

DOVER EYOTA ST. CHARLES AREA SANITARY DISTRICT
Minutes of Board of Directors Regular Meeting

September 20, 2016

Members Present:

Angela Waits
Ray Schuchard
Wayne Getz
Wes Bussell
Bill Spitzer
Matt Elder

Staff:

John Brogan

Guest:

Tim Ernste, Bremer Investments

Absent:

Tony Nelson

1. Call to Order:

Chairman Bill Spitzer called the meeting to order at 7:00 p.m.

2. Set Agenda:

Motion made by Wes Bussell to set the agenda as presented. Seconded by Ray Schuchard. All voted in favor. Motion carried.

3. Approve Minutes of the August 16, 2016 Regular Meeting:

Motion made by Wayne Getz, seconded by Angela Waits to approve the regular meeting minutes of August 20, 2016. All voted in favor. Motion carried.

4. Approval of Receipts and Disbursement/Summary of Assets:

Motion made by Matt Elder to approve the Receipts & Disbursements/Summary of Assets as presented. Seconded by Wayne Getz. All voted in favor. Motion carried. There was no discussion on the 2016 budget.

5. Discuss waiving SAC fees for new home construction in 2017:

Bill Spitzer was asked by Nick Koverman, City Administrator for the City of St. Charles, to table this discussion to next month's meeting. He is not able to attend tonight and would like time to gather some people to come and talk to the Board. Wes Bussell and Wayne Getz stated that they respect Mr. Koverman's wishes. Wayne Getz stated that the Board has done its due diligence and looking at the statistics, provided in a Post-Bulletin article, not many of the surrounding communities have offered fee and permit incentives. The District needs to look to the future and the updates that are coming for nitrate and phosphorus removal. If we continue to waive SAC fees then that could lead to higher annual rate increases. It is Wes Bussell's

opinion that the sewer rate should be raised at least 1% regardless of what we do with the SAC fees. It is the consensus that by not waiving the SAC fee for new homes that everyone in the communities will benefit with possibly lower annual sewer increases than the higher sewer increases that would more than likely occur should the SAC fee continue to be waived. Motion made by Wayne Getz to not waive the 2017 SAC fee for anyone. Seconded by Ray Schuchard. All voted in favor. Motion carried.

6. Tim Ernste, Bremer Investments, recommending changes to investment accounts:

Bill Spitzer stated that since Tim Ernste's recommendation are coming so close to the regular board meeting the entire board will make a decision tonight on his recommendation and tonight we will form an investment committee to review and make these decision in the future.

a) Tim Ernste stated that the original \$350,000.00 investment was invested in the safest fund, (Eaton Vance Government Obligation Fund), to start with but it is not doing as well as expected. This fund should generate about \$12,000.00 in income this year but the principal has lost value. However, over time it should do just fine but he doesn't think rates are going to go up substantially for a long, long time. We need to go into something that is going to be a little bit better right now. The District cannot invest in funds that consists of anything less than an "A" rated bond and they are just not doing much right now.

Mr. Ernste is recommending leaving some money in the original fund and splitting into Black Rock U.S. Mortgage Fund and Eaton Vance TABS Municipal Bond Fund.

Motion made by Wes Bussell to leave \$150,000.00 in the Eaton Vance Government Obligation Fund, invest \$100,000.00 in the Black Rock U.S. Mortgage Fund and \$100,000.00 in the Eaton Vance TABS Intermediate-Term Municipal Bond Fund.

Seconded by Matt Elder. All voted in favor. Motion carried.

b) The recommendation is to form a 3 person committee to serve as the Investment Committee. Motion made by Wes Bussell to form an investment committee, members to include Bill Spitzer, Wayne Getz and Matt Elder. Seconded by Angela Waits. All voted in favor. Motion carried.

7. Plant update:

a) Horsman Fence had to order the actuator for the gate and they will begin installation before the end of the month.

b) John has talked to Kronebusch Waste Haulers to mix up the lagoon before obtaining samples so the results will be accurate.

8. Personnel Committee recommendation for hiring full time wastewater treatment facility operator:

There were ten applications submitted for the position and 3 were interviewed, of those 3 one dropped out today. The personnel committee recommends hiring Josh Campbell for the operator position with a starting wage of \$20.31 per hour. This wage is about the midpoint of the pay range advertised for the position. He has extensive experience in everything other than wastewater but the committee felt that he was willing to put in the time and effort to learn. He was the top candidate before the other one dropped out

earlier today. The justification for the starting wage is taking into consideration his current wage so he won't turn down the position because of the wage. He is currently employed by CHS and working a lot of hours and that is the reason for wanting a change. Wayne asked John's opinion of hiring Josh Campbell. He said that he thinks he would be a good person, he has known Josh forever, he has a great work ethic and common sense. Motion made by Wayne Getz to hire Josh Campbell at \$20.31 per hour. Seconded by Ray Schuchard. All voted in favor. Motion carried. Bill Spitzer will make the phone call to offer him the job and find out when he can start.

9. 2017 Budget discussion:

a) Cathy briefly went through budget explaining the changes in the 8-9 highlighted numbers. The correct salary for the new hire will be inserted. The expense under Engineering for Todd Arlander's services is estimated at \$41,000.00. Decreased natural gas expense by \$1,000 and may reduce this even further. If a new NPDES permit is issued soon the numbers for plant testing could change. Regarding health insurance there is no renewal information available yet, however, Matt Elder suggested adding at least \$2,000-\$2,500 to this number. Before including capital expenses, this first draft of the 2017 budget is \$23,448.73 higher than the 2016 budget.

b) For the capital budget the road work and the headworks make-up air unit will be carried forward to 2017, these items will not be completed in 2016. Capital items added for 2017 include RAS-WAS pump, computers, expenses for nitrogen and phosphorus removal, lawn mowing equipment and a pickup. Since the proposed capital improvements for 2017 are less than 2016 the overall budget total for 2017 is \$34,001.27 less than the 2016 total budget. Wayne Getz asked John if the District could get in on the same program as the City of St. Charles where the initial pickup is purchased but then traded every year for a newer truck at no additional cost. John will get details on this program. Wayne Getz also asked about getting on a program for lawn mowing equipment. John is aware that there are 3 year programs and will get more information.

c) Cathy has taken Mike Bubany's spreadsheets and inserted the numbers from the first draft of the 2017 budget and provided spreadsheets showing cash flow projections with no sewer rate increase, 1% rate increase and a 3% rate increase for 2017. Motion made by Wes Bussell to increase the sewer rate 1% for 2017. Seconded by Wayne Getz. Matt questioned if instead of having to go 8% in 5-6 years maybe we should go 2-3% now. Wayne stated that with the added SAC fees, (that are no longer waived), and growth in the cities we should pick up added income. It is agreed to stick with the 1% increase. All voted in favor of original motion. Motion carried.

There being no further business a motion was made by Wes Bussell, seconded by Wayne Getz, to adjourn the regular meeting at 7:53 pm. All voted in favor. Motion carried.

Respectfully Submitted,

Cathy Kennedy

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