

LEAVENWORTH WATERWORKS

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

HELD ON
September 23, 2024

A regular meeting of the Board of Directors of the Leavenworth Waterworks held at 5:00 PM on Monday, September 23, 2024, at the Leavenworth Waterworks located at 601 Cherokee, Leavenworth, Kansas 66048.

ATTENDANCE

Directors in Attendance

Richard Gervasini
Eric Peterson
Billy Daniels
Nick Poff

Directors Absent (Excused)

Chad Lough

Staff in Attendance

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

Others in Attendance

Mark Griffin, PE, CDM Smith (September 23, 2024)

CALL TO ORDER

Director Gervasini, called the meeting to order at 5:00 PM.

ROLL CALL, ANNOUNCEMENT OF QUORUM

Director Gervasini noted that a quorum was present.

REQUEST, COMMENTS, PETITIONS BY MEMBERS OF THE PUBLIC

None

BOARD MEMBER ITEMS OUTSIDE OF EXECUTIVE SESSION	None
APPROVE MINUTES OF AUGUST 26, 2024	<p>Upon motion from Director Poff and seconded by Director Peterson, motion passed 4-0...</p> <p>RESOLVED (No. 15525), that the Board approved minutes from August 26, 2024.</p>
CONSIDERATION OF CONSENT AGENDA	<p>Upon motion from Director Peterson, seconded by Director Poff, motion passed 4-0...</p> <p>RESOLVED (No. 15526), that the Board approved the consent agenda as presented.</p>
REVIEW OF COST ESTIMATE FOR SOUTH PLANT CAPACITY PROJECT BY CDM SMITH	<p>Mark Griffin, PE with CDM Smith presented and reviewed with the Board a cost estimate CDM Smith was hired by LWW to draft for the South Treatment Plant expansion project. Mark reviewed the phases as defined by LWW management and the cost of each phase, with total estimated cost of \$53,347,538. After discussion, no action was taken by the Board.</p>
CONSIDERATION OF AUGUST FINANCIAL STATEMENTS	<p>The Finance Manager presented the August financial statements and reviewed August activity.</p> <p>Upon motion from Director Peterson, seconded by Director Daniels, motion passed 4-0...</p> <p>RESOLVED (No. 15527), that the Board approved the August 2024 Financial Statements.</p>
CONSIDERATION OF POLICY FOR THE DISPOSAL OF SURPLUS PROPERTY	<p>The Finance Manager noted that during the board meeting held on September 9, 2024, the Board requested that management propose a policy regarding the disposal of surplus property. The Finance Manager drafted and presented a policy for Board review noting that property with an individual value believed to be \$5,000 or greater is to be approved by the Board for disposal. Items with individual value less than \$5,000 may be disposed of without approval by the Board. Reviewed guidelines and options of disposal. Minor grammatical corrections were made.</p> <p>Upon motion from Director Poff, seconded by Director Peterson, motion passed 4-0...</p> <p>RESOLVED (No. 15528), that the Board approved the surplus property disposal policy as amended.</p>

REVIEW OF 2025
BUDGET

The General Manager noted that when discussing the potential rate adjustment for the 2025 budget, the Board requested a comparison of a 7.5 and 10 percent retail increase, relative to other water utilities in the region. A comparison was presented and discussed with comparative rate information obtained from utility websites. It was noted that as each utility has unique rate structures, the only comparison that may be made is at selected consumption amounts.

Bar charts were shared to demonstrate the comparisons showing the relative cost of 6 CCF residential usage and 20 CCF commercial. The bar charts demonstrated that our Retail rates are low in comparison to other water utilities in the region. The General Manager noted that the EPA considers water rates affordable if the average residential consumption does not exceed 2 percent of the median household income (MHI). For Leavenworth's MHI of \$67,360, 2 percent would be \$112.26 per month. The proposed 10% increase calculated on last year's average of 5.1 CCF comes to \$40.77 per month. This amount would be considered affordable for a MHI of \$24,462 (a household income of \$11.76 per hour).

The General Manager noted that comparison of the wholesale rates with regional utilities is difficult due to our declining block rate structure. Comparing LWW's current rate to our primary competitor we have a "breakeven point" of 215,780 gallons per day, starting July 1st. Increases of 7.5 and 10% increase this point to 340,840 gpd and 442,267 gpd, respectively. The General Manager suggested an alternative to a percentage increase noting that the Board may wish to consider an alternative of increasing the base charge by \$5 per month, and the unit charge for the first 4 rate blocks by 5 cents per CCF. This results in a breakeven point of 259,413 gpd.

Discussion was held and the consensus of the Board was to move forward with budget preparation based on a 10% increase in retail rates and increasing the wholesale rate base charge by \$5 per month, and the unit charge for the first 4 rate blocks by 5 cents per CCF.

DIVISION REPORTS PRESENTED:

ADMINISTRATION

1. August financial statements
2. Continue reviewing proposals and qualifications for new software
3. 2025 budget
4. New customer rep started on the 16th
5. Continue working on updating personnel manual
6. Working on updates to evaluation process and form
7. Attended the Cybersecurity Symposium put together by Lan-Del Board and Staff

DISTRIBUTION

Water Distribution Projects

1. **Lead & Copper Service Inv.**

Website up & running, LSLI turned in to KDHE.

2. Lecompton Watermain Replacement (2023)

Planning stage: Benesch

3. Annual Free CL2 Burnout 2024

12 main breaks with an average pipe age of 70 years. Stopped overflow and began pump out after damaging 2510 & 2508 S 4th St.

City/County Projects

- **4th St. Reconstruction**
Water line moving complete, working on invoice.

Water Distribution Operations

Between September 6th, 2024, and September 19th, 2024, the following water-distribution activities have occurred:

- a) Water Main Breaks:

9.5.24	308 Spruce	2
9.6.24	805 N 16 th	6
9.7.24	1062 Central	6
9.7.24	2510 S 4 th St	8
9.7.24	15 th & Vilas	6
9.9.24	2500 Frances	6
9.13.24	2101 Spruce	6
9.17.24	2926 Virginia Cir.	2

- b) Renewals: 305 Vine, 2714 Frances and 1 hit service, 939 Brookside

WATER TREATMENT

Ohio Street Booster Station

1. ASC replaced the seals on pump #2.

North Plant Summary

1. Plant offline for fall maintenance and cleaning.
2. Mud valves being replaced.

South Plant Summary

1. Met with CDM Smith on South Plant Project budgeting.
2. Update: New sludge pump will arrive the 2nd week of October.

GENERAL MANAGER

- KMU Safety Training for September 9th was cancelled due to repairs on main breaks.
- Water Tank Project
 - Contract #1 Pipeline: Hettinger Excavating has started installing pipe on Mt Olivet Road.
- South Treatment Plant Resiliency Project – Worked with CDM Smith to update Project budget estimate and on possible financing.
- Working on 2025 budget.
- Working on Professional Development Hours.
- Attended the Community Executive Forum at Fort Leavenworth on September 20th.
- Attended a seminar on Cybersecurity on September 23rd from 10 am to noon at the Heritage Center.
- Met with McClure Engineering regarding the Centennial Bridge project.

RECESS Staff recommended a continuation of the meeting Monday, September 30, 2024, at 5:00 PM for a planning session to discuss the South Plant Capacity Improvement Project.

Board members agreed to the continuation for 4:00 PM Monday, September 30, 2024.

Director Gervasini recessed the meeting at 5:37 PM to reconvene Monday, September 30, 2024, at 4:00 PM.

Director Daniels called the meeting to order Monday, September 30, 2024 at 4:09 PM and noted a quorum was present with Directors Gervasini and Lough absent.

PLANNING The General Manager presented additional information regarding the STP project and funding options as well as projections of revenue, expenses, and debt service payments and coverages through 2034. Discussion was held regarding the various funding options and possible future rate adjustments. With more discussion needed by the full Board of Directors, no action was taken at this time.

SESSION TO
DISCUSS THE
SOUTH PLANT
CAPACITY
IMPROVEMENT
PROJECT

ADJOURNMENT Upon motion from Director Peterson, seconded by Director Daniels, motion passed 3-0.

Director Daniels adjourned the meeting at 5:37 PM.

Approved _____, 2024

Richard Gervasini, Chair

Eric Peterson, Secretary