

Special Meeting of the Utility District Commission  
Budget Workshop  
Municipal Complex - Assembly Room - October 29, 2007

Minutes

1. CALL TO ORDER

President Arden Tews called the Special Meeting to order at 4:00 p.m. Present were President Tews, Commissioners McQuillan, Hanson, McNamee and Youngquist.

Others present were Administrator Sturgell, Clerk Tweedie, Dir. of Finance Piergrossi, Wastewater Superintendent Laabs, Water Superintendent Roth, Dir. of Comm. Dev. Dearborn, Dir. of Parks & Rec. Kading, Street Superintendent Gallow, Police Chief McCants, Fire Chief Kiesow, Network Administrator Plagenz, P. C. Reporter Mike King, Melvin Schultz, Barb Knaack.

2. BUDGET WORKSHOP

Utility District Wastewater Department

Finance Director Piergrossi gave an overview of the Utility District Wastewater Department budget and presented highlights. Discussed was the Capital Reserve account which included the replacement of a 1997 Chevy van, cost for aerial photos and fiber optics. President Tews inquired about the duties of the Finance Clerk Receptionist position. Finance Director Piergrossi explained the various duties performed by workload for each of the utility departments which are applied 37.50% toward the Sewer budget, and 25% toward the Town budget. [37.50% is applied toward the Water budget]. Commissioner Hanson asked questions about the Rent and Insurance accounts, and Finance Director Piergrossi explained this pertained to the Utility District offices. Discussed was the Subscription and Dues account which covers a subscription to the Post Crescent newspaper, and Sam's Club which requires dues and allows employees to purchase items such as office supplies, food, and other miscellaneous items for their department. The Depreciation/Amortization Expense account was reviewed. Noticed was the rise in gas prices which amounted to a 25% increase. President Tews inquired about the Office Training account in which one employee is attending out-of-state training. President Tews stated as long as this training was in the budget and the budget approved, it would alleviate the need later for a resolution and approval by the Board.

Finance Director Piergrossi presented comparisons of sewer rates to some other municipalities. Town of Menasha's rate was one of the lowest.

Utility District Water Department

Finance Director Piergrossi presented the Water Department budget, and reviewed the current revenues. Water rates were presented with comparisons against other municipalities. Discussed was the increase in cost for water purchased from the City of Menasha, but staff felt installation of a well would decrease the need. The Board and staff spoke about having other options for purchasing water and will review this annually. Board members reviewed other accounts; Operating Supplies, Teamsters' unsettled contract, Professional Services Contracted, Operating Costs, and Insurance. A large increase was noticed with the Salt account due to the significant anticipated rise in salt costs. Water Superintendent Roth described the need for salt to soften the water, and stated there are only three companies who are choices for a supplier. The Capital Reserve account was discussed and noted items were costs for aerial photos, new water meters, chlorine monitors, a portion of the fiber optics- Phase 1 (of 3 Phases), water main relays, and the replacement of a 1996 one-ton service truck. Displayed were the mapped areas for the water main replacements, and Water Superintendent Roth noted streets in which various water breaks have occurred. He stated two wells needed to be drilled at Plant No. 2 and Plant No. 4. President Tews stated he wanted to bid out the projects as early as possible in December using the same contractor for both. Water Superintendent Roth agreed and felt that the well replacements could probably be completed by next summer.

The Board discussed the water revenue and the loss due to the Kimberly-Clark plant closing as being a factor in reviewing the current water rates. Administrator Sturgell stated several factors impacting the Town and decreasing revenues and increasing expenses including; increased cost of purchased water, increased cost of rock salt, borrowing for the aggressive water main replacements, and other large items in the borrowing.

A water rate study is currently being done to determine the amount of the increase for 2008 water rates, as there has not been an increase in the rates in six years.

Finance Director Piergrossi stated that the budget reflects a transfer from the Fund Balance (Savings) of over \$400,000., and this has never been done before. The Board members asked how it would affect the Town's rating with Moody's Investor Service, and Finance Director Piergrossi stated it would be explained that there was a water rate study being performed. President Tews asked whether the water rate increase could be done in two steps rather than all at once, but Piergrossi felt one increase would be easier for the residents to accept and understand. President Tews asked staff to divulge the increased water rate with a guess, and Finance Director Piergrossi answered that a rough estimate was a 41% increase. She stressed this was a guess, and reminded everyone that the study had not yet been completed.

Board members requested a meeting with utility staff and board members to discuss ways to reduce expenditures, though a date and time had not been set.

3. MOTION TO RECONVENE

At 5:55 p.m., MOTION: Youngquist/Hanson to adjourn the Special Meeting.

Respectfully submitted,



Karen J. Tweedie, Town Clerk

HIGHLIGHTS OF THE PROPOSED 2008  
TOWN OF MENASHA UTILITY DISTRICT BUDGET

Water Department General Comments:

- Water Department will begin to lose money in 2008 without a water rate increase.
- With no water rate increase, the Water Department is budgeted to transfer \$417,173 from the Water Department savings.
- The primary issues facing the Water Department are:
  - A decrease in water sales due to the closing of the Kimberly Clark plant
  - An increase in cost of purchased water from the City of Menasha
  - An increase in cost of rock salt

Water Department Expenditures:

- Total expenditures (**excluding Capital projects**) increased \$350,930 from \$3,508,090 to \$3,859,020 (or 10.0%). However, the increase is actually higher if you consider that the Town budgeted \$57,984 for depreciation in 2007, and \$0 for depreciation in 2008. Therefore, the actual increase in expenditures is \$408,914 or 11.7%.
- Water Purchases – The budgeted cost of water purchases from the City of Menasha is increasing from \$437,197 in 2007 to \$693,522 in 2008 for an increase of \$256,325 (or 58.6%). Starting January 1, 2008, the cost of water from the City of Menasha will increase from \$2.30 per 1000 gallons to \$3.50 per 1000 gallons. The Town of Menasha Utility District purchases approximately 16% of its water supply from the City of Menasha.
- Rock Salt – The Water Department is increasing its budgeted cost of rock salt from \$189,530 to \$284,200 for a 49.9% increase. The salt budget was underfunded last year due to the cost of salt increasing dramatically after the 2007 budget was set. The salt then increased an additional 18.2% for 2008.
- Meter Maintenance – The Water Department is increasing the budgeted cost of meter maintenance from \$38,100 to \$52,500 (or 37.8%.) The maintenance for a large batch of meters installed in 1995-1996 is coming due. The PSC requires these meters to be inspected and fixed, upgraded, or replaced as needed. Also, many of the meters need upgraded electronics to work with the new ORION software system utilized by the department.
- Capital Projects – The Water Department requests \$2,220,393 in capital equipment and projects, of which \$2,129,801 would be borrowed.
- The Water Department is requesting no additional staff for 2008.

#### Water Department Revenues:

- Total Revenues (**excluding Capital Projects**) decreased \$45,035 from \$3,577,474 in 2007 to \$3,532,439 in 2008 (or -1.3%).
- Kimberly Clark Closure -- The closure of the Kimberly Clark plant has an impact on the department's water sales. Metered sales are budgeted to decrease from \$3,085,723 in 2007 to \$2,984,776 in 2008 (or -3.3%).
- The budgeted revenue coming from interest is budgeted to increase from \$94,320 to \$200,000. This helps offset some of the loss in revenue from the Kimberly Clark plant closure.

#### Wastewater Department General Comments:

- Wastewater Department is in good shape. While there is a small decline in revenues, there is a decline in expenditures as well.

#### Wastewater Department Expenditures:

- Total Expenditures (**excluding Capital Projects**) decreased \$218,068 from \$3,074,106 in 2007 to \$2,904,038 in 2008 (or -7.1%).
- The largest decrease in expenditures comes from the retirement of a 1997 General Obligation (GO) bond. The Wastewater Department's principal payments decreased \$309,316 from \$679,296 to \$369,980 (or 45.5%).
- The Wastewater Department is requesting only \$48,000 in Capital equipment and projects with **no borrowing!**
- The Wastewater Department is requesting no additional staff for 2008.

#### Wastewater Department Revenues:

- Total Revenues (excluding Capital Projects) are anticipated to decrease \$187,068 from \$3,091,106 in 2007 to \$2,904,038 in 2008 (or -6.1%).
- Measured Services is budgeted to decrease \$147,524 from \$2,563,440 in 2007 to \$2,415,916 in 2008 (or -5.8%). Much of this is due to the Kimberly Clark plant closing.
- Industrial Surcharge revenues are expected to decrease partially due to the correction of the metering at Pierce Manufacturing.