

**OSKALOOSA WATER BOARD**  
**REGULAR MEETING**  
2/21/17

**Members Present:**

Jason Carter  
Brad Hodges  
Dan Nance  
Mike Vore

**Others Present:**

Chad Coon  
Crystal Breuklander  
Susanne Gerlach  
Ken Allsup

**Ex-Officio Members Present:**

Mayor Krutzfeldt  
Mike Schrock

A motion was made by Brad Hodges and 2<sup>nd</sup> by Jason Carter to approve the agenda as presented. All ayes, motion carried.

A motion was made Brad Hodges to approve the minutes of the 1/16/17 regular meeting. The motion was 2<sup>nd</sup> by Mike Vore. The motion carried with all ayes.

The attached vouchers totaling \$490,206.08 were presented for approval as well as Financial Statements. A motion was made by Dan Nance to approve the vouchers for payment and to also approve the Financial Statements. This was second by Brad Hodges. The motion carried with all members voting yes.

1. Customer Forum was the next agenda item. There were no items presented to the Board of Trustees.
2. The next agenda item was consideration and discussion of high water bill for 412 North A Street. The account holder for this address was unable to attend at the last minute but was able to forward information stating that they were only looking for a sewer reduction at this time. There was no action taken by the Board.
3. Discussion of wastewater operations was next on the agenda. The group was updated on the status of reports for the facility plan and I&I work and upcoming meetings that will deal with those topics. They were also informed about various maintenance issues that were dealt with during the previous month. Also discussed were the statuses of the GIS/GPS work on sanitary and storm sewers, SOPs for plant and collection system, and the opening for a supervisor.

4. Susanne Gerlach was in attendance to discuss the next agenda item, discussion of declining block rate structure and Water Enterprise Fund cash flow worksheet. Susanne talked to the group about how Public Financial Management arrived at the value they did for a declining block rate using fixed and variable expenses and billed consumption. She talked about using a 30% decrease in rates for consumption over 2000 units per month and how that would affect revenue and what decreases could be expected for high volume users if the Board were to look at instituting a declining block rate. Susanne answered questions posed by the group and then moved on to discuss the Water Enterprise Fund cash flow analysis. During this discussion it was noted that she had recently received the FY 15-16 audit and had performed a quick comparison using audited values for the cash flow. Using that comparison it was noted that the expected cash flow will be lower than what was originally shown on a previous version of the cash flow worksheet. There was talk of the Board policy to maintain a minimum fund balance of \$750,000 and how with a 5% increase the cash on hand would start to come closer to that value over the years as expenses ramp up due to increased capital spending. The Board talked about the possibility of increasing rates by 7.5% this year as was originally planned during budgeting. Susanne talked about the need to have 5% rate increases in following years instead of the 3% that was being shown on the worksheet. There was no action taken by the Board.
5. The next agenda item was public hearing for the proposed water rate increase. Motion by Jason Carter to open the hearing. Second was made by Brad Hodges, ayes all. Public Hearing opened at 3:50 PM. Chad informed the group that he had not received any formal comments from the public about the rate increase. There were no other comments received. Motion from Brad Hodges to close the hearing with a second by Jason Carter. Ayes all, Public Hearing was closed at 3:51 PM.
6. Mike Vore read Resolution #1701, Resolution to Increase Water Rates Effective March 1, 2017. The Board discussed the increase based on information reflected in the cash flow analysis and presentation provided by Susanne Gerlach. Mike Vore stated that the increase is necessary to move forward with capital improvements and operations. Brad Hodges said that based on the information, a 5% increase was reasonable and that he would recommend the Board approve the 5% increase. Dan Nance stated that the numbers show that the Board should be increasing rates by 5%. Jason Carter asked what would happen if because of the increase in sewer and water rates there was a decrease in consumption. That question was answered from the cash flow worksheet when it showed a 2% decrease in consumption to allow for something of this nature and how it affects revenue. Motion by Mike Vore that Resolution #1701 be adopted effective March 1, 2017. Brad Hodges second this motion. Ayes all, motion carried.

7. Introduction of Resolution #1702, Resolution for Amendment to Oskaloosa Municipal Water Department Rules and Regulations was next on the agenda. Mike Vore read the resolution to introduce it. There was a question about having Chad provide a brief overview of the changes as they related to previous rules and regulations. Chad went through the document pointing out areas that were different and charges that were also different from the previous version. Brad Hodges made a motion to approve Resolution #1702 as presented. Dan Nance second the motion. Ayes all, motion passed.
8. The next agenda item dealt with considering pay application #5 and change order #2 from DeLong Construction for the Carbonado Road project. The Board had reviewed the documents for pay application #5 and change order #2 and they were informed that this would close out the project. Chad informed the group that change order #2 was actually a decrease as a result of quantity reduction when the contractor made the switch to horizontal directional drilling. Motion to approve pay application #5 and change order #2 was made by Mike Vore and second by Jason Carter. Ayes all, motion passed.
9. Consideration and discussion of amendment to employment agreement for general manager was next on the agenda. Chad explained that this amendment had been written by the Board's attorneys and reviewed by himself and Mike Vore to include the information that the Board had directed for changes previously. Mike Vore explained what some of the most recent changes were and what had been eliminated from the earlier versions. Mayor Krutzfeldt asked about the compounding of wage increases as related to obtaining increased certifications and if it would be better to arrive at a flat rate for the increase. Mike Vore and Brad Hodges both discussed this matter and were satisfied with how the amendment was written, feeling that it reflected the intent at the time of entering into the 28E for sewer operations. Dan Nance stated that he would be more comfortable with a 2% to 2.5% increase with each certification instead of a 5% increase, but understood that there wasn't support to make that happen. Brad Hodges made a motion to approve the amendment to the employment agreement. Jason Carter second the motion. Ayes: Carter, Hodges and Vore. Nay: Nance.
10. Next on the agenda was the general manager's update. Chad informed the group that about the number of shut-offs that occurred during February and that they did not decline as had been expected if OMWD was going to see a bi-monthly swing. He also talked about staff increasing their levels of certification in both water and sewer licenses. He talked about the two leaks that were fixed in the last month and the one that hadn't surfaced yet on North 1<sup>st</sup> Street that staff were going to be fixing in the near future. The last item he discussed was the work that had occurred in the well field and the work that was expected to occur yet in the near future. The Board asked about how long some of the wells had been out of commission and how the upcoming work would affect operations.

11. The last item was updates from member of the Board of Trustees. Dan Nance said that he wasn't sure where to direct the comment, but that he had had an issue with a storm intake on the corner of North L Street and Pella Avenue and wondered if anything could be done to take a look at it for safety.

There being no further items to discuss, it was moved by Brad Hodges and second by Dan Nance to adjourn.

ATTEST

Meeting Adjourned 4:30 PM

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Mike Vore – Chairman

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Kevin Tacke– Secretary

The Oskaloosa Water Department Board of Trustees met in regular session Tuesday February 21, 2017 at 3:00 PM with board members Carter, Hodges, Nance and Vore present. The agenda was approved as presented. All members voting aye. Minutes of the 1/16/17 regular meeting were approved as presented, all ayes. Invoices and financial statements were approved for payment, ayes all.

Following Warrants Allowed: (see attached sheet)

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The first item on the agenda was Customer Forum. There were no items presented to the Board of Trustees.

Next on the agenda consideration and discussion of high water bill for 412 North A Street. The Board took no action on this item.

The next agenda item, Discussion of wastewater operations was discussed by the Board and Ex-Officio members. There was discussion on this topic that saw no action.

Declining block rate structure and Water Enterprise Fund cash flow worksheet discussion was next on the agenda. Susanne Gerlach with Public Financial Management was in attendance to discuss these topics with the Board. There was no action taken.

Next was Public Hearing for proposed water rate increase. Motion to open the hearing was made by Carter and second by Hodges. Ayes all, hearing opened at 3:50 PM. There were no comments received from the public. Motion to close Public Hearing was made by Hodges and second by Carter. Ayes all, hearing closed at 3:51 PM.

Introduction of Resolution #1701, Resolution to Increase Water Rates Effective March 1, 2017. Motion to adopt Resolution #1701 made by Vore and second by Hodges. Ayes all, motion carried.

Introduction of Resolution #1702, Resolution for Amendment to Oskaloosa Municipal Water Department Rules and Regulations was next on the agenda. Motion by Hodges and second by Nance to approve Resolution #1702. Ayes all, motion passed.

Next agenda item was consideration and discussion of pay application #5 for DeLong Construction and change order #2 for DeLong Construction. Motion by Vore and second by Carter to approve pay application #5 and change order #2 for DeLong Construction. Ayes all, motion passed.

Consideration and discussion of amendment to employment agreement for general manager was next on the agenda. Motion by Hodges with a second by Carter to approve the amendment to the agreement as presented. Ayes; Carter, Hodges, Vore. Nay; Nance. Motion carried.

The next two agenda items, General Manager's Update and Updates from members of the Board of Trustees, saw discussion, but no formal action taken by the Board.

Motion was made for adjournment by Hodges, and second by Nance. Ayes all, meeting adjourned. 4:30 PM.

Kevin Tacke, Secretary