

MINUTES

HEART OF THE VALLEY METROPOLITAN SEWERAGE DISTRICT SPECIAL MEETING HELD ON MARCH 2, 2021 AT THE CITY OF KAUKAUNA COUNCIL CHAMBERS

Members Present: David Casper – President
Bruce Siebers - Vice President
Patrick Hennessey - Secretary
Kevin Coffey - Commissioner
John Sundelius - Commissioner

Absent: None

Also Present: Brian Helminger - District Director HOVMSD
Kevin Skogman - Director of Operations & Maintenance HOVMSD
Dawn Bartel - Office Manager HOVMSD
John P. Moore – City of Kaukauna Alderman
Don Krause – City of Kaukauna
Mayor Tony Penterman – City of Kaukauna
Christine DeMaster – Trilogy Consulting, LLC
Allyn Dannhoff – Village of Kimberly
George Schmidt – Darboy Sanitary District

Attended via Zoom:

Chad Giackino – Regulatory Compliance Manager HOVMSD
Karen Brake – Accounts Payable/Asset Coordinator HOVMSD
John Neumeier – City of Kaukauna
James Fenlon – Village of Little Chute
Kent Taylor – Village of Little Chute
Danielle Block – Village of Kimberly
Racquel Giese – Village of Combined Locks
Mike Kawula – Darboy Sanitary District

1. 4:30 p.m. Call to Order – Roll Call

President Casper called the meeting to order at 4:30 PM.

2. Financial / Debt Service Discussions:

-Debt Service Forecast including Interceptor & Cloth Media Disk Filter Projects

District Director Helminger reviewed the District's current loan schedule which also included projected future debt service for the interceptor project and cloth media disk filter project, based on estimations obtained from the Clean Water Fund. The annual P&I totals appear problematic for three consecutive years which would likely cause a spike in rates.

-District Interceptor Project History

District Director Helminger reviewed the funding history of past interceptor projects including the original design & construction of the interceptor in 1975, manhole rehab & sewer lining in 1999, interceptor improvements/subtraction method elimination in 2004, marine manhole & CIPP lining in 2007, and the MIC resistant coatings & H2S venting systems in 2013. Based on his review, District Director Helminger recommended funding of the interceptor project to be allocated 100% to the flow parameter of the District's annual budget.

-Options for Allocating Interceptor Debt Service Costs: Christine DeMaster of Trilogy Consulting, LLC

The District hired an independent third party with expertise on debt service cost recovery for municipalities. Christine DeMaster of Trilogy Consulting, LLC provided a background and findings of fact, along with examples of allocation methods used by other regional utilities in Wisconsin. She highlighted her conclusions based on the information she was provided and reviewed. The report states that recovering debt service for an interceptor rehabilitation project through user charge rates would be a reasonable approach based on standard industry practice, past precedent, and the absence of an agreement requiring direct cost sharing for replacement or rehab costs. In addition, the Public Service Commission does not hold unregulated sewer utilities or sewerage districts to the same methods or approaches to rate setting that it uses with regulated sewer utilities. Commission President Casper indicated that he believes the flow rate parameter for the interceptor project is the best option. Commissioner Sundelius disagreed and has an issue with labeling the project as maintenance. Commissioner Hennessey noted that a precedent for allocation has been set by previous projects using the flow rate parameter.

The Commission then talked about three ways to keep rates stable and avoid a three-year spike: Pre-pay existing Clean Water Fund loans, extend the interceptor project from a 20-year debt service schedule to a 30-year, and preemptively buy down/ modify the rates. Commissioner Coffey asked if a Clean Water Fund loan has the option for pre-payment. Commissioner Sundelius asked what the interest rate would be for a 20-year versus 30-year loan.

After a lengthy discussion, a motion was made by Commissioner Casper and seconded by Commissioner Coffey to authorize the District Director to obtain quotes and retain bond council to evaluate alternatives to the District's debt service schedule, up to \$5,000. A roll call vote was taken: Commissioner Casper, yes; Commissioner Siebers, yes; Commissioner Hennessey, yes; Commissioner Sundelius, yes; and Commissioner Coffey, yes. Motion carried unanimously.

The Commission directed Staff to schedule a special commission meeting with bond council to discuss alternative payment methods for the current and future Clean Water Fund loans.

-Discussion and Possible Action on future Interceptor Debt Service Allocation

After a discussion, a motion was made by Commissioner Casper to allocate payment for the interceptor project debt service as an additional cost to the flow parameter of the District's future budgets, as recommended by District Director Helminger. The motion was seconded by Commissioner Siebers. A roll call vote was taken: Commissioner Casper, yes; Commissioner

Siebers, yes; Commissioner Hennessey, yes; Commissioner Sundelius, no; and Commissioner Coffey, yes. Motion carried by majority vote.

-Discussion and Possible Action on future Cloth Media Disk Filter Debt Service Allocation

After a discussion, a motion was made by Commissioner Coffey and seconded by Commissioner Hennessey to allocate payment for the cloth media disk filter debt service to the District's future budgets as follows: Suspended Solids 35%, Phosphorus 35%, BOD 15%, and Flow 15%, as recommended by District Director Helminger. A roll call vote was taken: Commissioner Casper, yes; Commissioner Siebers, yes; Commissioner Hennessey, yes; Commissioner Sundelius, yes; and Commissioner Coffey, yes. Motion carried unanimously.

3. General Old or New Business

There was nothing to discuss under General Old or New Business.

4. Adjournment

With no further business before the Commission, a motion was made by Commissioner Sundelius and seconded by Commissioner Coffey to adjourn the meeting. Motion carried unanimously.
(Time: 5:51 PM)

SIGNED & APPROVED BY: _____
Patrick E. Hennessey, Secretary