

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, March 22, 2021 – 5:30 p.m.

Stoughton, WI

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Location: Online Attendance: GoToMeeting ID 142-953-661.

Members Present: Citizen Member David Erdman (Chair), Alderperson Regina Hirsch, Alderperson Greg Jenson, Mayor Tim Swadley, Citizen Member Dustin Thoren

Excused: Citizen Member John Kallas

Absent: Alderperson Ben Heili (Vice-Chair)

Others Present: Stoughton Director of Finance & Comptroller Jamin Friedl, Stoughton Utilities Assistant Director Brian Hoops, Alderperson Jean Ligocki, Stoughton Utilities Operations Specialist Martin Seffens, Stoughton Utilities and WPPI Energy Services Manager Amy Wanek, Stoughton Utilities Director Jill Weiss

Call to Order: Utilities Committee Chairperson David Erdman called the regular Stoughton Utilities Committee Meeting to order at 5:30 p.m.

Utilities Committee Consent Agenda: Stoughton Utilities staff presented and discussed the Stoughton Utilities Committee consent agenda items.

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

- a. Draft Minutes of the February 15, 2021 Regular Utilities Committee Meeting
- b. Stoughton Utilities February Payments Due List Report
- c. Stoughton Utilities December Financial Summary
- d. Stoughton Utilities January Financial Summary
- e. Stoughton Utilities January Statistical Report
- f. Stoughton Utilities January Activities Report
- g. Stoughton Utilities February Activities Report
- h. 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 approved and/or placed on file by the Stoughton Common Council:

Consent Agenda:

1. Minutes of the November 16, 2020 Regular Utilities Committee Meeting
2. Stoughton Utilities November Payments Due List Report
3. Stoughton Utilities December Payments Due List Report
4. Stoughton Utilities January Payments Due List Report
5. Stoughton Utilities October Financial Summary
6. Stoughton Utilities November Financial Summary
7. Stoughton Utilities October Statistical Report
8. Stoughton Utilities November Statistical Report
9. Stoughton Utilities December Statistical Report

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Business:

1. Ordinance to Create Sections 74-2 (h) and (i) of the City of Stoughton Code of Ordinances, Relating to the Replacement of Indirect Sanitary Sewer Service Lateral Connections

Discussion followed.

Approval of the Fiber Optic Agreement and Grant of Indefeasible Right of Use (IRU) Between the City of Stoughton and TDS Metrocom:

Stoughton Utilities staff presented and discussed a draft agreement in which TDS Metrocom has agreed to provide Stoughton Utilities with dedicated, unlit strands of fiber optic cable to all Stoughton Utilities facilities for a negotiated, reduced up-front cost under a 20-year IRU agreement. Staff further explained that the document provided in the meeting packet is an execution version that has undergone review by our legal counsel. Discussion followed.

Motion by Thoren, the motion seconded by Hirsch, to approve the Fiber Optic Agreement and Grant of Indefeasible Right of Use (IRU) Between the City of Stoughton and TDS Metrocom, and recommend approval of the agreement to the Stoughton Common Council. The motion carried unanimously 5 to 0.

Bad Debt Account Write-Offs through December 31, 2020: Stoughton Utilities and City of Stoughton staff presented and discussed the Bad Debt Account Write-Offs through December 31, 2020. Customer account balances and invoices totaling \$14,950.54 were proposed to be written off as uncollectible and recorded as a 2020 operating expense. Discussion followed.

Motion by Hirsch, the motion seconded by Jenson, to approve the Bad Debt Account Write-offs through December 31, 2020 and recommend the approval and the adoption of the corresponding resolution to the Stoughton Common Council. The motion carried unanimously 5 to 0.

Declaration of Official Intent 2021-1: Stoughton Utilities and City of Stoughton staff presented and discussed the declaration of official intent to reimburse an expenditure with proceeds of a borrowing or borrowings authorized by the issuer. This is the first declaration for the year 2021 and preserves the ability to borrow funds up to \$5,886,271.00 for the 2021 Lead Water Service Replacements Contract 4-2021, including but not limited to engineering, legal, construction, property restoration, and other incidental expenses associated with the replacement of public and private lead water service lines, full or in part, from the water main to the water meter. Discussion followed.

Motion by Hirsch, the motion seconded by Thoren, to approve the Declaration of Official Intent No. 2021-1 and recommend the approval and the adoption of the corresponding resolution to the Stoughton Common Council. The motion carried unanimously 5 to 0.

Execution of the Wisconsin Department of Natural Resources (DNR) Principal Forgiven Financial Assistance Agreement:

Stoughton Utilities staff presented and discussed the upcoming 2021 Lead Service Line Replacement Project and the grant opportunity that has been pledged from the Wisconsin Department of Natural Resources to pay for the replacement of private lead and galvanized service lines, up to a total of \$3,796,901.00. As part of the SDWLP, the principal loan amount will be forgiven at the time that loan disbursements are made to the municipality, pursuant to the DNR Financial Assistance Agreement. Discussion followed.

Motion by Hirsch, the motion seconded by Thoren, to approve the execution of the Wisconsin Department of Natural Resources Principal Forgiven Financial Assistance Agreement that contains the terms and conditions of the SDWLP award for the project, and recommend execution of the agreement to the Stoughton Finance Committee and Stoughton Common Council. The motion carried unanimously 5 to 0.

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Bid Award of 2021 Lead Water Service Replacements Contract 4-2021 to Five Star Energy Services, LLC:

Stoughton Utilities staff presented and discussed the March 18, 2021 bid tabulation for the 2021 Lead Water Service Replacements Contract 4-2021. The bid for Contract 4-2021 includes the replacement of approximately 660 lead water services including the following approximate quantities: 29,000 linear feet of 1-inch copper water service installation using trenchless methods on public and private property, interior plumbing reconnections, pavement restoration, curb and gutter and sidewalk replacement, turf restoration, tree removal, and related miscellaneous work. The project is expected to be funded in part by a loan from the Wisconsin Safe Drinking Water Loan Program.

Staff informed the committee that bids received for Contract 4-2021 ranged from \$4,615,800.00 to \$6,087,625.00, and Five Star Energy Services, LLC of Big Bend, Wisconsin, was the apparent low bidder for the base bid with a bid of \$4,615,800.00. The bid was deemed to be responsive. Discussion followed.

Motion by Hirsch, the motion seconded by Thoren, to approve the award of 2021 Lead Water Service Replacements contract 4-2021 to Five Star Energy Services, LLC, and recommend approval of the bid award to the Stoughton Finance Committee and the Stoughton Common Council. The motion carried unanimously 5 to 0.

Lead Service Line Replacement Program Status Update: Stoughton Utilities staff presented and discussed recent efforts that have occurred in preparation for the planned 2021 citywide lead service line replacement project. Many efforts have been completed or are currently underway as staff proceeds with the planned program to replace lead service lines throughout the City of Stoughton.

Staff announced that the Wisconsin Department of Natural Resources has issued their approval of Stoughton Utilities' application for funding assistance from the State of Wisconsin Environmental Improvement Fund, and the required Priority Evaluation and Ranking Formula documents. Staff presented and discussed the continuation of our public education program to the community on lead service lines and the upcoming systemwide lead replacement project being undertaken in 2021, including a special public Q&A session on Facebook Live that was held on March 15, discussed the financial impacts the replacement project might have on ratepayers, and discussed ongoing efforts being taken by staff to identify lead service lines and provide homeowners with the required notice of mandatory replacement. Discussion followed.

Simplified Regulatory Review of Water Utility Rates: Stoughton Utilities and City of Stoughton staff presented and discussed the simplified regulatory review of water utility rates that had been presented and approved as part of the 2021 budget approval process. Staff has conducted a thorough review of our current water utility rates and has determined that the water utility retail rates have fallen below adequate levels. As a result, it necessary to prepare a simplified application to the Public Service Commission of Wisconsin (PSC) for authority to increase water rates by 3%. The impact for an average residential customer would be a monthly increase of \$0.84.

Staff informed the committee that the PSC recommends that water utilities regularly file simplified rate applications in between conventional full regulatory rate reviews to cover inflationary increases in basic operational and construction expenses, and that during a simplified rate review, the PSC applies a rate increase factor and benchmark rate of return factor that has been revised for the current calendar year. Staff further informed the committee that public notices would begin being published in early April. Discussion followed.

Status Update: Customer Collections: Stoughton Utilities staff presented and discussed an update on the current status of customer collections as a result of the COVID-19 public health crisis, and the status of current customer delinquencies. Staff informed the committee that SU has not completed any residential

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electric service disconnections since October 2019 and that service disconnections are scheduled to resume on April 15.

The committee was informed that 30+ day delinquencies are approximately seven times what they were at this time in 2020, however there has been minimal growth in new delinquencies over the winter months. Staff further explained that the number of customers carrying a balance has decreased 12% from this time last year, and that of the delinquent customers that had active accounts prior to the COVID-19 pandemic, 83% previously carried balances in past winters. Staff explained that 76% of delinquent customers have balances below \$500.

Staff discussed various energy assistance funding programs that are available to customers, including seasonal energy assistance, crisis funding, and a new Emergency Rental Assistance Program administered through the Wisconsin department of Administration. Staff also discussed upcoming collection activity, deferred payment agreements, and emergency medical extensions for customers afflicted by medical conditions including COVID-19. Discussion followed.

Utilities Committee Future Agenda Items: Staff informed the committee that upcoming regular meeting topics will include lead service line replacement program status updates, and a presentation on utility, city, and community sustainability efforts. Discussion followed.

Adjournment: Being no further business before the committee, the Chair adjourned the regular Stoughton Utilities Committee Meeting at 7:13 p.m.

Respectfully submitted

Brian R. Hoops
Stoughton Utilities Assistant Director