



Minutes of August 7, 2023

A meeting of the Wausau Water Works Commission was called to order at 1:30 p.m. in City Hall on Monday, August 7th, 2023. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on August 3rd, 2023.

Members Present: President Rosenberg, Commissioners Herbst, Robinson, Gehin
Others Present: Eric Lindman, Scott Boers, Ben Brooks, Anne Jacobson, James Henderson, MaryAnne Groat, James Henderson, Joe Kafczynski/ Becher Hoppe.

1) Approve Minutes of July 10th 2023 Meeting.

Robinson motioned to approve minutes with editing of the word cultural to agricultural.

Seconded by Herbst.

Motion Carried 4-0.

2) Director's Report on Utility Operations.

Lindman began there is a memo of updates throughout operations on water and wastewater in the director's report.

Robinson questioned the lead service line acceleration program. We talked about the ion exchange resin for PFAS and are using it for TOC. There were several issues that were raised, one being a mandatory ordinance relative to the connections and prioritization process that raises the policy issues for this body as to the timing sequencing and commitment of resources relative to those items. We've had discussions on ordinances in the past but we should revisit that if we want to move ahead with this acceleration project. Could we agendaize for policy implementation issues necessary for this application process to succeed? Could we look at that ordinance in both connections and material?

Lindman replied we could start that hopefully in September at the next meeting. Last week, I got an email from Horsley Witten who is working with EPA under their contract to provide technical assistance. They have a scope of services that we worked out with them in front of EPA to try and get approval from the EPA and the DNR. We've also done work in the past to update some other items that have come forward.

Gehin questioned if we had a ban in the solder as he thought it was a state plumbing code issue.

Rosenberg replied we will do research and talk more next month moving forward with our program as it would help us.

Lindman updated the solar task force is moving forward. There's a communication plan and preliminary drafting information for the website. He's working with Clark-Dietz for the FAQ's to get those posted and a tour is scheduled at the drinking water treatment facility for Wednesday at 6pm for the task force, council, commission members, and possibly members of the community.

Herbst questioned the accepted position in the wastewater side and how the hiring/training of staff was going?

Brooks replied the collection system technician (sewer maintainer) offer was accepted with a start date August 14th but we still have one open position for the Plant Operation Technician and an offer will be made soon. The training has been challenging but we do what we can with the staff we currently have to get them familiarized with the wastewater treatment plant and the system. It's going slow but it's a process.

Director's Report Placed on File.

3) Discussion and Update on Utility Finances.

Groat began that workday went live January and created delays in financial reporting but gave us opportunities to look at some of our goals with utility plant projects, depletion of cash and interactions with Moody who is rating our bonds. We would make some changes in our presentation that would focus on rate of return and key performance indexes that Moody looks at when evaluating utilities and looking at how we can invest utility funds in future capital investments and helping us with rate decisions for the consumers. I hope to have some presentation changes at the next meeting. This could lead to policies that the utility may want to adopt regarding cash reserves to strengthen the financial position of the utility. We are behind the eight ball with the plant but it would be great to get policies established. We would have a draft release of the financial presentation prior to the next meeting for you to look at, talk about it, get feedback and finetune those each month until we get a report everyone is satisfied with. I met Moody about the debt issue for the city and they changed the rules on us again. In past they've siloed and the revenue bonds were evaluated independently from the city's general operations but now they are saying utilities and all other funds of a government entity can impact the general fund and a government's ability to provide services. They are taking a larger overview of the city's financial condition when looking at issuing a rating for the city. It would be in the city's best interest if we could get some policies in place and measure those going forward.

Robinson questioned how we are building into the operation and maintenance perspective of the ion exchange in which we must change out the resin periodically before moving into the granular activated carbon at the new water treatment facility as we are not reflecting those costs in the capital budget. Are there opportunities for us to evaluate how we treat those going forward? A lot of the safe drinking water/clean water act funding deals with capital projects and not operation and maintenance, is there a way to structure those to maximize potential contribution from other parties and evaluation as we try to set up our books? We have the initial cost of establishing those systems but the resin and change out are above the normal operating costs with over a million dollar a changeout, we will have a similar situation with the granular activated carbon, we'll have the vessels then we'll have the carbon. Is there a way to look at how we are treating those from a budgeting perspective to maximize potential dollars from other funding sources with the PSC rules then DNR rules get into play?

Groat replied the carbon filter was in the rate structure that the PSC passed. The PSC will have some rules on whether we could depreciate those immediately or amortize them over a period. We could look at those but at this point I don't know what that would look like and could reach out to PSC and our financial advisors.

Lindman replied, when we went in for the rate case, it wasn't just for capital cost, but we don't know what the O&M costs would be. As we move forward into those processes and operations, we would have to figure if we estimated those correctly, what are those, and if there are funding sources that can help with operation cost upon start up within first 12 months. So far, we haven't been able to find that with the DNR but maybe there's a different way to look at that.

No Action Taken.

4) Discussion and Possible Action Approving the Proposed 2024 to 2028 Capital Improvement Projects (CIP) and Related Budget.

Lindman began this is our 5-year capital plan for potential borrowing for 2024-2028, he left 2023 column in there to see which projects are still ongoing.

Gehin questioned if the cumulative capital was an addition from year to year?

Lindman stated that's correct. That was something Swanborg tracked on the finance side. We made modifications to this but we could remove it if you'd like? This is what would go into the utility budget for capital for 2024. There are comments on right, we applied to BIL funding and safe drinking water funding but we won't know for a few months yet so we are indicating that we are borrowing for those but if we know the ones we do have funding for we are reducing that from the borrowing for funding that has already been allocated.

Robinson motioned to approve the 5-year capital plan for both the waterworks and drinking water division. Seconded by Gehin

Motion Carried 4-0.

5) Discussion and Update on Proposed Staffing Updates and Organizational Changes for Utility Staff.

Lindman began this is what is being proposed. Boers, Brooks and I sat with the HR Director Henderson and had this in writing explaining the two phased approaches for certifications and classifications for both water and wastewater to establish incentive pay as employees earn their certifications and maintain them to receive certification pay. We will be going through job descriptions between now and end of the year to establish and work with HR to see if reclassification is needed or changing job description and responsibilities.

Robinson questioned if this deals with the competency once we have the employees in house. We've been struggling with getting them in house. Where are we relative to the pay classification issue for the initial hire and when will that be resolved? What would it take to set a base rate to get those people in the door? Would we be competitive or would this be a missed opportunity? The county went through a series of pay classifications and froze salary at highway department only to realize we had a difficult time hiring. I understand importance of balance but hopefully we are looking at comparable to get an applicant pool not at the minimum so we could attract talent needed to run a complex water and wastewater treatment facility that we just invested millions of dollars. Let's do it right the first time, get them through the door and progress them. We have internal issues but we've been hearing about this and we have not moved any dirt trying to address that. We are not disagreeing but we have problems attracting talent. We have an opportunity with Gallagher, but let's make sure base is high enough to attract the talent.

Henderson replied he received an email from Gallagher. We will have a preliminary draft Thursday morning. What they are putting forth is a 3% increase throughout the grades. With Gallagher we are on par with what other utilities are paying but the science and the comparatives back this up. What I caution against is a knee jerk reaction, if we overpay them, we will keep them? Not only within the utilities or public works but within the city's philosophy but trying to get someone in here and blow everyone out of the water sounds like a solution but in reality, that does not work. If you want a topflight crew, you will ask for education, certification upon hire, not coming in and then the city providing it. Then you shrink your talent pool. If you up qualifications and pay, you will not find people that meet those qualifications. I want to see some of the job descriptions and pay that we are up against. I've heard so and so makes this or that but I have not talked to anyone. Waukesha emailed saying they can't keep people at their water treatment plant and have people that just left. Their pay is higher, but just upping pay is not going to solve the problem.

Rosenberg stated there is an aspect of making sure we aren't overwhelming folks who are working. This is a good discussion to keep having.

Gehin replied he supports Robinson. Are we looking at any locals as part of the study? We got to look at Weston, Schofield, Rothschild. I instantly knew we are not at the top. We must be equal or better in some way somehow. You need to talk to communities of equal size. We are losing staff to close utilities and have people leaving for Weston.

Henderson replied we looked at places Lacrosse, Marathon County, Oshkosh. We compared to several municipalities both city and county. All of those were on there. I'm not trying to be adversarial. We have officers moving from city to county because they make more but we can't just blow up our pay to keep one person from quitting. Some people just quit because they are tired of what they are doing and want to do other things. So many variables go into that.

Lindman replied, we will be looking at job descriptions and adding positions based on staffing assessments done. One challenge is getting people through the door and trying to find communities that have similar jobs at the water and wastewater facilities and not just a wellhouse that feeds chlorine and fluoride but an actual treatment facility. We will look at them and talk with Henderson and place them properly in the pay scale that we have if they are not already this fall or winter.

Gehin replied that Lacrosse is a good example of that as they only have wells and not a treatment plant.

Henderson replied that is when they depend on the Director and Supervisors when they hire someone, to place them on the scale. I know steps 1 and 2 are suspended but if they feel that this person should start at step 7 or 8, I depend on them to make that decision.

Robinson stated he hopes Gallagher would bring in the approach of expanding the base of comparable when they are developing their database competencies, like a manager at an airport, not every county has an airport, but to try and bring similar expertise.

Rosenberg replied that the expectation would be for this body to have an opportunity to look at what Gallagher is presenting and everyone is welcome to the HR committee.

Henderson replied this is a working document but depending on your subject matter experts and going through the committees, hopefully, we can get together with a solution. We just need to work together and do the best with what we have.

No Action Taken.

6) Adjourn.

Robinson motioned to adjourn. Seconded by Herbst.

Motion Carried 4-0.

Link to view meeting in its entirety: <https://tinyurl.com/wausaucitycouncil>

Gina Vang, Recording Secretary

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