

OSKALOOSA WATER BOARD
REGULAR MEETING
7/21/14

Members Present:

Joe Ryan
Errin Keltner
Jon Zobel

Others Present:

Chad Coon
Crystal Breuklander
Sheryl Tomlinson
Trisha Ireland
Jason Van Zetten

The Oath of Office was administered to Jon Zobel at the start of the meeting. One copy will be filed with OMWD minutes and the original will be sent to City Hall.

A motion was made by Jon Zobel to approve the amended agenda. The amendments include; Rate Study—Use IRWA expertise to study current rate structure and report on alternative options.—September 30, 2014

5 Year Projections—Evaluate proposed 5 year projections and identify ways of reducing projected 5% rate increase over each of the next 5 years.—November 30, 2014

- a. Compare results from last year's audit report with water departments of similar sizes in order to identify differences that lead to inquiries and further analysis that could lead to cost savings
 - a. Administrative Staffing
 - b. Incorporate results of rate study

Review the option of using City's website to host OWD webpage—August 31, 2014

Perform Study of reserve requirements and determine current need.—December 31, 2014

Amended items will be inserted after #10 Miscellaneous and before #11 Adjourn. Motion seconded by Joe Ryan. The motion carried with all members voting yes.

The next agenda item was the annual reorganization of the Board of Trustees. Motion by Joe Ryan to have Errin Keltner move to Chair, Joe Ryan move to Secretary, and Jon Zobel become Trustee. Motion seconded by Jon Zobel. Ayes all motion passed.

Minutes of the 6/18/14 regular meeting were read. A motion was made by Errin Keltner to approve the minutes. The motion was 2nd by Joe Ryan. The motion carried with Keltner and Ryan voting yes, while Zobel abstained as he was not a member of the Board at the time the meeting was held.

The attached vouchers totaling \$261,103.66 were presented for approval. A motion was made by Joe Ryan to approve the vouchers for payment. The motion was 2nd by Jon Zobel. The motion carried with all members voting yes. The Balance Statements were also reviewed. Motion by Errin Keltner and second by Joe Ryan to approve balance statements. The motion carried with all members voting yes.

1. The first item on the agenda was Customer Forum. There were no items presented.
2. The next agenda item was Discussion and Consideration of Bill Adjustment for 615 C Avenue East. This item was an extension of a Customer Forum issue in June. Chad presented information to the Board regarding the average bills for this residence and the high bill that was received in May due to a leak. Chad also informed that Board that an average amount would be \$135.14 for water alone at this address. That left an excess of \$3588.20. There was discussion by and between all members of the Board in regards to OMWD policy for high water bills and how to resolve the current issue. The discussion revolved around production costs, customer accountability, and extenuating circumstances. There was a motion by Joe Ryan to reduce the bill to the average amount of 29 units. The motion was seconded by Jon Zobel. Ayes all, motion passed. Further, Chad was instructed to check with other water utilities for how they handled different circumstances of bill forgiveness.
3. The next agenda item was Discussion and Consideration of Rate Structure for 1901 South Park Avenue. Chad discussed with the Board how the rate for 1901 South Park had become raised from inside city limits to outside city limits based on research for where city limits actually runs in relation to the property in question. Chad stated that this issue had actually induced an internal audit along city limits to determine how many other properties may have a similar set of circumstances. There was discussion between Board members and Jason Van Zetten, the property owner, in regards to this issue and the determination of where a “residence” actually starts and stops. One of the Board members asked about a legal view of the definition of residence for circumstances such as this. Jon Zobel stated that for OMWD policy, it could be considered that as long as any part of the property was inside city limits it would all be treated as if it was inside city limits. Motion by Zobel to rule that 1901 South Park is considered inside city limits. Seconded by Ryan. Vote was Zobel and Ryan aye, Keltner abstain until he could get more legal information. Mr. Keltner asked Chad to research the issue and come up with a policy that determines what is inside city limits and what is outside city limits.
4. General Manager’s Update was next on the agenda. Chad informed the Board that the City Council had decided to push back the start date for the 3rd Avenue East reconstruction project, and therefore decided to push up the start of a mill and overlay project on South 11th Street. He stated that the distribution crew has been busy

overhauling valves ahead of the South 11th Street project and hoped to be done with all of those valves soon. Chad also informed the Board that he would be attending a funding summit on August 26th in Ankeny to learn about the different sources of funding for capital projects that may impact OMWD in the future. The position of office manager was discussed. Chad stated that Crystal Breuklander had been named the interim office manager and that the temp worker was in place for the customer service position. Chad went through a couple of different scenarios with regard to staffing the office to ensure that OMWD customers continue to receive top-notch service and discussed how to proceed with regard to this position. He also touched on the budget for the upcoming year and talked about the drop that will be seen in the labor cost due to the retiring of two long time employees who were job shadowed by their replacements. He updated the Board on the rate study with Iowa Rural Water stating that he had an appointment with a staff member of IRWA scheduled for Thursday that would go over preliminary results. The date of the August Board meeting was discussed and determined to remain at the 11th. Chad stated that the agenda for that night would be a rather short one as he was going to be out of town on vacation for two weeks leading up to the meeting.

5. Miscellaneous was the next agenda item. Chad updated the Board on the two leaks that had happened in the last month. One on the 20" main on Lincoln that was installed in 2006/2007 and a subsequent leak on a 2" line just up the road on 210th Street. Jon then asked to discuss the lawsuit with the other Board members so that he could get a better understanding of what has happened previous to his arrival as a Board member. He stated that as his previous position as Board Chair for Planning & Zoning, he saw a variety of issues come before the P&Z Board that were a conflict of interest for some of the board members and that those board members (P&Z) would abstain from voting due to a personal gain. He stated that he thought OMWD Board member Keltner should have abstained from voting on allowing the OMWD Board to join in on the lawsuit against the Mayor and City Council. Errin then explained why the vote to join the lawsuit happened in the first place and a healthy discussion between Jon and Errin continued on the merits of the case for the next several minutes including the background that led up to the case and some of the facts that have sustained OMWD's arguments during the course of the lawsuit.
6. As the time had begun to run long and Joe needed to leave for another commitment, the next four agenda items that had been added to the amended agenda were lumped into one topic and briefly discussed before adjournment. With regard to the rate study, Chad stated that he had the upcoming appointment with IRWA staff and had also been working on a spreadsheet for water rates and would bring that information to a future meeting. As to the 5 Year Projections and identifying ways to reduce the projected 5% rate increase over the next five years. Joe stated that he had some

interns in his office who were comparing audit reports from various communities to try and determine similarities with OMWD and to see if there were obvious factors that OMWD should be looking at for savings. The next item that was touched on was reviewing the option of using the City's website to host OMWD's webpage. The intricacies of this were discussed also during the Miscellaneous agenda item as a matter of the lawsuit where Board member Keltner was talking about his reasons for not wanting an integrated site due to the legality of accepting payments and being responsible for all customer payment information and needing that information to stay private. Also, discussed was who should pay for what with regard to the website. There was discussion about the different laws behind accepting payments electronically and how those needed to be handled. Joe asked that the Board continue to gather information so that an educated decision could be reached. The last item to be discussed was the performing of a study of reserve requirements and determining the current need for reserves. Joe asked if this would be done in conjunction with the rate study with Iowa Rural Water and Chad stated that it was his presumption that the two could very easily be tied together. All three Board members stated that they wanted to ensure that OMWD stay on top of the budgets, water rates, and other issues that will be seen in upcoming months.

There being no further items to discuss, it was moved by Errin Keltner and second by Joe Ryan to adjourn.

ATTEST

Meeting Adjourned 7:12 PM

Errin Keltner – Chairman

Joe Ryan – Secretary