

Kaukauna, WI
May 21, 2025

The regular meeting of Kaukauna Utilities Commission was called to order at 4:00 p.m. by President Lee Meyerhofer. Commission members present were John Moore, Pennie Thiele, Sue Hennes, Greg Lenz, Lee Meyerhofer, Tony Penterman, and Paul Van Berkel. Also present were Michael Avanzi, Dave Pahl, Zach Moureau, Tara Schmitz, and Andy Vanden Heuvel from KU; Brian Roebke; Mike Bergner; and Jared Walker from Boardman Clark.

It was moved by Paul Van Berkel, seconded by John Moore to approve the minutes of the April 16, 2025 Commission meeting.

All members voted aye.

Motion Carried

General Manager Michael Avanzi introduced Amber Drewieske and Riley Hutter from Clifton Larson Allen (CLA), who presented the audited financial statements and outlined the 2024 audit process. Ms. Drewieske and Mr. Hutter indicated that the audit had no irregularities, and the audit report accurately represents Kaukauna Utilities' financial position for the year ended December 31, 2024.

It was moved by Tony Penterman, seconded by John Moore that the Commission accepts the 2024 Financial Statements as presented and edited by CLA and KU staff.

All members voted aye.

Motion Carried

Environmental & Compliance Manager Zach Moureau informed the Commission that the well building at #10 Well was built in 1955, the roof has been repaired several times over the last 15 years, and the brick exterior is deteriorating. The building has served its purpose and needs to be replaced. The new building will be constructed with precast concrete panels and new electrical, mechanical, and plumbing equipment. Preparations will also be made in this project for the new backup generator planned for installation as part of the Water Treatment System Improvement Project. Four bids were received and evaluated with Miron Construction being the lowest evaluated bid. The following bids were received:

<u>Contractor</u>	<u>Bid Amount</u>
Miron Construction	\$214,308
Cardinal Construction	\$238,500
IEI General Contractors	\$259,714
Alliance Construction and Design	\$354,731

It was moved by Sue Hennes, seconded by Pennie Thiele to authorize the General Manager to award the #10 Well Building Replacement (W25-01) to Miron Construction Co., Inc. in the amount of \$214,308.

Roll Call Vote:

Sue Hennes	aye
Lee Meyerhofer	aye
Greg Lenz	aye
Pennie Thiele	aye
Paul Van Berkel	aye

John Moore	aye
Tony Penterman	aye

Motion Carried

Environmental & Compliance Manager Zach Moureau reminded the Commission that in September 2024, they approved the contract to award the reverse osmosis (RO) pilot study to Surplus Management, Inc. (Water Surplus). As part of the solicitation process for the pilot study vendor, KU chose to pre-select the RO equipment supplier by requiring the inclusion of equipment cost estimates in the proposal. This was added to the solicitation process due to the Wisconsin Department of Natural Resources (WDNR) preference for the pilot study to be completed by the equipment vendor. Included in the cost estimate provided by Water Surplus was \$94,000 in engineering costs. In order to continue the design process and provide submittals to the WDNR for approval, Water Surplus requested engineering costs for the project. A proposal was provided by Water Surplus requesting \$94,000 for engineering services. This amount was included in the overall project budget under the RO/Nano Treatment and Pressure Filter Tank items.

It was moved by Greg Lenz, seconded by John Moore to authorize the General Manager to contract with Surplus Management, Inc. (dba Water Surplus) for Filtration and Reverse Osmosis Equipment Design Services for the WTSI Project (W24-01) in the amount of \$94,000.

Roll Call Vote:

Tony Penterman	aye
John Moore	aye
Paul Van Berkel	aye
Sue Hennes	aye
Lee Meyerhofer	aye
Pennie Thiele	aye
Greg Lenz	aye

Motion Carried

Environmental & Compliance Manager Zach Moureau informed the Commission in April 2025, a leak was noted on the Well #9 filter vessel discharge piping. A portion of the discharge piping was removed and inspection of the discharge piping revealed significant deterioration of the piping interior. A contractor was brought in to fabricate a new section of discharge piping and reconnect the discharge piping. Prior to the reconnection, KU staff completed further inspection and observed significant deterioration on the filter vessel underdrain floor and relayed the conditions onto engineering consultants for assistance. Initial discussions regarding the filter vessel condition involved waiting for media removal and interior tank inspection as included in the initial project plan and budget. The total estimated cost associated with this minor rehabilitation is \$177,000. There is no guaranteed life expectancy associated with this rehabilitation. If the inspection revealed that tank replacement was necessary, there would be an additional 20-30 weeks lead time for equipment and regulatory approval. This would significantly extend the downtime of Well #9 and increase the strain on our water supply and treatment system. The second option associated with the filter vessel condition involves major rehabilitation. The total estimated cost associated with this major rehabilitation is \$1,016,000. There is no guaranteed life expectancy with this rehabilitation and there is potential for the cost to be higher based upon conditions of the filter vessel. The third option involves replacement of the filter vessel. The total estimated cost associated with replacement is \$1,410,000. There is a 30-year life expectancy. This expectancy could be extended if the tank interior were repainted every 15 years. \$125,000 was included in the initial WTSI project budget for renovation of Well #9 filter vessels

and replacement of the filter media. In addition, \$28,232 was included in the engineering budget for the project associated with minor rehabilitation.

It was moved by John Moore, seconded by Paul Van Berkel to incorporate Well #9 filter vessel replacement into the WTSI project budget at a cost not to exceed \$1,410,000.

Roll Call Vote:	John Moore	aye
	Pennie Thiele	aye
	Greg Lenz	aye
	Lee Meyerhofer	aye
	Paul Van Berkel	aye
	Sue Hennes	aye
	Tony Penterman	aye

Motion Carried

Environmental & Compliance Manager Zach Moureau discussed the 2026 Wisconsin Safe Drinking Water Loan informing the Commission that financing for the Water Treatment System Improvement (WTSI) Project may be done through the Wisconsin Safe Drinking Water Loan Program (SDWLP). Evaluation of the financing options currently being considered and the final decision will be based upon the outcome of federal grant or appropriation funds requests. As part of the SDWLP, the City of Kaukauna is required to pass a reimbursement resolution. This resolution states that we will have interim funding in place for the WTSI Project until the issuance of the bonds from the SDWLP.

It was moved by John Moore, seconded by Sue Hennes to approve the 2026 Wisconsin Safe Drinking Water Loan reimbursement resolution and authorize staff to submit to the Kaukauna Common Council for their review.

All members voted aye.	Motion Carried
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General Manager Michael Avanzi discussed the water simplified rate case informing the Commission that due to a declining rate of return and the anticipated increase in O&M and capital costs in the water utility, he is recommending KU apply to the PSCW for an inflationary adjustment utilizing the Simplified Rate Case (SRC) application process. This process aligns with philosophy discussed with the Finance & Personnel Committee to do more frequent, inflationary type rate increases rather than larger increases like the one from our last water rate case. A rate increase went into effect on October 16, 2023 and resulted in an overall rate increase of 35.74% with an authorized rate of return of 6.20%. The PSC approved adjustment factor for SRCs filed between March 1, 2025 and February 28, 2026 is 3.0% with an authorized rate of return of 6.20%. The water utility's rate of return in 2024 was 5.05%. The anticipated effective date of the rate increase is August 1, 2025.

It was moved by Pennie Thiele, seconded by Sue Hennes to authorize staff to proceed with filing the water simplified rate case application with the Public Service Commission of Wisconsin.

Roll Call Vote:	John Moore	aye
	Pennie Thiele	aye
	Greg Lenz	aye
	Lee Meyerhofer	aye
	Paul Van Berkel	aye
	Sue Hennes	aye

Tony Penterman aye

Motion Carried

Engineering & Operations Director Dave Pahl informed the Commission KU currently owns a wheeled skid steer that is under powered and unable to load material in all dump trucks due to its lifting height. There is a need from the electric and water utilities to acquire a tracked skid steer as a replacement unit as there are many more uses while limiting restoration for off-road work. Bids were solicited from three major dealers: Kubota, Caterpillar, and Bobcat. The Kubota came in at the lowest price, however, the unit didn't have the lifting height to evenly load our dump truck. The other two bids, Caterpillar and Bobcat, have a high enough lift to allow for evenly loading of the dump truck. Both units met the remainder of the specifications for the units and attachments. The electric department (V25-01) has \$80,000 and the water department (WV25-05) has \$20,000 in their respective budgets to split the cost of the unit. The following bids were received and evaluated:

Manufacturer	Trade In Value	Total
Kubota	\$18,000	\$62,035
Caterpillar	\$17,000	\$70,885
Bobcat	\$19,500	\$71,755

It was moved by John Moore, seconded by Greg Lenz to authorize the General Manager to award the purchase of the track skid steer in the amount of \$70,885 to Fabick CAT.

Roll Call Vote:

Tony Penterman aye
John Moore aye
Paul Van Berkel aye
Sue Hennes aye
Lee Meyerhofer aye
Pennie Thiele aye
Greg Lenz aye

Motion Carried

General Manager Michael Avanzi stated that due to the departure of the Finance & Administration Director, who was KU's Alternate Director on the WPPI Board of Directors, he recommended Dave Pahl as the new Alternate Director.

It was moved by John Moore, seconded by Sue Hennes to approve Dave Pahl to be appointed as the new WPPI Board Alternate Director to represent Kaukauna Utilities.

All members voted aye

Motion Carried

President Lee Meyerhofer opened the floor for Commission officer elections.

It was moved by Tony Penterman that the rules be suspended, nominations be closed, and a unanimous vote be cast for Lee Meyerhofer for President.

All members voted aye.

Motion Carried

It was moved by Lee Meyerhofer that the rules be suspended, nominations be closed, and a unanimous vote be cast for John Moore for Secretary.

All members voted aye.

Motion Carried

It was moved by Lee Meyerhofer that the rules be suspended, nominations be closed, and a unanimous vote be cast for Sue Hennes to sit on the Finance & Personnel Committee.

All members voted aye.

Motion Carried

The Commission reviewed the Electric and Water Financial Statements and the monthly reports.

General Manager Michael Avanzi reviewed highlights from the monthly department updates informing the Commission he would like to schedule another set of tours for the commission before the June or July commission meeting. He will have Amy follow up with the Commissioners. The Employee Brainstorming Group met to start planning for the annual Summer Event that will be held on August 14th at Riverside Park. The line crew have spread wires and started setting poles on Park Street for the 3-phase overhead line rebuild. The project is on track for completion before the road construction crews begin at the start of June. Staff met with the Public Service Commission (PSC) to go through their initial draft of adjustments to the revenue requirement that was submitted. Staff are working with WPPI and legal counsel on how to respond to their proposed adjustments. Up-to-date information can be found on the PSC website by subscribing to Docket 2800-ER-110. The annual PSC report is complete with our rates of return being Water – Actual 5.05%, Authorized 6.20% and Electric – Actual 6.23%, Authorized 4.90%, Requested 6.50%. KU received the new license for Combined Locks Hydro that is effective until May 2065. Fire hydrant painting is scheduled to begin the last week of May. The contractor who painted the Industrial Water Tower has provided a letter confirming they will fix the delamination issues on the tower starting on July 14th.

The Commission chose not to adjourn to closed session pursuant to Wis. State Statute 19.85(f) for review of data Kaukauna Utilities is prohibited from making public under Wis. Stat. 196.137, including Kaukauna Utilities Write Off Journal details, Check Register details and Customer Usage and Billing.

It was moved by John Moore, seconded by Greg Lenz to approve the April accounts receivable write-offs.

Roll Call Vote:

Tony Penterman	aye
John Moore	aye
Paul Van Berkel	aye
Sue Hennes	aye
Lee Meyerhofer	aye
Pennie Thiele	aye
Greg Lenz	aye

Motion Carried

It was moved by Pennie Thiele, seconded by Sue Hennes that checks numbered 1787 through 1804, 10273 through 10378, 81686, 81692, 81699, 81776, and checks numbered 81782 through 81846 in the amount of \$4,324,530.48 be approved for payment.

Roll Call Vote:

John Moore	aye
Pennie Thiele	aye
Greg Lenz	aye
Lee Meyerhofer	aye
Paul Van Berkel	aye
Sue Hennes	aye
Tony Penterman	aye

Motion Carried

It was moved by Paul Van Berkel, seconded by Tony Penterman to adjourn to Closed Session pursuant to Wis. State Statute 19.85(1)(c) to consider employment, promotion, compensation, or performance evaluation at 5:45 p.m.

All members voted aye.

Motion Carried

Mayor Tony Penterman left the meeting at 6:23 p.m.

Commissioner John Moore left the meeting at 6:45 p.m.

Commissioner Pennie Thiele left the meeting at 6:48 p.m.

It was moved by Lee Meyerhofer, seconded by Sue Hennes to return to open session at 6:59 p.m.

All members voted aye.

Motion Carried

It was moved by Paul Van Berkel, seconded by Greg Lenz to adjourn.

All members voted aye.

Motion Carried

The meeting ended at 7:00 p.m.

John P. Moore
Secretary

Minutes taken by Amy Brick