

**Utility District Commission Regular Meeting
Municipal Complex - Assembly Room - Monday, April 10, 2006**

Minutes

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE

President Arden Tews called the meeting to order at 5:00 p.m., followed by the Pledge of Allegiance. Present were Commissioners Jay Schroeder, Barbara Hanson, Jerry Jurgensen, and John Zaborsky. Also Present: Admin. James Archambo; Finance Dir. Myra Piergrossi; Com. Dev. Dir. George Dearborn; Secretary Karen Tweedie; Engineer Brad Werner; Accts. Mgr./Deputy Treas. Paula Pagel; Wastewater Supt. Steve Laabs; Water Supt. Jeff Roth; John Andres of Virchow Krause

2. AWARDS/PRESENTATIONS

3. PUBLIC FORUM (Limited to Ten Minutes - Non-Repetitive Matters)

Pursuant to WI Statutes 19.83(2) and 19.84(2), the public may present matters; however, they cannot be discussed or acted upon until specific notice of the subject matter of the proposed action can be given.

4. DISCUSSION ITEMS

a) A review of the Utility Financial Statements was presented by Mr. John Andres, of Virchow Krause, giving the financial highlights for the 2004 and 2005 water and sewer utilities operating revenues & expenses including the rate of return for 2003-05 (attached). President Tews reiterated that 14.66% of the Town's water is purchased from the City of Menasha. Admin. Archambo reported that although wholesale water rates from the City of Menasha increased in 2004, our Utility absorbed the cost, rather than passing it along to our customers. The presently proposed City of Menasha wholesale rate increase, if passed entirely to our customers, would result in a 6 to 6-1/2% increase. Pres. Tews mentioned that Town of Menasha's rates are the 2nd lowest of the 8 other surrounding municipalities. Discussion continued about the potential shutdown of the K-C diaper plant and its dramatic impact.

5. OLD BUSINESS

6. NEW BUSINESS

a) 060410-1:UD Expenditures

MOTION: Jurgensen/Zaborsky to approve the expenditures as submitted. Motion carried.

7. ORDINANCES/POLICIES/AGREEMENTS

8. APPROVAL OF MINUTES

a) Regular Utility Commission Meeting - March 27, 2006

MOTION: Zaborsky/Schroeder to dispense with the reading of the above minutes and approve as submitted. Motion carried.

9. CORRESPONDENCE

a) Water Pumpage Report - March 2006

b) Water Main Breaks - March 2006

MOTION: Jurgensen/Hanson to accept the correspondence as submitted. Motion carried.

10. REPORTS

a) Wastewater Superintendent Laabs - Northwest Interceptor Update: There is 700 ft. of pipe left to run; the boring shall be completed under CTH CB in two weeks.

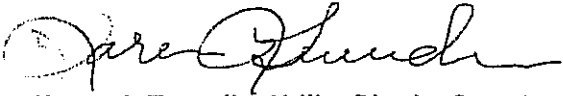
b) Water Superintendent Roth - Relay Project Update: Windmar Dr. is completed, and Eagle Dr. will begin tomorrow (Tuesday, April 11).

11. MOTIONS BY COMMISSIONERS

12. ADJOURNMENT

At 5:32 p.m., MOTION: Zaborsky/Hanson to adjourn. Motion carried.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Karen J. Tweedie".

Karen J. Tweedie, Utility District Secretary

Discussion - Apr. 10, 2004

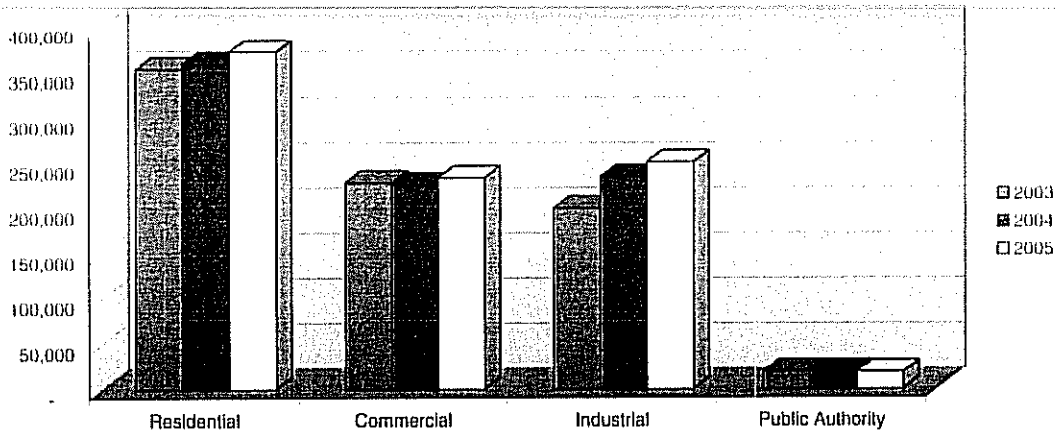
TOWN OF MENASHA WATER AND SEWER UTILITIES

Operating Income Summary For the Years Ending December 31, 2005 and 2004

	Water Utility		
	2004	2005	Change
OPERATING REVENUES			
Sales of water			
Residential	\$ 1,334,102	\$ 1,370,441	2.72%
Commercial	678,303	692,140	2.04%
Industrial	507,771	541,252	6.59%
Public authorities	51,401	48,782	-5.10%
Public and private fire protection	418,384	430,046	2.79%
Other	177,153	181,689	2.56%
Total Operating Revenue	<u>3,167,114</u>	<u>3,264,350</u>	<u>3.07%</u>
OPERATING EXPENSES			
Operation and maintenance	2,160,886	1,871,024	-13.41%
Depreciation	<u>512,473</u>	<u>534,422</u>	<u>4.28%</u>
Total	<u>2,673,359</u>	<u>2,405,446</u>	<u>-10.02%</u>
OPERATING INCOME	<u>\$ 493,755</u>	<u>\$ 858,904</u>	<u>73.95%</u>
Sewer Utility			
	2004	2005	Change
OPERATING REVENUES			
Treatment charges	\$ 2,536,710	\$ 2,661,658	4.93%
Other	<u>25,220</u>	<u>29,013</u>	<u>15.04%</u>
Total Operating Revenue	<u>2,561,930</u>	<u>2,690,671</u>	<u>5.03%</u>
OPERATING EXPENSES			
Operation and maintenance	1,864,801	1,847,631	-0.92%
Depreciation	<u>371,680</u>	<u>384,128</u>	<u>3.35%</u>
Total	<u>2,236,481</u>	<u>2,231,759</u>	<u>-0.21%</u>
OPERATING INCOME	<u>\$ 325,449</u>	<u>\$ 458,912</u>	<u>41.01%</u>

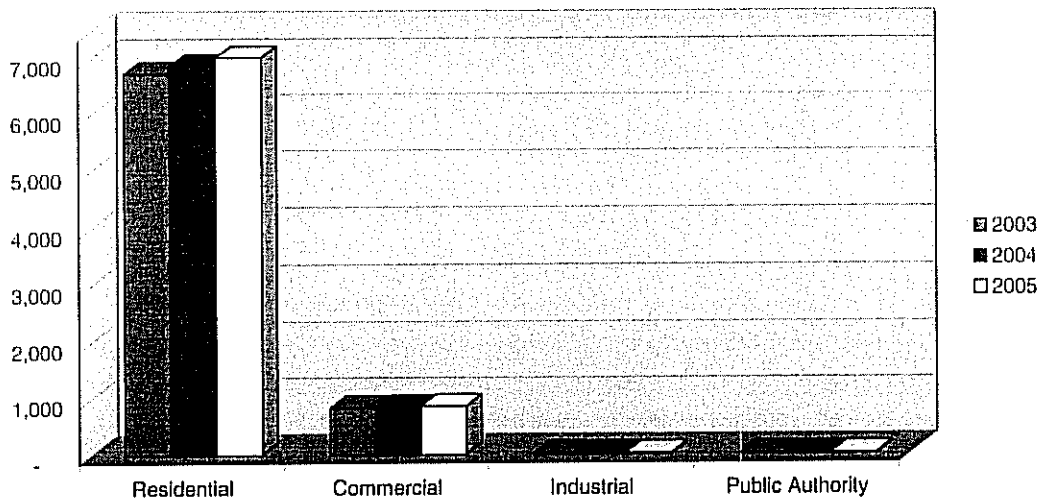
Town of Menasha Water and Sewer Utilities

Comparison of Water Gallons Sold



	2003	2004	2005
Residential	354,074	359,212	372,692
Commercial	229,368	227,206	234,506
Industrial	201,205	235,738	252,142
Public Authority	19,682	20,107	18,825
Total	804,329	842,263	878,165

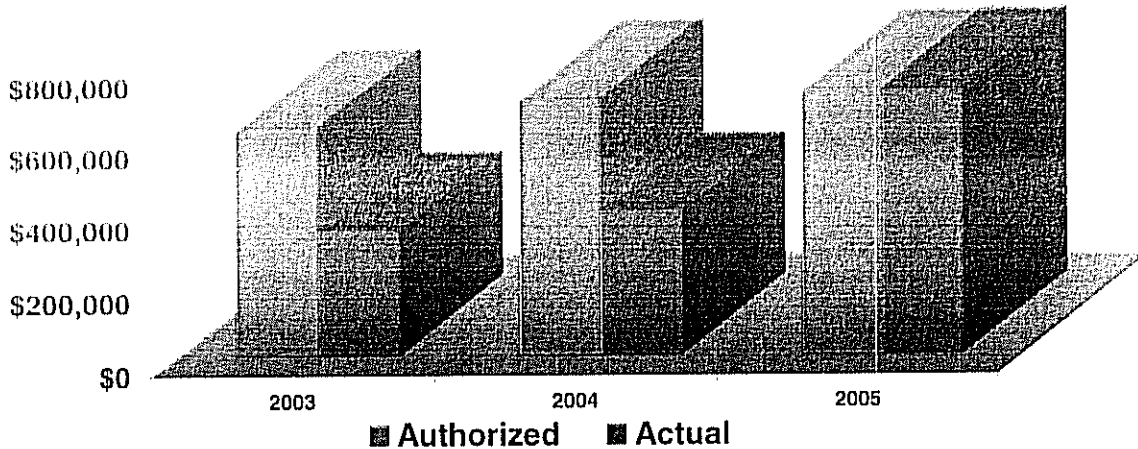
Number of Utility Customers



	2003	2004	2005
Residential	6,743	6,882	7,028
Commercial	832	844	860
Industrial	24	21	22
Public Authority	20	17	20
Total	7,619	7,764	7,930

Town of Menasha Water Utility

Rate of Return Actual vs. Authorized 2003 - 2005



	2003	2004	2005
Net Investment Rate Base	\$ 8,454,778	\$ 9,483,323	\$ 9,825,236
Authorized Return	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>
Authorized Operating Return	<u>\$ 634,108</u>	<u>\$ 711,249</u>	<u>\$ 736,893</u>
Actual Operating Income	<u>\$ 344,609</u>	<u>\$ 396,819</u>	<u>\$ 734,579</u>
Actual Return	<u>4.08%</u>	<u>4.18%</u>	<u>7.48%</u>
Difference	<u>\$ (289,499)</u>	<u>\$ (314,430)</u>	<u>\$ (2,314)</u>

What it means...

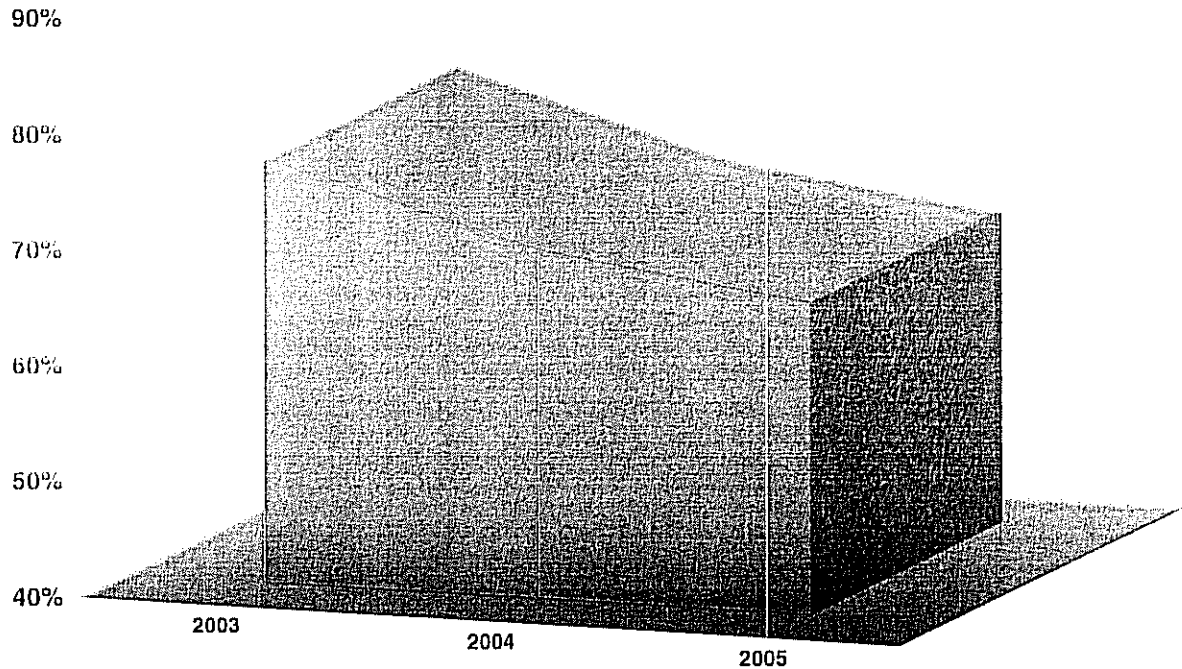
Rate of return is a key indicator of financial results in any regulated utility like your water utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run.

It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

Town of Menasha Water Utility

Net Assets vs. Net Plant

2003 - 2005



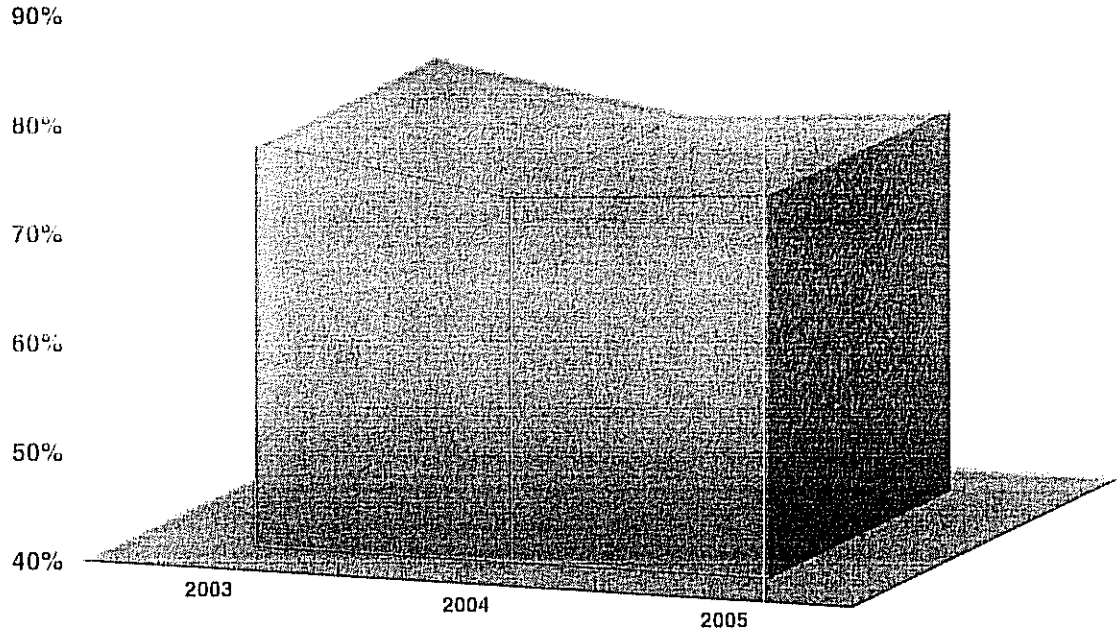
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net Assets Invested in Capital Assets, Net of Related Debt	\$ 15,136,736	\$ 14,981,104	\$ 14,521,687
Net Property, Plant, and Equipment	<u>19,722,632</u>	<u>21,333,451</u>	<u>21,663,696</u>
Percent of Net Plant Not Funded by Debt	<u>76.75%</u>	<u>70.22%</u>	<u>67.03%</u>

What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses.

Town of Menasha Sewer Utility

Net Assets vs. Net Plant 2003 - 2005



	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net Assets Invested in Capital Assets, Net of Related Debt	\$ 12,994,453	\$ 12,903,202	\$ 13,197,142
Net Property, Plant, and Equipment	<u>16,852,942</u>	<u>17,554,523</u>	<u>17,564,233</u>
Percent of Net Plant Not Funded by Debt	<u>77.10%</u>	<u>73.50%</u>	<u>75.14%</u>

What it means....

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