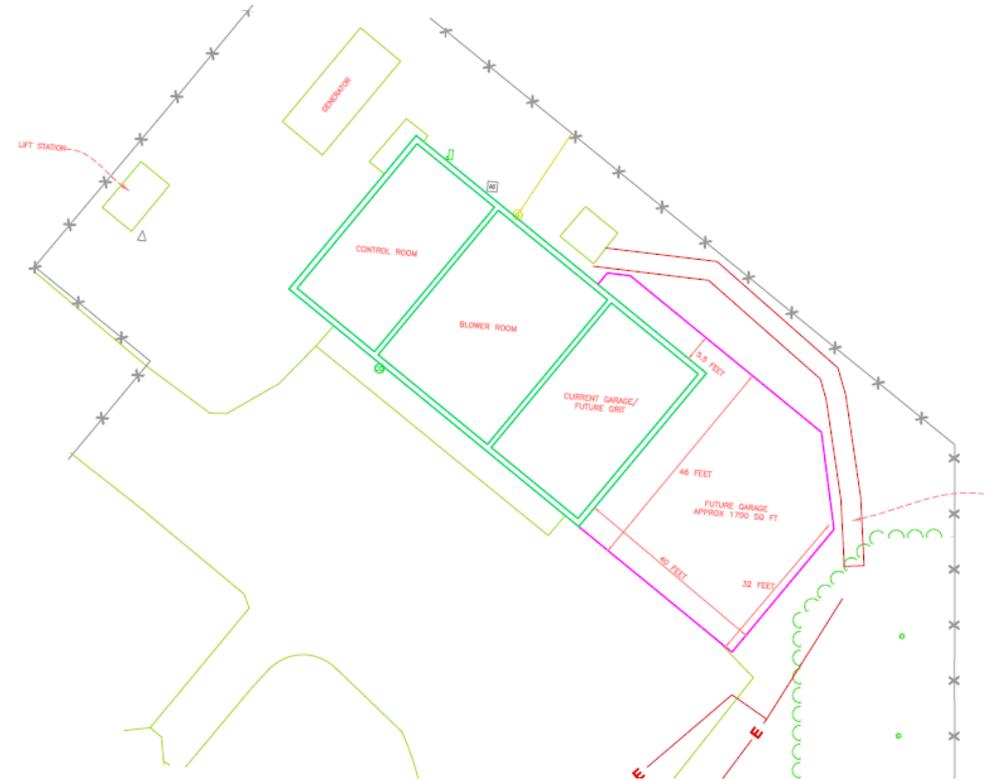
- Two types of projects:
  - Capital Maintenance and Replacement (CMAR) project – maintaining current service levels and quality of life
  - Capital Improvement Project (CIP) – expanding service levels to meet current/future needs
- Projects are prioritized to align limited resources with the right projects:
  - Critical
  - Very Important
  - Important
- The Capital Plan is a guide, not a legally-binding commitment (circumstances change!)

# 2020 – 2024 CAPITAL PLAN OVERVIEW

- Projects carried over from 2019-2023 Capital Plan
  - Project costs, scope, and timing adjusted as necessary
- New projects identified
- Projects with uncertain timing and/or funding moved to new **Under Discussion** section
  - 3<sup>rd</sup> water tower, Airport line extensions, solar shares, etc.

# 2020 PLAN YEAR HIGHLIGHTS

- Wastewater Treatment Plant Upgrade Project
  - Approximately 2.9 million dollars
  - Required to meet State and Federal regulations
  - Increases system efficiency and lowers operating costs
  - Proposed funding includes a combination of impact fees, reserves, and revenue bonding
- Jefferson/Marshall road and utility reconstruction project



## NEXT STEPS

- Staff are preparing updated cost analyses, descriptions, and funding options
- 2020 projects and projected added this year will be reviewed during the October Utility Commission meeting