

**MINUTES OF THE NEENAH WATER WORKS COMMISSION
AND
STORM WATER CITIZEN ADVISORY BOARD MEETING**
Regular Meeting – May 16, 2023
Council Chambers – City Hall

Present: Commissioners: Lang, Hemes, and Bauman; and Director Mach

Also Present: Finance Director Rasmussen, Deputy Director of Finance Kahl, and Jodi Dobson from Baker Tilly US, LLP

Excused: Commissioners Schmeichel and Steiner

Vice President Bauman called the meeting to order at 4:32 p.m.

Approve Meeting Minutes for April 17, 2023 – Following discussion, **M.S.C. Lang/Hemes to approve the April 17, 2023 Meeting Minutes.** All voting aye.

Approve the Invoices for April 2023 – Commissioners had no questions about the charges and invoices for April 2023.

Following discussion, **M.S.C. Hemes/Lang to approve the April 2023 invoices.** All voting aye.

Appearances – Finance Director Rasmussen was introduced to the Commission. Commissioners welcomed her into her new role and wished her well.

Old Business/New Business

Annual Utility Audit Report – Jodi Dobson presented the annual utility audit report and financial statements. Ms. Dobson explained the auditing process and provided an overview of the financial condition of the Water Utility. Commissioners asked about the provisions of GASB 87 and requested an explanation of the term *material weakness* as listed in the audit report. Ms. Dobson explained that GASB 87 dictates how leases are treated in the financial reports. She noted that there is a misprint in the audit copies as this should indicate there is a “significant deficiency.” This is due to the fact that, while the City provides its auditors with the data necessary to execute their review, the City of Neenah does not have the necessary staff to prepare financial statements in final form. As such, staff rely on Baker Tilly to develop these statements. She also noted that this is very common for cities of Neenah’s size and smaller and that only very large cities with a dedicated accounting staff are able to provide these services. Ms. Dobson commended the Utility and Finance Department staff in that there were no entry adjustments needed in 2022. Furthermore, the Utility is financially strong with a debt coverage ratio of 2.67 with 91% of capital financed with equity and 9% financed with debt. Commissioners thanked Ms. Dobson for the thorough presentation of the audit report.

Following discussion, **M.S.C. Hemes/Bauman to accept and place on file the Annual Utility Audit Report.** All voting aye.

Financial Reports – Deputy Director of Finance Kahl and Director Mach presented the year-end and first quarter of 2023 financial statements. Deputy Director Kahl noted there is a large increase in interest revenue, but also loss on market adjustment relating to the Utility’s investments. This is due to the current interest rate environment and is not concerning as the Utility holds investments until maturity. Director Mach explained to the Commission the effect of GASB 87 on the balance sheet.

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Following discussion, **M.S.C. Hemes/Bauman to accept and place on file the Financial Reports.** All voting aye.

Approve Request to Purchase Lot 45 in Homes at Freedom Acres – Director Mach presented a memo detailing the proposed purchase of the vacant lot in the First Addition to the Homes at Freedom Meadows (subdivision name per the Development Agreement). This lot is needed for the booster station and staff have negotiated with the Developer and Community Development for its purchase.

Following discussion, **M.S.C. Hemes/Lang to purchase Lot 45 in the Homes at Freedom Meadows for a total cost of \$14,922.00.** All voting aye.

Approve Oversizing Reimbursement for Homes at Freedom Meadows – Director Mach presented a memo explaining the next phase of the Homes at Freedom Meadows. In order to ensure reliable service, staff have proposed that the water mains in this phase be oversized for both the supply and discharge of the booster station. Director Mach noted that this request is “not to exceed” and any applicable inspection fees will be deducted from the reimbursement.

Following discussion, **M.S.C. Bauman/Hemes to reimburse the Developer the costs to oversize the water main in the First Addition to the Homes at Freedom Meadows at a cost not to exceed \$74,000.00.** All voting aye.

Approve Emergency Water Main Relay on Byrd Avenue – Director Mach explained to the Commission the extremely poor condition of the water main on Byrd Avenue from the railroad tracks east to Aylward Street. This section is failing and some of our critical customers are being affected negatively every time the main fails. The main failure mode of this section is blowouts followed by undermining of the concrete roadway. The cost to relay this section in short order is approximately \$180,000.00, but Director Mach strongly believes this to be the best decision at this time and is urging this project be started immediately.

Following discussion, **M.S.C. Hemes/Lang to approve the emergency water main replacement on Byrd Avenue from the 16” main east of the railroad tracks east to Aylward Street.** All voting aye.

Director’s Report –

1. Water Loss Report – Staff are discovering leaks from older services, especially during the Chestnut Street reconstruction project.
2. The Water Utility would like to welcome Mr. Aaron Goldschmidt as our new Water Distribution Tech I. The Commission welcomed Mr. Goldschmidt and wished him well.
3. Solar installation update – The solar array is working extremely well.
4. Private lead service line replacement funding and project update – Additional spot replacements are being completed. The program is beginning to wind down in preparation for the June 30, 2023 conclusion.

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5. The following items were approved at the May 9, 2023 Board of Public Works meeting:
- Award Contract 7-23, Sanitary & Storm Sewer, Water Main and Street Construction on High Street and River Street, to Carl Bowers & Sons Construction Co., in the amount of \$199,910.00 for Water.
 - Pay Request No.1, Contract 1-23, Sanitary Sewer, Water Main and Street Construction on Burr Avenue, Chestnut Street, Dieckhoff Street and Laudan Boulevard, to Don E. Parker Excavating, Inc., in the amount of \$174,813.86 for Water.
 - Pay Request No.1, Contract 6-23, Sanitary & Storm Sewer, Water Main and Street Construction on Columbian Avenue, to Don Hietpas & Sons, Inc., in the amount of \$122,521.50 for Water.
6. The next regular Waterworks Commission meeting is scheduled for Monday, June 19, 2023.

Following discussion, **M.S.C. Hemes/Bauman to accept and place on file the Director's Report.** All voting aye.

Any Other Business That May Legally Come Before the Commission – None.

Adjournment – **M.S.C. Hemes/Lang to adjourn in at 5:38 p.m.** All voting aye.

Respectfully submitted,



Anthony L. Mach
Director, Neenah Water Utility