

**Public Works Committee
Minutes and Report to Council
4:00 p.m., March 15, 2017**

Roll Call: Danny Cleland
 Scott Day
 Drew Hoel
 Alta Long
 Denny Cruzan

- FY2018 Budget. Long reviewed the prepared draft budgets for several departments. It was noted that the department heads had each reviewed the budget draft with Long and provided input to proposed changes over last year's budget. Long noted that, throughout the draft budget, salary lines have been increased by 2.5% as a "placeholder" until a specific wage and salary proposal is made. She also noted that insurance lines are decreased throughout the budget due to an increase last year for a one-time min/max payment for hail damage to city properties.
- Long reviewed her analysis of rates in the Water and Sewer funds. Illinois-American Water Company has imposed a rate increase of approximately 15% that we must pass through to our customers, and we are still trying to obtain a full understanding of the Quality Infrastructure Program (QIP) surcharge that has been added to their billing. Long also reviewed the long-term cash flow and capital plans/reserve funding for their impact on rate needs. She noted that the original water bonds are now fully funded, and will be paid off this year. The original sewer bonds will be fully funded this year, and paid off next year. Long and Hoel recommend a 5% increase in water rates, and no increase in sewer rates. This will result in a combined rate increase of approximately 3%, or \$0.50 per month for the lowest usage level. Committee members concurred with the recommendation.
- Specific comments, by department, were as follows:
 - Municipal Building
 - \$3,000 decrease in Utilities due to efficiency and insulation upgrades at Community Building.
 - \$450 increase for Communications/Telephone for phone and internet service at Community Building.
 - \$3,000 decrease in Small Equipment due to completion of several items related to the Community Building upgrades.
 - \$10,000 increase in Repairs and Maintenance to add glycol to the HVAC system and replace the busted cooling coil at the Community Building. Also includes a possible patch to the siding at the Senior Center.
 - Streets & Alleys.
 - \$3,000 decrease in Vehicle Fuel. This line was increased several years ago due to high fuel prices and no longer needs to be this high.
 - \$5,000 increase in Utilities based on historical experience.
 - \$45,000 decrease in Storm Sewer/Drainage R&M since Niles Street tile no longer needs to be sleeved. This project has been in the budget for several years.
 - Cleland suggested that North Line Road should be striped to create at least a visible center line. Hoel and Cruzan will look into this and some other areas that need striping.

- Park Department.
 - Capital Outlay includes \$35,000 for a replacement backstop at the girls' softball diamond. Hoel will be meeting with Tuscola Schools Superintendent Mike Smith to discuss possible school funding for additional fill to the infields at an estimated cost of \$20,000.
 - Decreases in Landscape Maintenance, Small Equipment, Supplies & Parts, and Repairs & Maintenance based on historical experience.
 - Cruzan pointed out that a portion of the Street Department salary expense should probably be reallocated to Parks due to one of those employees covering in Parks full-time due to work restrictions of another employee.

- Pool Department.
 - Hoel and Long reported that utility and chemical costs are down dramatically (approximately 50%) due to repair of the persistent leak at the pool.
 - Revenues are adjusted down slightly based on historical experience.
 - Decrease of \$4,500 in Small Equipment due to elimination of second sun shade structure.
 - Decrease of \$25,000 in Capital Outlay due to removal of a pool cover from the capital plan. Hoel and Cruzan both reported that they were not yet convinced that this would be helpful, and they want to see how draining/cleaning/filling the pool goes now that the leak is repaired.

- Water Department.
 - Other than the changes in debt service and the impact of billing rates on revenues and the cost of purchased water, there is very little change proposed in operating costs in the Water Fund.
 - Minor adjustments due to historical experience (i.e. Vehicle Fuel, Vehicle Maintenance.)
 - Annual Reserve Fund Allocation is increased to \$90,000.

- Sewer Department.
 - Engineering is increased from \$2,500 to \$7,500 due to an upcoming renewal of the NPDES permit from IEPA for the south plant.
 - Minor adjustments due to historical experience (Computer Support, Vehicle Fuel, Vehicle Maintenance, Utilities, Chemicals.)
 - Hoel noted that Farm Expense and Farm Revenue will both likely be down in the coming year due to difficulties marketing the hay crop. Demand and prices for hay are down in the region.
 - Repairs and Maintenance increased from \$40,000 to \$50,000 based on historical experience and some increased maintenance costs of the wind turbine.
 - Annual Reserve Fund allocation increased from \$60,000 to \$120,000. This is for a needed replacement of the SCADA computer system that "runs" the south sewer plant. The system was installed with the original plant construction in 2001, and is based on proprietary software. It can no longer be maintained or upgraded. Donohue Associates has provided a design-build proposal for the system replacement at a cost of \$150,000.

- Motor Fuel Tax Fund. Existing debt service obligations are the only planned expenditures for FY2018. Annual oil & chip maintenance will continue to be funded in General Fund.
- Capital Replacement. Long reviewed the capital replacement plan, which calls for continued reserve funding to replace vehicles and equipment. However, no such purchases are proposed for the coming year.

Meeting adjourned 4:50 p.m.