

WATER BOARD OF TRUSTEES
Regular Meeting
June 11, 2018
4:00 PM
Location: 1208 South 7th St.

Agenda

1. Approve Agenda.
2. Approve minutes of the May 14, 2018 regular meeting.
3. Approve invoices and Financial Statements.
4. Customer Forum.
5. Consideration and discussion of water meter reading contract with Van Wert Inc.
6. Consideration and discussion of wage rates and annual cost of living increase.
7. Discussion of wastewater operations.
8. General Manager's update.
9. Updates from members of the Board of Trustees.
10. Adjourn.

INFORMATION CONCERNING AGENDA ITEMS:

Agenda Item #4

Chair – Please read this statement to the audience.

“This is the item reserved to receive comments from the community, our customers, for concerns whether or not they are included in the current agenda. The community is encouraged to come and speak before the Water Board of Trustees and asked to keep statements brief. Any questions are to be asked of the Water Department staff and Board of Trustee members prior to speaking to the full Board of Trustees so concerns may be properly researched and answered away from the meeting. Comments are to be directed to the Board of Trustees only.”

There are no known concerns at this time

Agenda Item #5

In your packets you will find the contract that was signed by Rex Van Wert of Van Wert Incorporated on May 9th. This is the contract that had been presented to the Board for review earlier as well as to legal counsel. You will notice in Exhibit A it states that the price per meter read is \$1.25/read. This is what Van Wert has been charging us since the first of the year. It is my recommendation to approve the contract.

Agenda Item #6

As requested, in your packets you will find the basis for a change to a merit based pay format for employees. As part of that information you will also find an Averaged Market Mid-Point page showing an updated listing of job titles and the accompanying wages. This will include wages from 4 different studies that were done as well as Ottumwa’s 2017 wage rates. Those studies are the 2014 Estherville study, 2015 Pella study, 2017 IAWA study, and 2017 Osceola study. Then using the model that Newton Water Works has shared with us, another sheet was developed to provide guidance on how to tie annual performance evaluation scores to merit pay. I have spent time with staff reviewing this particular sheet, Merit Pay Worksheet 2018, to work through issues and develop an understanding within OMWD’s management team of how this will be applied. In 2016 OMWD started performing annual employee performance evaluations with the intent of using those evaluations to help identify employee strengths and areas that needed improvement. Moving towards a merit based pay system will continue that intention of developing good employee habits and eliminating either bad habits or bad employees. For the Averaged Market Mid-Point sheet I have shown an increase over 2017 wages of 2%. In checking with other area municipal water departments and other cities the following information has been gathered on wage increase for 2018;

City of Oskaloosa – 2.75%

Mahaska County – 2%

Ottumwa Water Works – 2%

Knoxville Water Works – 3%

City of Grinnell – 3%

City of Pella – instituting new wage scale with significant pay increases based on their wage study.

Osceola Water Works – has not yet determined what increase will be approved.

Based on the Bureau of Labor Statistics information available as of June 6th, the Consumer Price Index has increased 1.84% from April of 2017 until April of 2018.

All of this information was used in determining the increase of 2% for wage base rates. Further, using the model from Newton Water Works for the merit based pay system, the Board will need to approve the pool of money to be applied for merit increases. Newton Water Works' model uses 1% of the overall payroll budget for merit and it would be my recommendation to use the same for OMWD. If after applying all employee evaluations through the merit based system the need outspent the availability, everyone would be rolled back equally. The General Manager would be responsible for administering all merit increases and will stay within budgeted resources. As it was a listed goal on last year's GM evaluation from the Board to establish a merit based pay system, it is therefore my recommendation to the Board of Trustees that this pay format be approved with a 2% Cost of Living Adjustment to the base wage rate and 1% of overall budgeted payroll available for merit increases as determined through employee evaluations.

Agenda Item #7

Collection System Operations:

This last month staff have met with contractors to determine the needed level of repair for the driveway entrance to the Armory lift station and gather quotes to install a concrete apron to reduce washout of the entrance. They have televised lines for the Phase I Division II contractor to help determine status of service taps, while also working to fix a sanitary line on 2nd Avenue East that had a natural gas service line through it. The automatic dialers for the lift stations were installed and programmed as one of our CIP projects, they investigated a sinkhole on 1st Avenue East and South 6th Street to find an old steam line that had started sucking in dirt and was causing the sinkhole. The Street Department ended up covering that expense as was normal policy. Worked on televising North 12th Street sanitary sewer for Garden & Associates for Phase II sewer work, while also troubleshooting and repairing issues at the South M Street lift station, the Lacey lift station, and World Foods lift station. They continue to assist Engineering and the contractors working on Phase I sewer work. They attended the Phase II pre-construction meeting as well. They have assisted the contractors working on the South D Street project and had to use VandeWall Plumbing to jet a sewer line as our jetter truck is still out of commission waiting for parts to show up so that repairs can be made to the transmission and PTO drive. Using the camera they were able to find a water main break in the 800 block of South D Street that was getting away in a sanitary sewer lateral line. They also met with Streets employees to look at the manhole on South D and 8th Avenue West to try and determine an appropriate repair

method. The spot repairs for Phase I have been completed and the same contractor is starting to work on Phase II spot repairs. The contractor responsible for the cured in place pipe lining has started to complete different sections of lining around town for Phase I. For the South D Street project, the sanitary sewer is being installed starting at 6th Avenue West and working to the north. The manhole in the intersection of South D and 5th Avenue West is part of the South D project and was set the week of May 28th. This particular manhole is 28 feet deep. As noted earlier, the jetter truck is still not repaired which is putting us farther and farther behind on our jetting and televising schedule. We are going to be hard pressed to complete the jetting and televising as defined in the 28E agreement with the City.

Plant Operations:

Loads of sludge from the northeast plant and Oskaloosa Food Products were hauled in and accepted throughout the month. The DNR was in for an inspection on May 15th. Staff participated in the inspection. There were questions raised during that process about plant flows and the DNR is planning a return visit to review flow records for both facilities. Staff have been repairing different pumps at both plant locations as well as continuing to need to jet the grit chamber at the north plant as it is continually plugging. Staff met with a representative from Hach to look at the dissolved oxygen meters that are used on the aeration basins to control blower usage. The trickling filter at the northeast plant was flooded to see if there were issues with the underdrains as part of the ongoing assessment for future repair work at both plants. There was a meeting with staff, City employees and representatives from Fox Engineering to review the Pre-Design Evaluation for Wastewater Treatment Facilities Short-Term Improvements. This is being used to help everyone determine how much work each facility will need until the new treatment facility is operational in 2027. Based on earlier work the initial assessment was for approximately \$1.2M work of upkeep and repairs. During the budgeting process there was a call to Fox to help the City focus in on the depth of work and the new estimates have dramatically increased. The new estimate of work needed in the next few years is now at approximately \$1.9M. The City Manager, City Engineer and General Manager will need to continue to meet to determine what work is done, when, and how it will be paid for. There is a copy of the draft report in the office if anyone wishes to review it. Obviously the budget is not set for this level of additional spending so the group will also talk about other projects that may need to be pushed back in order to free up funds to complete the needed repair work. The boiler has maintenance needs and staff are currently working on that as possible to allow the contractor to come back and get the boiler working again. The boiler is an item that is needed year-round, has been failing and was identified for replacement. Unfortunately, the early estimates for replacement were off by a factor of 10, adding to the issues of budgeting for repairs. With recent rains plant flows have increased again, a direct result of the I & I within the collection system.

Storm Sewer Operations:

Staff have pumped out a manhole on 11th Avenue West that does not have an outlet. Plans are being made to eliminate the street intake and redirect the flow to other intakes and then remove

the manhole all together. Staff fixed a storm intake sink hole on North 2nd Street, investigated a possible sink hole on the northwest corner of the square, looked into complaints on South B Street and talked with Engineering staff about fixing other problem areas.

Agenda Item #8

Distribution System Operations:

There were four leaks that were fixed this last month.

A Avenue East across from Family Restaurant – hole in 6” main

11th Avenue East and South 1st – crack on 4” main

North 4th Street – service line failure at corporation connection

800 block of South D Street – 16” long crack on a 4” main. This one was getting away in a sanitary lateral line and never surfaced. It was noticed by Street Department staff when popping the sanitary manhole lid to investigate a potential sinkhole around the manhole. The South D project is hopping along when it comes to the water main replacement. The interconnection along 6th Avenue West is completed and the contractor has installed main from 6th up to 4th Avenue West and all of that main has passed pressure and bacteriological testing. Service lines have been connected between 6th and 5th and they will be installing service line between 5th and 4th this next week. The contractor for the tower painting has finally arrived. Both towers have been power washed and the north tower’s outside has had primer applied to most of it while the inside is being sandblasted down to steel before it is primed. There have been some issues that were found inside the bowl of the tower. There are some holes in the roof where bolts or rivets are missing, there is a void where the lid meets the sidewalls all around the tank that different repair techniques are being discussed, and there are some areas where there has been loss of steel. We had a small contingency on this contract for unseen issues. It is not known at this time how much these repairs will cost. This project was scheduled to be completed by now, but with the odd weather this spring we are finally getting it underway. This will mean that the FY18-19 budget will need to be amended this next year. William Penn University has indicated that they want their logo on the north tower, at their expense, while the school district has determined they could not place the Indian head logo due to finances.

Water Plant Operations:

We have been fighting with automation issues this last month. We have had a few different glitches that occurred that would shut down one facet or operation or another. We brought in the same automation company that the City uses, Jetco, as their rates are less expensive and they do not charge an emergency call out rate. Jetco was also able to get here the same day to work on these items whereas our normal vendor for this work was unable to get here unless we were willing to pay their emergency call out rate. The last couple of times this has happened our minimum billing has been around \$1200 before any parts are ordered. Aside from these issues, the plant has been running well and we continue to average around 1.2M gallons per day of production.

Office Operations:

Even though our metered sales climbed in May as compared to last year, we are still behind. We were at 87.64% at the end of May when we are 91.67% of the way through the fiscal year.

Material sales and labor charges continue to help offset the shortfall from billed consumption.

Again this month we were down around 53 accounts for disconnect, that is four months in a row that we have been around the 50 mark on shut off day. Some year-end expenses have come in that are bringing our actual expenses closer to our budgeted figures. That is not reflected in the end of the month report that Crystal distributes, but will be seen in the one for fiscal year-end.

We are working to put together an advertisement to hire a replacement for the billing clerk who will retire next spring. It is our goal to have someone hired and be able to cross-train the new hire and the current Customer Service Representative with both CSR duties and billing duties and to have them competent with all of those duties before the retirement next spring. The budget does have room to make this hire effective July 1. We are still waiting for a construction permit from the DNR and a set of plans for Marje LLC's water main permit form that will need Board approval.

I am scheduled for my annual review in July. I did not receive a digital copy of last year's appraisal. If someone has a copy and would send it to me I can send it out to all Board members before next month's meeting and someone can compile the results.

Agenda Item #8

This is an item for members of the Board to provide updates or request future agenda items.

AGREEMENT

THIS AGREEMENT is made and entered into this 9th day of May, 2018, by and between Oskaloosa Municipal Water Department, a municipal utility governed by Iowa Code Chapter 388 with its principal place of business in Oskaloosa, Iowa, (the Utility) and VAN WERT, INC., an Iowa corporation having its principal place of business in Grundy Center, Iowa (the "Contractor").

WITNESSETH:

WHEREAS, the Utility is an Iowa public utility providing water service at retail to consumers in its assigned service area, which water service is measured by the use of meters located at various points throughout the Utility's system; and,

WHEREAS, the Contractor is engaged in the business of providing meter reading services for water utilities on a fee basis, and is willing to provide such services to the Utility.

IT IS, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN EXPRESSED, AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Contractor agrees to provide to the Utility, and the Utility agrees to purchase and pay for, meter reading services to be provided by the Contractor. The Contractor is an independent Contractor of the Utility.
2. The services to be provided by the Contractor shall be meter reading and providing those meter readings to the Utility in a useable format.
3. Contractor shall provide, meter readers, supervision of meter readers, and uniforms for meter readers which will identify them as Contractor's employees, The Utility shall provide appropriate system and customer information and resources as may be necessary in order for the Contractor to provide said services. Contractor's employees will conduct themselves in a safe, courteous and professional manner while performing services under this agreement. The failure of the Contractor's employees to provide the services in a safe, courteous and professional manner shall be cause for termination of this agreement.
4. The Utility is interested only in the results to be obtained by the Contractor in performing the terms of this Agreement, and the Utility shall not supervise, direct, or control the work or schedules of Contractor's employees. Said employees are subject to the exclusive supervision, direction, and control of Contractor, and Contractor shall have sole and complete authority and responsibility with respect to said employees. The Contractor agrees that its employees will be identified as employees of the Contractor, and not as employees of the Utility, and that they will perform the services provided in a safe and courteous manner.
5. Contractor shall read all assigned Utility's accessible meter touch pads on a monthly basis. For the purpose of this agreement, accessible is defined as any touch pad that is installed on a pole or structure or dwelling or within a secured area, accessible by key or open entry, with entry granted by the owner for the strict purpose of reading the water meter touch pad.
6. The Contractor shall bill the Utility monthly at the rates defined in exhibit "A".

7. To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the Utility and its directors, officers, agents and employees from any and all liability (claims and expenses) for injury, death, or damage to person or property arising wholly or in part by any act or omission, whether or not negligent, of Contractor or that of anyone directly or indirectly employed by Contractor or performing the work of Contractor or anyone for whose acts any of them may be liable, in connection with the performance of the work performed pursuant to the contract, regardless of whether or not said act of omission was caused in whole or in part by the Utility. "Expenses" shall include, but not be limited to, all costs incurred by the Utility in defending these claims or enforcing the provisions of this Agreement, including all litigation, or bankruptcy proceedings, including trial and appellate levels. "Claims" shall include, but not be limited to, personal injury claims, death claims, and claims for damages to real or personal property. The scope of the Contractor's duty to defend and hold harmless the Utility hereunder is intended by the parties to be as broad as the law allows.
8. The Contractor shall provide the Utility with proof of liability, workers compensation, and other insurance in such amounts as may be required by the Utility.
9. This Agreement shall become effective upon execution and remain in effect for an initial term of year(s). It shall thereafter be automatically extended for successive terms of one (1) year each, unless either party provides the other with written notification not less than ninety (90) days prior to any renewal date.
10. This agreement may only be amended upon the mutual written consent of the parties.
11. This agreement shall be binding upon the parties hereto, and upon their respective successors and assigns, provided, however, that this Agreement may not be assigned by either party without the prior written consent of the other.
12. Any documents, maps, lists or other materials furnished to the Contractor shall remain the property of the Utility and will not be disseminated to any third party without the written permission of the Utility. Any data or information collected under this agreement shall be the property of the Utility and shall not be disseminated to any third party.

This agreement is executed as of the day and year first above written.

By _____
 Chairman of the Board of Trustees
 Oskaloosa Municipal Water Department

Van Wert Inc.
 By *R. C. U Wert*
 (President)

ATTEST: _____

ATTEST: *Joan Rodie*

EXHIBIT A

The fee per meter reading is to be set at \$1.25/read.

Performance Evaluation Results

Compensation Ratio % of mid-point for position	Unsatisfactory Below 2.5	Improvement Required 2.51 - 2.90	Fully Satisfactory 2.91 - 3.10	Commendable 3.11 - 3.50	Distinguished 3.51 - 4.33
80.00% - 83.33%	0	1.5	1.8	2.2	3
83.34% - 86.66%	0	1.4	1.8	2.1	2.8
86.67% - 90.00%	0	1.3	1.7	2	2.6
90.01% - 93.33%	0	1.2	1.6	1.9	2.4
93.34% - 96.66%	0	1.1	1.5	1.8	2.2
96.67% - 100.00%	0	1	1.4	1.7	2
100.01% - 103.33%	0	0.9	1.3	1.6	1.9
103.34% - 106.66%	0	0.8	1.2	1.5	1.8
106.67% - 110.00%	0	0.7	1.1	1.4	1.7
110.01% - 112.50%	0	0.6	1	1.3	1.6
112.50% - 115.00%	0	0.5	1	1.2	1.5

Any employee with a score below 2.91 requires a reassessment within 90 days. If still at or below a 2.80 after 90 days employee will be terminated. The values in this chart will be used as multiplication factors when determining Merit Pay.

Only employees with an initial evaluation score below 2.91 will be re-evaluated in 90 days.

Employees with a fully satisfactory or higher evaluation will not be able to seek re-evaluation for a larger increase.

New hourly employees will be hired at the 80% threshold of current market mid point.

Hourly employees should be able to progress to market mid point by Year 5 of employment.

Management employees should be hired at 90% of current market mid point. (Negotiations as per Board approval)

Management employees should be able to progress to market mid point by Year 3 of employment.

Use accompanying documents as found in Merit Pay Instructions folder for assistance.

Board will approve annual COLA which will be based largely on Bureau of Labor Statistics Consumer Price Index.

Board will approve size of annual Merit Pool (estimated at 1% of overall labor budget)

The General Manager will administer merit increases and stay within budgeted resources.

General Manager will adjust Merit pay Market pay scale annually based on Board approved increase for tracking.

Position	80%	Averaged Market Mid Point
Customer Service Representative	\$ 32,754.50	\$ 40,943.12
Adjust FY18-19 (2%)	\$ 33,409.59	\$ 41,761.98
Billing Clerk	\$ 35,110.45	\$ 43,888.06
Adjust FY18-19 (2%)	\$ 35,812.66	\$ 44,765.82
Office Manager (Top Finance Executive)	\$ 64,791.09	\$ 80,988.87
Adjust FY18-19 (2%)	\$ 66,086.92	\$ 82,608.64
Water/Wastewater Maintenance I (Water)	\$ 40,804.07	\$ 51,005.08
Adjust FY18-19 (2%)	\$ 41,620.15	\$ 52,025.18
Water/Wastewater Maintenance II (Water)	\$ 45,253.20	\$ 56,566.49
Adjust FY18-19 (2%)	\$ 46,158.26	\$ 57,697.82
Water Operations Manager	\$ 63,110.97	\$ 78,888.72
Adjust FY18-19 (2%)	\$ 64,373.19	\$ 80,466.49
Collection Supervisor	\$ 57,529.12	\$ 71,911.39
Adjust FY18-19 (2%)	\$ 58,679.70	\$ 73,349.62
Water Treatment Operator - Senior	\$ 48,620.68	\$ 60,775.85
(or III, or Lead) Grade III Treatment License or higher		
Adjust FY18-19 (2%)	\$ 49,593.10	\$ 61,991.37
Wastewater Treatment Operator - Senior	\$ 44,846.91	\$ 56,058.64
(or III, or Lead) Grade IV Treatment License		
Adjust FY18-19 (2%)	\$ 45,743.85	\$ 57,179.81
General Manager	\$ 84,113.70	\$ 105,142.13
Adjust FY18-19 (2%)	\$ 85,795.98	\$ 107,244.97

115%	FY17-18 Pay	% of Mid Point
\$ 47,084.59	\$ 30,742.40	75%
\$ 48,026.28		
\$ 50,471.27	\$ 51,500.80	117%
\$ 51,480.69		
\$ 93,137.20	\$ 65,499.20	81%
\$ 94,999.94		
\$ 58,655.85	\$ 53,435.20	105%
\$ 59,828.96		
\$ 65,051.47	\$ 56,846.40	100%
\$ 66,352.50		
\$ 90,722.03	\$ 63,999.52	81%
\$ 92,536.47		
\$ 82,698.10	\$ 62,000.64	86%
\$ 84,352.07		
\$ 69,892.23	\$ 58,240.00	96%
\$ 71,290.07		
\$ 64,467.43	\$ 71,884.80	128%
\$ 65,756.78		
\$ 120,913.45	\$ 112,342.88	107%
\$ 123,331.72		