

VILLAGE OF MCFARLAND

Public Utilities Committee Minutes

Tuesday October 20, 2020 – 6:00 P.M.

1. CALL TO ORDER, ROLL CALL

The meeting was called to order by Village Trustee and Chairperson Eric Kryzenske at 6:00 p.m.

Members present: Chris Fredrick, Marc Nielsen, Mary Pat Lytle, Village Trustee Carolyn Clow, Pauline Boness, Chris Reynolds

Staff present: Matt Schuenke (Village Administrator), Jim Hessling (Director of Public Works), Aimee Irwin (Assistant to the Director), Brian Berquist (Town & Country Engineering), Tim Stieve (Town & County Engineering), Lee Igl (Streets & Utilities Superintendent), Andrew Bremer (Community & Economic Development Director)

2. PUBLIC APPEARANCES

None.

3. APPROVAL OF MINUTES

a. Discussion and action regarding the minutes from the Public Utilities Committee held on September 15, 2020.

- Two suggested edits were provided under section 4a and 4c.
- Motion by Chris Fredrick to approve the minutes with suggested edits. Seconded by Carolyn Clow. Motion passed 7-0-0

4. BUSINESS

a. Discussion and action to make a recommendation to the Village Board regarding the 2021 Budget for the Utilities Fund (600).

- Matt Schuenke reviewed the provided Utilities Fund budget for 2021. The water customer charges include an estimated increase of 33% as a result of the conventional rate study. Marc Nielsen stated that the water rate increase would not be applicable for the full 12 month period. Schuenke responded that the increase can be removed but will result in a deficit. Carolyn Clow recommended removing funds from the Fund Balance line to remove the full 12 month rate increase. Pauline Boness asked why the Interest line has decreased so much. Schuenke responded this is mostly due to lower interest rates. Schuenke also stated the sewer customer charges include the already approved sewer rate increase from 2020.
- Schuenke reviewed the expense sections for both the sewer and water utility. During this review Pauline Boness, Mary Pat Lytle and Marc Nielsen suggested a decrease to the Miscellaneous line for sewer to \$15,000. Schuenke also stated that the increase for MMSD is not exact but a 5.5% increase is included based on early projections. Jim Hessling

reviewed the system maintenance portion of the sewer expenses included examples of the type of work staff perform. Marc Nielsen asked if sinking funds are included within the budgets. Schuenke stated that there are funds similar to sinking funds in some areas for example the street sweeper reserve.

- Matt Schuenke reviewed the water expenses. Committee members recommended a decrease to the Miscellaneous line by \$10,000.00. Carolyn Clow recommended increasing the Programming line item by \$2,000.00 to allow for additional education related to water conservation. Chris Fredrick asked if the cost of additional maintenance work was included in the budget. Schuenke stated that the maintenance of Well #3 is still in development of a plan however the pump will be pulled and cleaned.
- Motion by Pauline Boness to approve the 2021 Budget for the Utilities Fund (600) with recommended changes. Seconded by Chris Fredrick. Motion passed 7-0-0.

b. Discussion and action to make a recommendation to the Village Board regarding the 2021 Budget for the Stormwater Utility Fund (605).

- Matt Schuenke reviewed the provided Stormwater Utility Fund budget for 2021 including that an increase in the stormwater unit charge is caused by growth, some costs from fund balance line item are associated with the Phase 4 County Highway MN project and his recommendation to not increase stormwater rates at this time. Chris Fredrick asked if the growth experienced within the Village would impact or costs would need to be included within this budget for additional maintenance of these areas. Schuenke responded that how properties will be maintained is being reviewed along with assuring that developers are meeting expectations.
- Motion by Eric Kryzenske to recommend approval of the 2021 Budget for the Stormwater Utility fund (605) to the Village Board. Seconded by Mary Pat Lytle. Motion passed 7-0-0.

c. Update regarding the conventional water rate case for test year 2021.

- This item was conducted first under business.
- Jodi Dobson with Baker Tilly reviewed the handout provided in the packet. The handout compared the prior conventional rate study conducted in 2001 to the test year 2021 for the current rate study. Baker Tilly suggests a 36% increase.
- Committee members discussed the conventional water rate case and provided handout. Carolyn Clow asked if an increase amount of 36% is common. Jodi Dobson responded that the suggested increase of this amount is not uncommon given the time since the prior conventional rate case. Dobson stated that the next step in the process is to file with the PSC once approved by the committee and Village Board. Mary Pat Lytle asked if any conservation program was included with the rate study. Jeff Hurda

with Baker Tilly responded that the assumption was made for not including this type of program as there currently is not one. Dobson responded that if the committee would like to include a conservation program that can be included. Mary Pat Lytle stated that the conservation program was discussed at a previous meeting but the committee was unable to add this due to the need of adding it within a conventional rate study. Marc Nielsen suggested that the increase in water rates and sewer rates may lead customers to conserve due to the increase in their bills.

- Jodi Dobson stated that the final conclusion of how a residential customer will be impacted will not be determined until after the PSC has completed their cost allocations.
- Carolyn Clow suggested possible water conservation education to residents along with the rate increase. Marc Nielsen agreed that education could be conducted through The Lookout and the Outlook publications. Eric Kryzenske also recommended including this education at the Public Works week open house in 2021. Chris Fredrick stated he is not in full support of an actual conservation program given the additional time and costs associated with administering a program. Mary Pat Lytle stated Oregon has or had a conservation program. Pauline Boness asked if it would be possible to stagger or phase in the rate increase. Jodi Dobson responded that phasing is not possible as rates will have one effective date.
- Committee will review the entire conventional rate case in November for possible approval.

d. Discussion regarding sewer rates and possible increase starting January 1, 2021 including a MMSD pass through charge.

- Matt Schuenke provided a summary of the sewer rates and the recommendation for this item being considered by the committee. Schuenke stated that this is a check-in on the assumptions that were previously made compared to where we are now.
- Brian Berquist provided background stating that the information provided is a true-up of the data however information may not be exact given the data is unaudited and the full effect of the rate increase may not be seen yet. Berquist recommends a possible sewer rate increase in 2022. Pauline Boness asked then if the committee would then review the data again in 2021 for a possible increase in 2022. Berquist responded that this approach would be his recommendation. Matt Schuenke recommended a review in August 2021.
- Committee members discussed the data prepared. Carolyn Clow asked if homeowners could be provided an example of how an increase would impact their bills. Berquist stated that that examples could be provided. Clow also recommended creating a timeline document of possible rate increases upcoming to share with customers. Matt Schuenke responded that a high-level timeline could be created.

- e. Discussion and possible action to make a recommendation to the Village Board regarding Ordinance 2020-22, An Ordinance Amending Various Sections of the McFarland Municipal Code Including Chapter 47 Public Utilities, Chapter 56 Subdivisions, and Chapter 62 Zoning Relating to the Provisions of Storm and Sanitary Sewer Service.
 - Andrew Bremer reviewed the recommended updates or changes to Chapter 47, 56 and 62 of the municipal code. Bremer stated that these changes are related to state statutes or conflicts within the municipal code. Pauline Boness stated that she had reviewed the recommended edits along with Andrew Bremer. Boness recommends verifying with our attorney the wording to avoid a developer with a private utility proposal. Marc Nielsen asked if a prohibition could be included restricting the size allowable. Mary Pat Lytle asked if the issue presented by Pauline Boness had been addressed with the attorney. Bremer replied that the concern has not been addressed yet. Carolyn Clow asked if any public comments occurred at the public hearing held last evening. Bremer stated that one comment was made by a trustee recommending postponement of edits until the entire revision of the code could occur. Bremer included that the plan to review the entire code is included in the 2021 budget.
 - Motion by Pauline Boness to postpone this item to the November Public Utilities Meeting. Seconded by Mary Pat Lytle. Motion passed 7-0-0.
 - f. Update the DNR's Notice of Intent (NOI) Satellite Sewage Collection System permit.
 - Jim Hessling provided background regarding the DNR's required Notice of Intent. Hessling stated that this permit is required due to pumping to a regional sewage plant. The permit was submitted on September 22, 2020 and approved on October 6, 2020. The permit is active from November 1, 2020 to October 31, 2025.
 - g. Presentation of the Public Works Monthly Report from the Director.
 - Jim Hessling provided an update on public works activities in the Village for the month of September 2020. Carolyn Clow asked when Public Works staff would move back to the Public Works facility. Hessling estimates the return to the facility in the next three weeks.
5. SCHEDULE NEXT MEETING DATE
- a. Tuesday November 17, 2020 at 6:00 p.m.
 - b. Discussion and proposal to adjust scheduled date for Public Utilities December meeting from December 15, 2020 to December 8, 2020.
6. ADJOURNMENT
- a. Motion to adjourn by Mary Pat Lytle at 8:17 p.m. Seconded by Pauline Boness. Motion passed 7-0-0.

Respectfully submitted by Aimee Irwin