

Village of Egg Harbor
Utility Committee Meeting Minutes
Tuesday, August 22nd, 2017 at 11:00 a.m.
Paul J. Bertschinger Community Center
7860 STH 42, Egg Harbor, WI 54209

1. Call to Order and Approval of the Agenda

Heller called the meeting to order at 11:02 p.m. Those in attendance were John Heller, Adolf Walser, Tom Prohl, TC Johnson, Paul Peterson, Ryan Heise, Lynn Ohnesorge, and Megan Vandermause. In attendance from Schenck was Paul Denis and in attendance from McMahon Engineering was Tom Kispert.

Prohl moved to approve the agenda, second by Johnson, motion carried.

2. Approve July 25, 2017 Utility Committee Meeting Minutes

Prohl moved to approve the July 25th, 2017 Utility Committee meeting minutes, second by Walser, motion carried.

3. Open Session (Limited to Ten Minutes)

- Prohl stated that he has heard a rumor on the street regarding a distillery being built at the old Lena lot.
- Prohl said that he would presume that there would be a lot of water use and affluent, and Heise said that this will be discussed by the Plan Commission tonight.
- Johnson asked if the business has a liquor license and Heise explained that they will receive a liquor license from the state and will not need a license from the Village as there are special regulations for distilleries.

4. Accounting questions for Utility fund with Paul Denis from Schenck

- Heller stated that the committee reviewed the recommendation from McMahon and has also looked at the budget.
- The committee is interested in what the nature of the depreciation fund is and how it functions.
- The Utility fund has restricted money and unrestricted money.
- Restricted funds are for equipment replacement and the equipment replacement fund was established when the plant was constructed and is required by the DNR.
- Each year a cash transfer occurs for the equipment replacement fund.
- Because this is a cash transfer it is not an expense so there is not a line item for this.
- The unrestricted account is made up of a number of different bank accounts that are all unrestricted.
- The utility rates were raised to bring the operating income to zero.
- There is a Village Board resolution that sets money aside for plant replacement.
- The Village's accounting systems over the years have gotten a lot better so the software can keep track of which funds have the cash and there is no need for multiple accounts.
- There is no really need to have separate funds unless they are required externally.
- The depreciation fund is unrestricted and the money that goes into the replacement fund is restricted.
- Heller asked if when the WWTP is at a breakeven point if less money can go into the restricted funds.
- The WWTP is not breaking even any more.
- The operating loss from 2015 was negative 50 and in 2016 was negative100.

- Heller asked why debt service is not included.
- When a loan is received this does not qualify as income so it is not included.
- The depreciation amount is used to help fund the principle on a loan.
- Strong said that even though the committee is talking about the depreciation fund there is no separate fund they are included in the same bank account.
- If an expense is not eligible under the DNR grant expenses, that expense would come out of the unrestricted fund.
- Heise stated that he thinks one of the confusing parts is the language in the accounting report that was prepared by McMahon Engineering.
- Unrestricted funds pay for regular expenses.
- The rates were not sufficient to get back to zero so the unrestricted funds are not fully funded.
- The statement prepared by McMahon is not accurate if the Village did not increase rates accordingly.
- Heller asked where the committee would find the amount of long term debt they have.
- There is an ongoing difference with the assessed amount and what was paid.
- When someone hooks up to the Village's sewer system the hook up does not need to be paid right away. There is a ten year period that allows it to be paid.
- Over the last couple of years the fund has been about \$75,000 sort.
- Heller asked if the Meadow Ridge debt is part of this and Denis confirmed that this is correct.
- Denis explained what the Village owes and explained that if all the special assessments were paid up then the debt would be paid off.
- Heller asked why the Village wouldn't apply for a loan instead of paying the cash for major expenses.
- Denis said that if there needs to be improvements and the WWTP does not have the money for it they would need to borrow.
- If a loan is taken out for expenses instead of being paid for with cash available the interest expenses increase therefore increasing the overall cost.
- There is a big emphasis on hauler rates which are not quite as steady as regular rates.
- If the rate increase did not work the way it was intended to work then the committee needs to take a look at the rate charge again.
- Heller asked Peterson if the hauling has increased and Peterson stated that it has been decent.
- Strong asked what time of the year the audit takes place and Denis said that this usually happens in February or March.
- Strong asked how often municipalities change rates because he would hate to raise the rates every year.
- Denis said that each municipality can determine how they want their operating line to be funded.
- The agreement was to get back to zero, and now after the last ten years or so the fund is slipping down a little.
- Denis said that the rates are looked at every year.
- The WWTP needs about \$80,000 to get back to zero.
- The WWTP is not regulated so there is flexibility in raising rates and could do this incrementally.
- The number of REU's in the Village will most likely not change too much so if the additional revenue is not coming from the hauler fees then the rates would need to be raised.

- If the hauler rates are not raised, then the REU rate would need to be increased.
- Strong asked how the budgeting process works and what the timing is.
- Denis said that Heise and Ohnesorge put together the budget and Denis goes through it with them in October.
- Strong said that he would be willing to do any of the leg work for this for the budget this year.
- The total payment on the loan is \$70,000 total.
- Johnson asked about the ten hook ups on Shady Lane and asked if all hook ups were paid in full. Some were paid in full and some are on the ten year plan.
- Heller asked if there is interest charged on this and Ohnesorge confirmed that there is.
- Strong asked about the interest that is being paid on the loan.
- Sewer charges are not like taxes so municipal buildings do pay for sewer.
- Johnson confirmed that some of the administrative staff's wages are paid through the utility fund.

5. Lateral leak and inspections update

- Two of the inspections that were done at the properties with lateral leaks found nothing.
- One of the properties had two leaks and one had a leaky toilet.
- There is an appointment set up for another property on August 30th.
- The two other properties have not responded.

6. Sewer mains repair update

- Last night the Village Board reviewed the Great Lakes TV Inc. quote and made a motion to approve the quote, but to determine whether or not to take the 8% discount before proceeding.
- Peterson stated that there is money in the budget for this to be done this year..
- Heise said that a budget transfer can be done to save the 8%.
- There is about \$20,000 in the budget for this to be done this year.
- Peterson stated that he does not have a problem waiting until January to do the repairs.
- Prohl stated that if the money can be transferred and added to next year's budget that would be sufficient.

Prohl moved to transfer \$8,600 less 8% to the 2018 budget in the appropriate account, second by Johnson, motion carried, all aye.

7. Brochure for next Utility billing

- Vandermause stated that she put together a brochure on sump pumps and what not to flush down the toilet that will be sent out with the next utility billing.
- Johnson suggested cutting down the information on sump pumps going into storm sewers.
- Kispert stated that one of the biggest issues municipalities have is sump pumps that are illegally connected to the sewer system.
- Johnson suggested changing the language so that it is more specific to the Village of Egg Harbor.
- Vandermause and Johnson will review the brochure and make some changes.
- The hauling numbers are up compared to last year.

8. Next Meeting Time and Date

The next meeting is Tuesday, September 19th, 2017 at 11:00 a.m.

9. Adjourn

Johnson moved to adjourn at 12:02 p.m., second by Strong, motion carried.

*Respectfully submitted by,
Megan Vandermause*

DRAFT