

LEAVENWORTH WATERWORKS

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

HELD ON
SEPTEMBER 9, 2024

A regular meeting of the Board of Directors of the Leavenworth Waterworks held at 5:00 PM on Monday, September 9, 2024, at the Leavenworth Waterworks located at 601 Cherokee, Leavenworth, Kansas 66048.

ATTENDANCE**Directors in Attendance**

Richard Gervasini
Nick Poff
Chad Lough

Directors Absent (Excused)

William Daniels
Eric Peterson

Staff in Attendance

Joel Mahnken, General Manager
Dana Splichal, Finance Manager
John Hodgden, Distribution Manager
Neil Seichepine, Treatment Manager
Britni Huff, Staff Engineer

Others in Attendance

None

CALL TO ORDER

Director Gervasini, called the meeting to order at 5:04 PM.

**ROLL CALL,
ANNOUNCEMENT
OF QUORUM**

Director Gervasini noted that a quorum was present.

**REQUEST,
COMMENTS,
PETITIONS BY
MEMBERS OF THE
PUBLIC**

The Finance Manager read a note from a customer asking they the flower beds around the building be cleaned up. The Finance and Distribution Managers will address.

BOARD MEMBER ITEMS OUTSIDE OF EXECUTIVE SESSION	Director Gervasini noted that he had heard several nice comments from people who attended a recent Lions meeting where the Distribution Manager had given a presentation.
APPROVE MINUTES OF August 26, 2024	<p>Upon motion from Director Poff and seconded by Director Lough, motion passed 3-0...</p> <p>RESOLVED (No. 15521), that the Board approved minutes from August 26, 2024.</p>
CONSIDERATION OF CONSENT AGENDA	<p>Upon motion from Director Gervasini, seconded by Director Poff, motion passed 3-0...</p> <p>RESOLVED (No. 15522), that the Board approved the consent agenda as presented.</p>
CONSIDER SALE OF SKID STEER BROOM ATTACHMENT	<p>The Distribution Manager presented a proposal received from Kerstens Concrete to purchase the attachment for \$1,800.</p> <p>It was noted that this is for a rotary broom attachment for a skid steer, purchased by LWW in 2014 for \$4,100 and is fully depreciated. He further noted that we have not used it in years.</p> <p>Discussion held and upon motion from Director Lough, seconded by Director Poff, motion passed 3-0...</p> <p>RESOLVED (No. 15523), that the Board approved the sale of the broom to Kersten’s Concrete for \$1,800.</p>
CONSIDER DISPOSITION OF UNCLAIMED PROPERTY	<p>The Finance Manager noted that in reviewing credit balances in customer accounts, we have accumulated balances dating back to 1999, totaling \$42,363.23. In accordance with K.S.A. 12-822, we may consider them abandoned after applying certain conditions, as outlined in the statute.</p> <p>The Statute reads as follows: Any amount of security deposit, and the accrued interest thereon remaining in the account of any customer of a municipally owned utility who has discontinued service with such utility shall be placed in the operating fund of such utility, upon the following conditions: (a) Such money has remained on deposit with the municipal utility for a period of more than three years from the date service was discontinued; (b) no demand for such money has been made at any time during the three-year period; (c) the whereabouts of the person to whose account the money is credited is unknown and a reasonable effort has been made to determine the same; and (d) following the expiration of the three-year period, the utility has published, once each week for two consecutive weeks in a newspaper of general circulation in the</p>

county in which the utility is located, a notice listing any person whose deposit remains on account, and that a demand for such money must be made within 60 days. Any security deposits remaining in the account of any such customer 60 days after the last publication of such notice shall be placed in the operating fund of such utility.

Over the past years we have tried various methods to locate the individuals on the list. The deposits from 1999 through 2020 total \$34,850.92.

Discussion held and upon motion from Director Lough, seconded by Director Poff, motion passed 3-0...

RESOLVED (No. 15524), that the Board approved publication of a notice in the local paper listing any person whose deposit remains on account through the end of 2020.

DISCUSSION OF
DRAFT 2025
BUDGET

The General Manager presented a 2025 draft budget for discussion.

He noted that the operations and maintenance budget is about fifty percent of salaries and benefits for the 35 positions we currently have. As with past years, the attached includes a budgeted 5% salary increase for Performance on an employee's anniversary. Health Insurance premiums are assumed to increase by 15%. Other fringe benefits are calculated according to the applicable percentage. Overall, there is an increase of about \$54,000 over the amount budgeted for 2024.

The General Manager asked that the Board consider increasing the budgeted performance increase to 6%, to adjust for inflation. He noted that this would increase the budget expenditures by just over \$11,000 for 2025.

It was noted that the next two biggest costs we have are treatment chemicals and energy at the Plants (variable costs). We based these on the average volume of water treated for the last two years, split 40 / 60 between the North Plant and the South. Both chemicals and energy prices are expected to be about 5% greater than 2024 prices. Maintenance line items are adjusted according to the expected need at each plant. Sludge disposal costs for the South Plant were increased 20% over 2024 to accumulate some future funds.

In Distribution, we seem to be stuck at the 45 to 55 breaks per year level, with at least one repair being outrageously expensive. We are also increasing the line item for meter replacements. While the total for Distribution appears to be growing significantly, we are looking into doing more CIP's with department personnel. Salaries and related expenses will then be

capitalized over the life of the project.

In the Administration Department, the biggest growth seems to be in Computer expenses and postage that are shared by the city per our agreement for Billing Services. With the non-operating accounts, interest earnings and SRF interest expense are the two most significant line items.

Operating Revenues, as presented, need adjustments per Board input. City Services are the 2024 expenses incurred per our agreement with the City. Revenue from the BOP water storage agreement will be recognized over the next ten years (to be applied to the debt service for the MO Tank). Sales Revenue is currently assumed the same as 2024, plus the "hangover" effect of the rate adjustment going into effect April 1st. "Other Revenues" include the administrative fees and charges we have. Staff is currently working on a comparison of the fees and charges made by other water utilities in the region. Without rate and fee adjustments, we would generate about \$640,000 in net income. When combined with the estimated depreciation we have about \$2,323,000 available for SRF principal and Capital Improvements. Between the projects that are being carried forward from 2024 (for various reasons) and new projects being proposed we are looking at a total of \$14,921,000. For this there is the \$7 million from the SRF loan to draw from. Noted that \$2 million was included for the engineering design of the STP - Capacity Improvements that would come from our investments. This still leaves \$3,598,000 to fund or remove from the list. On the attached list of CIP's, listed another \$1,420,000 of projects as secondary and considering moving other projects to this group. Note that we are waiting on the results of the work by CDM Smith on the STP-CI budget.

Discussion was held and the Board asked Staff to report back to the Board the impact of a 7.5% rate increase and a 10% rate increase.

Consensus of the Board was to increase merit raises to a max of 6%.

No further action taken.

DIVISION REPORTS PRESENTED:

ADMINISTRATION

1. August reconciliations
2. Continue reviewing proposals and qualifications for new software – hope to present to board at the next meeting
3. 2025 budget prep and discussion
4. Cleaning and organizing of old files

5. New customer service rep will start on September 16th

DISTRIBUTION

Water Distribution Projects

1. Lead & Copper Service Inv.

Customer side survey finished, working on web site additions

2. Lecompton Watermain Replacement (2023)

Planning stage: Benesch

3. Annual Free CL2 Burnout 2024

Began, working on overflowing the tower. Increase of 2 psi caused 4 main breaks.

City/County Projects

- **4th St. Reconstruction**

3 Hydrants moved for stormwater & 25' of 8" DI (4th & Cherokee)

Water Distribution Operations

Between August 23rd, 2024, and September 5th, 2024, the following water-distribution activities have occurred:

a) Water Main Breaks:

8.29.24	1017 N 10 th	4"
9.4.24	Thornton & Girard	6"
9.4.24	308 Spruce	2"
9.4.24	3921 Lakeview	4"
9.4.24	400 Seneca	4"

b) Renewals: 811 Penn., 4901 S 4th

c) Kill: 811 Penn.

WATER TREATMENT

Ohio Street Booster Station

1. Ordered new seals for Pump #2.

North Plant Summary

1. Preparing for fall cleaning.
2. Closing down on September 16th for fall cleaning

South Plant Summary

1. Working with Distribution on the Free Chlorine burnout.
2. Preparing for the new sludge pump project.
 - a. End of September

GENERAL MANAGER

- Water Tank Project
 - Contract #1 Pipeline: Hettinger Excavating has started clearing & grubbing.
- South Treatment Plant Resiliency Project – Worked with CDM Smith to update Project budget estimate.
- Discussing realignment of the Lecompton Water Main Replacement Project with property owner.
- Working on 2025 budget.
- Working on Professional Development Hours.
- Plan to attend the Community Executive Forum at Fort Leavenworth on September 20th from 8:30 am to 4 pm.
- Plan to attend seminar on Cybersecurity on September 23rd from 10 am to noon at the Heritage Center.
- Received cost estimate from CDM Smith and reviewing with them on September 11th
- Noted that an agreement was reached with the landowner for the Lecompton project

ADJOURNMENT Upon motion from Director Lough, seconded by Director Poff, motion passed 3-0.

Director Gervasini adjourned the meeting at 6:13 PM.

Approved _____, 2024

Richard Gervasini, Chair

Chad Lough, Assistant Secretary