

STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, September 18, 2023 – 5:30 p.m.

Stoughton, WI

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Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Optional Virtual Participation: GoToMeeting ID 667-154-085

Members Present: Citizen Member Carl Chenoweth, Citizen Member David Erdman (Chair), Alderperson Regina Hirsch, Alderperson Greg Jensen, Alderperson Daniel Payton

Excused: Citizen Member Dustin Thoren (Vice-Chair)

Absent: Mayor Tim Swadley

Others Present: WPPI Energy Services Manager Darren Jacobson (Virtual), Stoughton Utilities Finance Manager Shannon Statz, Stoughton Utilities Director Jill Weiss

Call to Order: Chairperson Erdman called the regular Stoughton Utilities Committee Meeting to order at 5:30 p.m. Erdman, Jensen, Hirsch, and Payton were present in person. Chenoweth attended virtually.

Verification of Quorum: The chair verified that a quorum of the committee membership was present.

Certification of Compliance with Open Meetings Law: Weiss certified that the meeting had been properly noticed in compliance with open meetings law.

Public Comments: There were no public comments.

Utilities Committee Consent Agenda: Stoughton Utilities staff presented and discussed the Stoughton Utilities Committee consent agenda items, highlighting the activities report, which included the first report created by the new wastewater system supervisor Kevin Hudson following his promotion into the position. Also highlighted was our upcoming Public Power Week event. Erdman congratulated Weiss on her recent reelection to the WPPI Energy Executive Committee.

Motion by Jenson, the motion seconded by Payton, to approve the following consent agenda items as presented:

- a. Draft Minutes of the August 21, 2023 Regular Utilities Committee Meeting
- b. Stoughton Utilities Payments Due List Report
- c. Stoughton Utilities Financial Summary – June and July, 2023
- d. Stoughton Utilities Statistical Report
- e. Stoughton Utilities Activities Report
- f. Communications

The motion carried unanimously 5 to 0.

Status of the Utilities Committee recommendation(s) to the Stoughton Common Council: Stoughton Utilities staff presented and discussed the following items from the Stoughton Utilities Committee that were recently approved and/or placed on file by the Stoughton Common Council:

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Consent Agenda:

1. Minutes of the May 15, 2023 Regular Utilities Committee Meeting
2. Minutes of the June 19, 2023 Regular Utilities Committee Meeting
3. Stoughton Utilities Payments Due List Report – May
4. Stoughton Utilities Payments Due List Report – June
5. Stoughton Utilities Financial Summary – April
6. Stoughton Utilities Financial Summary – May
7. Stoughton Utilities Statistical Report – May
8. Stoughton Utilities Statistical Report – June

Presentations:

1. Stoughton Water Quality: 2022-2023 Lead and Copper Sampling Results

Business:

1. Authorizing the Partial Release of a Platted Public Utility Easement on Lot 141 of John Nygaard's Virgin Lake Estates (2108 Wood View Dr), recorded as Document No. 5592538, Dane County Registry (Tabled for Document Updates)

Discussion followed.

Status of the PSCW Electric Rate Application Filing: Staff provided the committee with an update on the electric rate application that was filed with the Public Service Commission of Wisconsin (PSCW) in February 2023. The PSCW continues to review the application and staff has responded to several follow-up questions from the commission. Discussion followed.

Preview of the Stoughton Utilities Proposed 2024 Budget: Stoughton Utilities staff presented and discussed preliminary projections that will be used to create the proposed 2024 electric, water, and wastewater budgets. Topics discussed included current supply chain and material availability concerns, continuation of the 2022 strategic alignment compensation plan, inflationary impacts on operations and maintenance, anticipated future rate increases and debt issuance, and an aggressive water and sewer main replacement program being proposed to keep up with city and WisDOT projects.

A lengthy discussion followed on topics including but not limited to, vehicle electrification and its impacts on the utility's electric consumption projections included in the operating budget, declining water and wastewater utility revenues and the potential for a future proposal to implement user/connection fees to reduce future capacity impact costs to existing customers when resulting from new development, and a proposal to include consistent annual rate increases over the next five years to fund planned infrastructure improvement needs in the water and wastewater utilities.

The committee inquired about employee wages and how they were calculated for the budget. Staff presented a plan that will incorporate ongoing biennial market wage reviews, with wage adjustments to be set accordingly. The plan will utilize the same methodology and data sources that were used in the market wage analysis implementation approved by the committee and common council and implemented in 2022. It was further presented that a flat percentage increase was not included in the proposed budget, and each position would be individually adjusted based on its comparable averages. Staff was requested to maintain transparent communication with staff throughout the implementation process to explain the market analysis methodology,

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data sources, and results, with the goal of ensuring a smooth transition from the prior practice of annual flat percentage increases. The chair reminded the committee of the success of the 2022 market wage analysis, including the understanding and positive reception from staff.

Staff presented a rate comparison of current water and wastewater rates of Stoughton and the surrounding communities, highlighting where the utility's current and five-year projected rates fell in comparison and showing our rates remain competitive in the area. The committee was favorable to the proposed budget, including the forecasted consistent increases in rates. Staff was requested to prepare a plan to transparently communicate the need for future rate increases to customers.

Staff informed the committee that following the meeting the budget calculations will be finalized and drafted into the proposed 2024 operating budget. The final proposed Stoughton Utilities 2024 budget will be presented to the committee at the October meeting for review, approval, and recommendation to the Stoughton Common Council.

Stoughton Utilities Proposed Five Year (2024 – 2028) Capital Improvement Projects (CIP) Program:

Stoughton Utilities staff presented and discussed the proposed five-year (2024-2028) Capital Improvement Projects (CIP) program. Staff informed the committee that the CIP was developed by reviewing system engineering studies, regulatory agency requirements, potential joint projects with other Stoughton Departments and the Wisconsin Department of Transportation to yield economy of scale savings, and development-lead projects. Significant projects, including water and sanitary sewer main replacement projects, were highlighted. Discussion followed.

Motion by Chenoweth, the motion seconded by Hirsch, to approve the Stoughton Utilities five-year (2024-2028) Capital Improvement Projects (CIP) Plan and recommend approval to the Stoughton Common Council at their October 24, 2023 and November 7, 2023 meetings. The motion carried unanimously 5 to 0.

Chenoweth left the meeting at 7:11 p.m. resulting in the loss of a quorum. The Chair elected to continue the meeting as the remainder of the agenda items were for discussion only.

Wastewater Treatment Facility and Sanitary Sewer Collection System 2022 Compliance Maintenance

Annual Report (CMAR): WDNR Response: Stoughton Utilities staff presented an update to our annual CMAR filing, which was approved by the Utilities Committee and Common Council in May and filed with the Wisconsin Department of Natural Resources (WDNR) in June. The WDNR has received and approved our filing, providing favorable comments, and no further action is needed until the 2023 CMAR filing that will occur in June 2024.

WDNR 2022 Wisconsin Public Water Systems Annual Drinking Water Report:

Stoughton Utilities staff presented the 2022 Wisconsin Public Water Systems Annual Drinking Water Report published by the Wisconsin Department of Natural Resources (WDNR), highlighting the inclusion of Stoughton Utilities as a recipient of Safe Drinking Water Loan Program funding for drinking water projects, which reimbursed the utility for funds spent during its 2021 lead service line removal program.

Utilities Committee Future Agenda Items:

Stoughton Utilities staff informed the committee that a presentation from WPPI Energy staff will occur at the October or November meeting and that staff will finalize the Stoughton Utilities 2024 operating budget for presentation to the committee in October. Staff is working to schedule a presentation by the utility's investment advisor providing an annual report regarding the period's investment

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activity and recommendation(s) for improvement. Committee members requested staff prepare a communications plan focusing on rate transparency and a sustainability plan for presentation at a future meeting.

Discussion followed.

Adjournment: Being no further business before the committee, and as a quorum was not present to act on a motion, the Chair adjourned the meeting at 7:21 p.m.

Respectfully submitted,

Brian R. Hoops

Stoughton Utilities Assistant Director

Shannon S. Statz

Stoughton Utilities Finance Manager