

BOARD OF PUBLIC WORKS

Regular Board Meeting

Monday, September 16, 2024
Time: 4:00p.m.

Present: John Ortwerth
William Fisher
Darrell McCoy
Kellie Cookson

President
Vice President
Secretary
Board Member

Present: Darrin Gordon
Courtney Harris
Mathew Munzlinger
Matthew Jones
Paul Trenhaile
Erica Mitchell
Beverly Stewart
Jamie Thompson

General Manager
Administrative Support Specialist
Director of Operations
Senior IT Specialist
Finance Director
Coordinator of Customer & Community Relations
Human Resources Director
H.R. Coordinator

Ethan Matchett
Barry Louderman
Melissa Cogdal
Mike Dobson
Robert Koehn
Nathan Munger
Scott Haycraft
Colin Welch

Lemon Law Firm
Mayor
City Clerk
Mayor Pro Tem
City Councilman
City Councilman
City Councilman
City Councilman

John Lyng

Hannibal Citizen

CALL TO ORDER

The meeting was called to order at 4:00p.m. by John Ortwerth.

INVOCATION & PLEDGE OF ALLEGIANCE

The invocation was given by John Ortwerth.

CONSENT AGENDA

- A) Minutes – August 19, 2024 & September 9, 2024
- B) Payrolls – August 23, 2024 & September 6, 2024
- C) Claims – August 2024

On motion of William Fisher, seconded by Darrell McCoy, the Board voted unanimously to approve the Consent Agenda.

COMMENTS FROM THE AUDIENCE

Mike Dobson voiced he had learned from the previous Board meeting that the HBPW paid UFS (Utility Financial Solutions) for a Cost-of-Service Study regarding the proposed electric rate increase. Mr. Dobson noted after he reviewed the study, the HBPW is looking at a \$3.8 million dollar deficit. Mr. Dobson cautioned approving anything less than a 15% electric rate increase. Mr. Dobson noted during the next several months if the Board finds out the electric fund will be short of money, the HBPW will need to increase more than the proposed 15%. Mr. Dobson noted the Board should consider cutting back wherever possible and staying at the same rates on the late charges and reconnection fees.

John Lyng voiced the Board of Public Works is in good shape with the electric rate that is currently being paid by the citizens of Hannibal. Mr. Lyng presented and held discussion regarding the schedule of rates and fees, his customer bill from last month and asked to find out the total revenues and expenses from the electric fund last year. Mr. Lyng voiced it would be in everyone's interest to diminish the meter tax and add it to the rate. After

much discussion, Mr. Lyng noted that based on his usage and the financial results from last year, he does not believe the HBPW should propose an electric rate increase.

Darrell McCoy replied to Mr. Dobson voicing the rate study indicated the HBPW will require a large percentage of an increase. Member McCoy noted the cost-of-service analysis includes the 5-year capital improvement plan and the projected cost. Member McCoy questioned if the plan was reviewed or adjusted when the rate increase was forthcoming, and if it was factored into the rate study for the possibility of a different cost outcome. Member McCoy thanked Mr. Dobson and Mr. Lyng for both of their comments.

GENERAL MANAGER REPORT - DARRIN GORDON

Darrin Gordon reported the electric crew recently responded to the Mutual Aid agreements to help restore power due to the aftermath of hurricane Francine. The HBPW sent 5 linemen to Plaquemine, Louisiana, and the crew has since returned to Hannibal. Mr. Gordon noted when any utility calls for additional crews to help aid in their area, they are responsible for paying the cost of crews, equipment, and all time and materials. The HBPW has also received aid in the past and paid for all necessary assistance. Mr. Gordon noted this is another reason why a healthy reserve fund is important to prepare for unexpected events regarding emergencies/disasters. Mr. Gordon voiced the HBPW is grateful and proud of the electric linemen who have represented the HBPW so well.

Darrin Gordon presented information regarding the proposed rate increase. Mr. Gordon noted the proposed electric rate increase is due to the cost of purchasing power. The cost has increased due to the retirement of baseload coal generation being shut down and maintenance of existing generation in the fall and spring seasons. The HBPW began paying MISO for the unpredictable capacity charges on September 1, 2024, for a total of \$718.83 per MWh/day, which is approximately \$165,000/week, \$663,000/month and roughly \$1.99MM for the first quarter payment. After reviewing thoroughly the last several months, Mr. Gordon recommended the following rate adjustments to be effective October 1, 2024:

- A 15% electric rate increase to begin October 1, 2024. (Average residential+\$25/month) and to amend the General Rate Provisions (Remove out of city limits paragraph on page 47)
- Postpone the 3% water increase that was recommended by the cost-of-service study completed by Utility Financial Solution in 2022. Administration supports postponing the water increase at this time with a goal of continuing the increase in the future to follow the rate design. (Average residential +\$1.64/month)
- Postpone the change in rates and fees regarding the after-hour callouts to move the current penalty charge maximum from \$20 to \$50. (10% of bill).
- Move the 'Meter Tampering Policy' to the 'Schedule of Rates and Fees':
 - Increase: (1st offense from \$85 to \$125) (2nd - \$125 to \$250) (3rd \$250 to \$500)
 - Will always involve the HPD (Hannibal Police Department) when necessary

OPERATIONS REPORT – MATHEW MUNZLINGER

Matt Munzlinger reported the number of outages for the month of August decreased by 9 to a total of 8. There was one large outage that took down 2 circuits due to a citizen cutting down a tree. The outage was restored with minimal effort, and it was located outside of the easement. Mr. Munzlinger noted a number of outages were due to animal interactions, and the electric crew installed 70 animal guards to help with the issue.

Matt Munzlinger reported at the WTP (Water Treatment Plant) MDNR completed a sanitary inspection that is completed every 3 years, and no major issues were reported.

Matt Munzlinger noted at the WTP the GAC change out was completed right after Labor Day, and the next change out will be scheduled during the month of November.

Matt Munzlinger reported at the WTP the rehabilitation of Filter #2 was completed and was placed back into service.

Matt Munzlinger reported the Water crew completed parts of two water main replacements on Iowa Street and also on Ely Street.

Matt Munzlinger reported at the WWTP (Wastewater Treatment Plant) the flow was low due to the lower river levels during the month and the removal of I&I (Inflow & Infiltration) in the system.

Matt Munzlinger reported the Sewer crew TV'd 11,370 feet and cleaned 15,088 feet of sewer collection main.

Matt Munzlinger reported the IT department is continuing to work with NISC on an outage management system that will require GIS data to be housed within that system.

Matt Munzlinger reported there were monthly Safety Meetings held on August 21, 2024. The training topic “Bloodborne Pathogens” was presented in both classes that were held. MIRMA and OSHA training requirement goals were met during this training.

PROJECTS REPORT – MATHEW MUNZLINGER

Mathew Munzlinger presented the Board with an updated progress report including projects from the Electric, Water System, Water Treatment Plant, Sewer System, Wastewater Treatment Plant and Stormwater. Mr. Munzlinger noted the progress of these projects and studies are acceptable and will continue as the weather permits.

FINANCIAL REPORT – PAUL TRENHAILE

Paul Trenhaile presented the Board with the financial results for the month of August 2024, year-to-date results, and key financial ratios. Mr. Trenhaile presented the Dashboard presentation to the Board as a review of Key Performance Indicators trailing the last six months.

UNFINISHED BUSINESS

Schedule of Rates & Fees – PAUL TRENHAILE

Paul Trenhaile presented the proposed new Schedule of Rates and Fees containing charges for:

- Increase electric rates by approximately 15%. This includes an increase to the customer charge for customers outside city limits of \$2.45, which differs from the rate design recommended by UFS. This would require removing the general rate provision stating there is a 40% surcharge to the customer charge for customers who live outside city limits. The increase for the average residential customer who uses 1,200 kWh a month would be approx. \$25 a month. Mr. Trenhaile noted the rate covenant was declared in default as of June 30, 2024, and a rate increase of anything less than 15% would need a new plan for the HBPW to be back in compliance.
- Increase water rates by approximately 3% to continue with the recommendations from UFS’s cost-of-service study completed in 2022. The new revenue is allocated 70% to usage charges and 30% to customer charges. The increase for the average residential customer based on a monthly usage of 4,000 gallons is \$1.64 per month.
- Increase the maximum penalty for late utility payment from \$20 to \$50.
- Add a service charge for notification for extreme weather conditions. This is also known as a “door tag” that alerts the customer that their utilities were not disconnected due to the extreme temperature, but utilities will be disconnected five days later.
- Increase the customer requested service call outside regular hours from \$80 to \$100.
- Include the meter tampering charges in the Schedule of Rates and Fees. These were already outlined in an internal policy but were not included in the Schedule of Rates and Fees. We would also be increasing the 1st violation from \$70 to \$125 and 2nd violation from \$100 to \$250 Information Provided: On the following pages is a redlined draft of the proposed Schedule of Rates and Fees showing the changes from the current schedule.

Adoption of Rates & Fees – Paul Trenhaile

Mr. Trenhaile reported at this time Management requests the Board adopt the Schedule of Rates and Fees as presented. The new rates and fees would take effect October 1, 2024. After much discussion, the Board members made motions for the following:

Meter Tampering Policy

Motion was made by Darrell McCoy, seconded by William Fisher, to include the meter tampering charges in the Schedule of Rates and Fees and increase the 1st violation from \$70 to \$125 and 2nd violation from \$100 to \$250. AYES: Board Members, John Ortwerth, William Fisher, Kellie Cookson, and Darrell McCoy. NAYS: 0. Motion approved.

Penalty for Late Utility Payment

Motion was made by Darrell McCoy, seconded by Kellie Cookson, to keep the late payment penalty at a charge of \$20. AYES: Board Members, John Ortwerth, William Fisher, Kellie Cookson, and Darrell McCoy. NAYS: 0. Motion approved.

Service Charge for Door Tags

Motion was made by Darrell McCoy, seconded by Kellie Cookson, to dismiss the proposed service charge fee for delivering a door tag to alert customers in regard to disconnect services. AYES: Board Members, John Ortwerth, William Fisher, Kellie Cookson, and Darrell McCoy. NAYS: 0. Motion approved.

Call Out After Hours

Motion was made by William Fisher, seconded by Kellie Cookson, to increase the customer requested service call outside regular hours from \$80 to \$100. AYES: Board Members, John Ortwerth, William Fisher, Kellie Cookson, and Darrell McCoy. NAYS: 0. Motion approved.

Water Rate Increase

Motion was made by Kellie Cookson, seconded by Darrell McCoy, to dismiss the proposed 3% water rate increase at this time. AYES: Board Members, John Ortwerth, William Fisher, Kellie Cookson, and Darrell McCoy. NAYS: 0. Motion approved.

Electric Rate Increase

Motion was made by Kellie Cookson, seconded by Darrell McCoy, to increase the electric rate 9% (nine percent). AYES: Board Members, Kellie Cookson, Darrell McCoy & Mayor Barry Louderman. NAYS: Board Members John Ortwerth & William Fisher. Motion approved.

Motion was made by William Fisher, seconded by Kellie Cookson to amend the general rates provision to remove the out of city limits paragraph on page 47, and amend the charges for the customer charge of a \$2.45 increase for the out of city residents. AYES: Board Members, John Ortwerth, William Fisher, and Kellie Cookson. NAYS: Darrell McCoy. Motion approved.

Mr. Trenhaile voiced a new schedule of rates and fees reflecting the 9% electric increase will need to be presented to the Board for approval, and a special meeting will need to be held to adopt the revised document. The Board members agreed to hold a Special meeting with the date and time to be determined.

NEW BUSINESS

Policies & Procedures – Darrell McCoy

Darrell McCoy addressed the Board and recommended forming a policy and procedures committee of two Board members to review policies and collaborate on ways to save money within the organization. After much discussion, the Board decided unanimously to table Mr. McCoy’s proposal until after they all review the Board Governance policy.

CITY ATTORNEY – PENDING MATTERS

NONE

GENERAL DISCUSSION

NONE

ADJOURNMENT

William Fisher made a motion to adjourn. Motion seconded by Darrell McCoy and carried unanimously. The meeting was adjourned at 6:31p.m.



Darrin Gordon
General Manager



Darrell McCoy
Secretary