

**CITY OF TWO RIVERS CITY COUNCIL
JOINT MEETING OF THE PERSONNEL AND FINANCE COMMITTEE
& PUBLIC UTILITIES COMMITTEE
Thursday, November 7, 2024
6:00 PM
3rd Floor City Council Chamber – City Hall**

Call to Order

The Personnel & Finance Committee was called to order by Committee Chair Bonnie Shimulunas at 6:00 PM.

The Public Utilities Committee was called to order by Committee Chair Tim Petri at 6:00 PM.

Roll Call

Personnel & Finance Committee members present were Mark Bittner, Bonnie Shimulunas and Adam Wachowski.

Utilities Committee members present were Tim Petri, Darla LeClair and Shannon Derby.

Members of City Staff present: Gregory Buckley, City Manager; Kassie Paider, Finance Director; Andrew Sukowaty, Water Utility Director; Dave Casebeer, Wastewater Superintendent; Brian Dellemann, Electric Utility Director; Scott Ahl, Civil Engineer; Matt Heckenlaible, Public Works Director/City Engineer.

Review and Recommendations Regarding Proposed Utility Fund Budgets for 2025

- A. Water.** Andrew Sukowaty presented the proposed Water Utility budget for 2025. He noted that the utility's last rate increase (8 percent) took effect September 1, 2023. It was a PSC "simplified" rate case; the next rate increase, when needed, will be a full rate case.

No change in department staffing is proposed. Utility revenues are budgeted for 2025 at \$3,076,000, a 1.22 percent increase from 2024. Operating expenses are budgeted at \$2,972,818, up 1.46 percent over 2023, for projected net operating income of \$130,982.

The utility's cash flow projections, after debt principal payments and other non-operating costs and adjustments, show small improvements in cash for the current year (\$26,659) and for 2025 (\$56,982), leaving the utility in a negative cash position of (\$399,878) at 2025 year-end. This still represents a substantial improvement over a cash deficit of \$1.8 million at the end of 2018.

Capital projects planned for the water plant are very limited, the largest being a \$130,000 overhaul/upgrade of the plant's emergency generator, to be financed with a 10-year, 0 percent loan through WPPI Energy. Replacement of deteriorated soffit on the water filtration plant is proposed from utility cash, at \$30,000.

More significant capital investments are planned for the distribution system, including replacement of under-sized mains on the east side in tandem with street reconstruction on Harbor, 16th and Emmet Streets (\$600,000) and continued lead service lateral replacement activity (\$1,000,000.) Staff reported the preliminary feedback on Safe Drinking Water Fund financing for 2025 lead lateral replacement looks very favorable.

Following discussion:

--For the Personnel and Finance Committee, Wachowski moved, supported by Bittner, to recommend approval of the 2025 Water Budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, LeClair moved, supported by Derby, to recommend approval of the 2025 Water Budget as presented. The motion was approved by voice vote, without dissent.

B. Wastewater. Wastewater Superintendent Dave Casebeer presented the proposed 2025 Wastewater Fund budget.

No staffing changes are proposed for 2025. No rate increase is proposed for 2025 (last increase was in 2023), but a single-digit rate increase will likely need to be considered for 2026.

2025 budgeted revenues, at \$3,102,196, are down 0.17 percent from 2024. Budgeted operating expenses are \$2,997,456, up 3.29 percent from 2024. Net income for the utility is projected to be \$238,332 for 2024, \$104,740 for 2023. No cash analysis was presented for the Wastewater Utility.

Capital projects proposed for 2025 are primarily in the collection system: Private sanitary laterals in tandem with lead water lateral replacement, main replacement in conjunction with the Harbor/Emmet/16th Street project (\$220,000) and pipe lining for about 8,200 l.f. of mains. A \$100,000 roof replacement is needed at the treatment plant, proposed for funding through general obligation borrowing.

Following discussion:

--For the Personnel and Finance Committee, Bittner moved, supported by Wachowski, to recommend approval of the 2025 Wastewater Budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, LeClair moved, supported by Derby, to recommend approval of the 2025 Wastewater Budget as presented. The motion was approved by voice vote, without dissent.

C. Storm Water. City Engineer Matt Heckenlaible presented the proposed 2025 Storm Water budget. Staff expenses for this utility are for work done by DPW staff on the storm water collection, treatment and discharge systems. No rate change is proposed; rates for this utility have remained the same since its creation. It was noted that street sweeping, funded for many years from the Solid Waste Utility, was moved to this utility with the 2024 Budget.

Operating revenues are unchanged from 2024, at \$655,100. Operating expenses for 2025 were presented at \$491,483, down about \$125,000 from 2024. After review, it was recognized that a storm water plan update, budgeted at \$90,000 for 2024, will carry over into 2025, increasing projected spending in 2025 by \$70,000. \$45,000 in DNR grant revenue for this project, budgeted as revenue in 2024, will more likely be received in 2025. Proposed capital projects for 2025 include the storm water component of the Harbor/Emmet/16th Streets project (\$270,000, from borrowing) and Sandy Bay Highlands Phase 3 storm water management (\$110,000, from utility cash).

Conditioned upon the above corrections to the budget, and following discussion:

--For the Personnel and Finance Committee, Wachowski moved, supported by Bittner, to recommend approval of the 2025 Storm Water Budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, LeClair moved, supported by Derby, to recommend approval of the 2025 Storm Water Budget as presented. The motion was approved by voice vote, without dissent.

D. Solid Waste. Matt Heckenlaible then presented the proposed 2025 Solid Waste Utility budget.

He noted that the charge for garbage stickers, the single largest source of revenue for this utility, was increased from \$2.50 to \$3.00 in early 2025.

2025 budgeted revenues are \$869,300, up 0.72 percent from 2024. 2025 budgeted expenditures are \$898,900, up 7.64 percent. Most of that increase is due to a negotiated increase in the contract with Manitowoc Disposal for collection and hauling of garbage and recyclables.

Mr. Heckenlaible noted that, with the fund balance in this fund projected to decline to \$64,000 by 2025 year-end, a user fee increase, likely to the monthly environmental fee, may be needed in 2025. Mr. Buckley suggested that funding need might be addressed, at least in part, by reducing the percentage of the environmental fee earmarked for the Landfill Fund, shifting those dollars to support the Solid Waste Utility.

There were also questions from the committee members about the extent to which DPW administrative personnel costs are allocated to this fund. Mr. Heckenlaible noted that his office administers the Manitowoc Disposal contract, supervises the Public Works leaf collection operation, and deals with the public on issues related to solid waste.

Following discussion, and with the condition that staff look into possible added revenue support from from the Environmental Fee and report back on administrative staff charges to this utility:

--For the Personnel and Finance Committee, Bittner moved, supported by Wachowski, to recommend approval of the 2025 Solid Waste budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, Derby moved, supported by LeClair, to recommend approval of the 2025 Solid Waste budget as presented. The motion was approved by voice vote, without dissent.

E. Electric.

Brian Dellemann, Electric Utility Director, reviewed the proposed 2025 Electric Utility budget.

He noted that there is no rate increase proposed for 2025. The most recent increase was in May 2020.

Total revenues are budgeted at \$9,747,000, up 0.35 percent from 2024. Operating expenses are budgeted at \$9,589,095, up 0.29 percent from 2024. About 72 percent of the budget is for purchased power. At \$6,930,000, this expense is down 1.30 percent from 2024.

The utility's cash position continues to improve, and is projected at \$794,000 for 2024 year-end, \$908,000 for 2025 year-end. Finance Director Paider noted that revenue and expense projections are developed with modeling assistance from WPPI Energy.

Capital spending proposed for 2025 includes \$150,000 for replacement meters, from utility cash,

and \$360,000 for a replacement line truck ordered in 2024, to be financed with a 10-year, 0 interest loan from WPPI Energy.

Following discussion:

--For the Personnel and Finance Committee, Bittner moved, supported by Wachowski, to recommend approval of the 2025 Electric Utility Budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, Derby moved, supported by LeClair, to recommend approval of the 2025 Electric Utility Budget as presented. The motion was approved by voice vote, without dissent.

F. Telecommunications.

Mr. Dellemann reviewed the proposed 2022 Telecommunications budget. This utility accounts for revenues and expenditures associated with maintaining an 18-mile fiber network connecting local schools and City facilities. Revenues are from leasing dark fiber to local telecom provider Nsight Communications (\$15,885 annually); expenses are for work on the system by Electric Utility personnel, budgeted at \$8.745.

Fund balance for this utility is projected at \$82,272 at 2024 year-end. The budget anticipates a possible capital project for a fiber connection to the electric utility Columbus substation, at \$25,000.

Following review:

--For the Personnel and Finance Committee, Wachowski moved, supported by Bittner, to recommend approval of the 2025 Telecommunications Utility Budget as presented. The motion was approved by voice vote, without dissent.

--For the Utilities Committee, Derby moved, supported by LeClair, to recommend approval of the 2025 Telecommunications Utility Budget as presented. The motion was approved by voice vote, without dissent.

Adjournment

Personnel and Finance Committee motion by Wachowski, seconded by Bittner, to adjourn the meeting at 8:37 PM. Motion carried unanimously upon a voice vote.

Public Utilities Committee motion by LeClair, seconded by Derby, to adjourn the meeting at 8:37 PM. Motion carried unanimously upon a voice vote.

Respectfully Submitted,



Greg Buckley
City Manager