Personnel and Finance

October 31, 2024

Council President King; Council Members Baltzell, Buxton, Clausen, Fleck, Gray, Sanford, and Wolfe; Mayor Hazel; Safety Service Director Hitchcock; Law Director Moore; Auditor Shinn

CM Clausen called the Personnel and Finance meeting to order at 6:00 pm to discuss the 2025 budget.

Kerry Duncan the Wastewater Superintendent spoke about the capital line items they are attempting to purchase in 2025 which includes a new bucket truck. Kerry noted they are trying to replace the current 2001 vehicle they have and since the trade in value was so low he would like to keep the old vehicle as a spare. Kerry noted the budget number he used was the highest quote they received with all attachments needed on the vehicle. Kerry Duncan spoke about the meters they are going to purchase and how they split the costs with the Water Department. CM Clausen asked how many meters get purchased with that amount of money and Kerry noted Mike Sudman actually purchases them and he can give a more exact answer. Mayor Hazel noted that the water meter shows the water and wastewater charges. Kerry noted the Water Distribution Department determines which ones need replaced and when as well as when people call asking for new ones. Kerry noted that the new meters are more accurate than the old meters.

Safety Service Director Hitchcock noted that the Wastewater Department is being presented as a balanced budget. Kerry explained the differences in the line items from 2023 expenses to the projected 2025 budget and that he always tries to stay under budget. Kerry noted that the equipment costs have gone up for items and some of the wear and tear on equipment shows they need to have it fixed and will need to call in a company so they can show them how to fix it the first time. Kerry noted that purchasing chemicals and using them vary as they buy them by the tank load and in some years, they need two and some years they need three which is why they are seeing a difference in costs. Kerry spoke about the increase in chemical costs as well as the sludge disposal they have to do and are lucky enough to land apply most of the sludge and in 2023 some of the farms were closing so they budgeted more landfill and less land applying and mentioned land applying is much cheaper than using a landfill for the sludge. CM Clausen confirmed how to properly read the budget. Kerry spoke about the personnel numbers and how that is done by the Audit office and explained that some of the numbers are funded by him but are paying for public work employees doing jobs in the sewers. Safety Service Director Hitchcock also spoke about the wastewater funds that go to pay for customer accounts as well as administration, elected officials, and engineering and what percentage of payroll they cover through the wastewater budget. CM Buxton asked if there is any regulation that he anticipates that may change how we operate, and Kerry noted there are studies going on that may have large costs involving bypass elimination which is being initiated by EPA and something that must be done. Kerry noted that the smoke tests were a part of the study but did not help the issue as much as they were hoping.

Aaron Siefring the Electric Superintendent spoke about the electric capital expenses such as a forklift while noting they will give the old one to public works, relays for the sub stations which is newer technology, street light poles while speaking about the differences between aluminum light poles and the ones on Main Street, feeders which helps provide electric to the City, transformers, Meters, VAC Truck, and a pickup truck. CM Baltzell asked if it was easier to put them underground and it was confirmed that most the areas that they could put underground they already have. CM Buxton confirmed the residential underground was voluntarily done. Aaron spoke about the transformers and how long it takes to get them while ordering and confirmed that we are now ahead of the game. Safety Service Director confirmed that when electric has money at the end of the budget, they will stock up to help with any projects that come up and Aaron spoke about the backup transformer that they have and how expensive they are. CM Clausen asked about the meters and Aaron confirmed that number should start to go down and they have around 70% of residential areas done and lets the Customer Account Supervisor decided where they should go first. CM Gray asked about the installation of relays and substations and Aaron confirmed that expenses stay the same yearly, but they do not have to use it every year. CM Clausen asked about the VAC Truck and Aaron confirmed it is a 2006 the one they are trying to replace and how helpful it is and needed when replacing poles since the wires are being put underground and it will help without tearing out other company’s wires and confirmed they would give the 2006 truck to Water Distribution. CM Wolfe noted the one the electric department is using has some attachments that are not needed. CM Fleck asked where the poles and wires should be when replacing poles, and Aaron explained how close they are to the road and why they need to hydro excavate. CM Clausen asked about the pickup truck and Aaron noted it was a 2012 that can be given to public works that will help with plowing and that it is time for that truck to be replaced because they strategically get new vehicles after 10-12 years. CM Buxton asked if it was a government bid or local and Safety Service Director noted it was a state bid but if a local dealer can meet or beat the state bid, they will go with local. Aaron confirmed the VAC Truck is coming from the state. CM Sanford asked if it was possible to cut anything from this budget or how they can make the vehicles last longer and Aaron noted the VAC Truck is the most expensive and highest priority item. CM Gray asked how much repairs are costing for the current truck and Aaron confirmed he would have to get a true estimate but both engines have issues and will need replaced. CM Wolfe noted they no longer manufacture that brand for that Vac Truck, so it is hard to get any replacement parts. Aaron spoke about fencing expenses that would be needed and to start concrete work in the new electric building. The Safety Service Director spoke about moving some of the equipment to a local area that has the infrastructure to support these heavy items while using an outside company to help move the transformers. CM Baltzell asked what would be done with the area currently holding the transformers and Safety Service Director Hitchcock confirmed they would like it to become the salt storage area for when they need to salt the roads and confirmed they would have to put in something to hold it and noted it would be more convenient to have the storage near the trucks at some point. CM Baltzell asked how much needs to be stored and it was confirmed that the City tries to keep 200 tons on hand and noted that a summer fill would help save cost if they buy a bigger storage container.

Safety Service Director Hitchcock spoke about the power purchase number and that we pay to purchase power for the City and how it fluctuates a couple million dollars every year and if we put in the actual expense number from 2023 it would almost balance the budget but they are budgeting a couple million more since it fluctuates. CM Sanford asked about the jump up in the generator maintenance and Aaron confirmed it is time for the generators to be maintained and he has multiple generators they must keep up and running and confirmed they are under contract to have them serviced yearly. CM Clausen spoke about the engineer fees and Aaron noted he hopes to not use all of it but pointed out in 2022 that they used around that much, and Mayor Hazel noted that a lot of businesses were looking into solar in 2022 which helped spark those 2022 numbers. CM Clausen noted most of the negative line numbers were spoken about during the capital items. Aaron spoke about a specific operating line that went up but again involved the transformers that go bad, and they try to get them refurbished when possible and only buy new ones when they cannot be refurbished. Aaron confirmed that prices of transformers have quadrupled in the last couple years and wait times have been up to a couple of years. CM Baltzell asked if some of them cannot be refurbished, and Aaron confirmed that is the case for some of the transformers. Aaron explained that we use different transformers than most cities which makes it so we cannot borrow from other cities, and it would cost too much to switch over to one that other cities use. CM Gray asked about the difference between two lines and Aaron noted those two lines are almost interchangeable but the difference is between new and used transformers. CM Clausen asked about the budget deficit and Safety Service Director Hitchcock noted that some items are estimated high, and the power purchase should come down some and the end of year should be closer to the estimated revenue number. CM Buxton asked about the portfolio of our electric purchase power and Mayor Hazel noted it is similar, and they are looking into wind again now that it is again available. CM Clausen asked if there was any regulation change, or any potential expenses and Aaron confirmed an expense they would like to plan for is to replace a substation transformer since it is 60 years old and will cost a couple million dollars. CM Gray asked about the wait time and Aaron confirmed it would take about two years. It was confirmed that if the substation went down, they would be able to use the others while waiting for the substation to come in order to help power the City and noted it would be a tornado that took it out and not wear and tear. CM Gray asked if it would be worth it to start saving for one and order it and Aaron agreed he would like to start the planning process within a couple of years. Aaron confirmed that they can halt some of the pole replacement for a couple of years to help save money for that transformer. Aaron confirmed they have 7 substation transformers and 6 different sizes. CM Sanford asked about what happens with any money that is budgeted and not used during the year, and it was confirmed at the end of the year any unused electric funds would go back into the electric fund.

Safety Service Director spoke in place of the Water Superintendent about the only capital items being the Mill Street Project, fire hydrants, meters, and the last payment on a backhoe.

Safety Service Director Hitchcock spoke about the chemical expenses that have grown at a very high rate. Safety Service Director Hitchcock noted that the costs from 2022 have almost doubled even while we are using less chemicals. CM Clausen asked if they may go down soon, and Safety Service Director Hitchcock noted with inflation it is hard to say if it will be any different and that is why the water department is over budget. CM Buxton asked which chemicals are being used and Safety Service Director Hitchcock noted that all costs relating to the chemicals have gone up. Safety Service Director Hitchcock noted Mike Sudman the Water Superintendent has the breakdown for the chemicals and the increase in costs over the years. Safety Service Director Hitchcock noted that Mike has made all budget cuts he can to help make up for the chemicals increase. CM Clausen noted that they added an item earlier this year to the budget for a truck. CM Clausen noted the budget deficit that is being proposed and Safety Service Director Hitchcock confirmed it is accurate and driven by the costs of chemicals and recommended raising rates in the near future to compensate for the chemical costs and can bring the rates down if costs also go down. CM Gray asked about the 2016 expenses and how the costs were high and went down and Safety Service Director Hitchcock noted we started being more efficient with the chemicals which helped cut costs.

CM Clausen planned a Personnel and Finance Committee Meeting for November 11, 2024, at 6:00 pm.

CM Clausen adjourned the meeting at 7:48 pm.

Submitted by Michael F. Didonato, Clerk of Council