

September 15th, 2015

Wyandotte Municipal Service Working Session Minutes

A working session for purposes of FY2016 Budget matters for the Municipal Services Commission of the City of Wyandotte, Michigan was held at the office of the Commission on Wednesday, September 15th, 2015 at 4:00 PM.

Roll Call: Present: Commissioner-Leslie Lupo
Gerald P. Cole
Robert K. Alderman - Excused
Michael Sadowski
Bryan Hughes - Excused

General Manager/Secretary- Rod Lesko

Also Present- Paul LaManes
Charlene Hudson
Steve Timcoe
Mike Pente
CATV Volunteer

Assistant GM Paul LaManes giving overview of proposed FY2016 Electric Department Operating and Capital Budget.

Budget presented for the Electric Department forecasting flat usage with existing rates, therefore no rate adjustment for FY2016 in budget as presented. However, cost of service currently in process with the Commission and the results will be shared with the Commission when available.

Reciprocal Power Sales represent revenue side of Power Purchase Agreements (PPA's) such as AMP Fremont, Meldahl Hydro, Wind projects and Landfill gas projects. Increasing due to projects being taken online and accounting for revenue stream gross of PPA cost.

No coal, TdF or related commodities budgeted due to economic dispatch model for electric, Natural Gas budgeted for steam service based on requirements. Noted by Charlene Hudson, PSSE, that a budgeted amendment would be needed if coal had to be used as a last resort.

Purchased Power, including transmission and capacity budgeted based on MPPA hedging plan. Charlene Hudson giving input on need to purchase capacity.

Paul LaManes noting budgetary impact of voluntary retirements of 13 employees on Dept 003 budget.

Current IBEW contract expires 12/31/2017

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Commissioner Lupo asking questions regarding Bad Debt write-off for FY15 and the increasing amount. GM Lesko noting that Electric impacted by the inability to shut most service off during the winter period. Further review of reasons for increasing Cable write-off's to be forwarded to Valerie Hall, however it was suggested that enhanced reporting in BS&A may include write-off's not formerly deemed as such in the old AS400 system and that prior year's presented for comparison may in fact have been greater due to better reporting. Case in point was the large makeup for FY14 for all years 9/30/2011 and prior.

Two grants budgeted for FY16, WIRES II and Port Authority.

Recommendation of WMS management to have one (1) staff member work from 4 PM to Midnight M-F covering customer needs and phone call inquiries for Electric, Water and Cable in addition to supplementing Storeroom in work performed for the Cable department. Phone calls from Midnight to 8 AM, weekends and holidays would be handled by the Water Filter Plant 24/7 Operators with enhanced access to BS&A and WinCable to better serve customer needs.

Paul LaManes discussing bond revenue requirement ordinance of 110% of bonded debt service noting that coverage is more than sufficient now due to the pending revenue and revenue refunding Series 2015 bonds that significantly smoothed Electric's debt service.

PSSE Charlene Hudson discussed the proposed capital projects for Fiscal 2016, including those financed by the Series 2015 bonds.

Paul LaManes highlighting reduction in debt service due to revenue and revenue refunding Series 2015 Bonds.

Recommendation of WMS management that the FY16 Electric Budget be approved by the Commission as presented.

Assistant GM Paul LaManes giving overview of proposed FY2016 Cable Department Operating and Capital Budget.

Notation made regarding decline in subscribers used for budgeting purposes. Outlined by presenting subscriber counts used for Expanded Basic.

Monthly subscriber list to be distributed monthly to the Commission based on standard WinCable reporting beginning in October 2015 and listed on agenda under Reports & Communications.

Budget prepared with no rate adjustments. Caution that Cable is now at cost of service on an overall basis currently. WMS management will be presenting a plan to the Commission for approval shortly that would tie automatic rate adjustments to the change in programmer royalties from a to be determined base level. Programming royalties are the department's largest expense and have increased disproportionately to the decrease in subscribers.

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Ever increasing programmer royalties noted again during discussion on Department 016.

Discussion of pass-thru fees, Department 018 (Retransmission fees for local broadcast stations "Channel 2, 4, 7 20, 50, 62..." showing large increases as well, similar to programming royalties. This cost is passed through dollar for dollar to customers as a billing line item.

Department 031, increasing costs for T-1 lines "Internet pipeline" noted to the Commission. Supt. Timcoe providing comment on options being explored with AT&T and with Comcast.

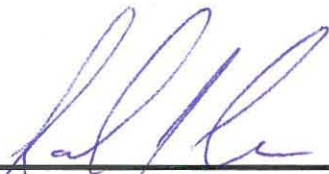
The advantages to after-hours call availability internally for all WMS funds were noted. Commissioner Sadowski asked for clarification on the cost and whether this would be in lieu of 24/7 services currently provided by Momentum. The costs is approximately \$ 63,000 which is less that what is proposed by Momentum and would make staff available from 4 PM to Midnight for Electric, Water and Cable and not just Cable. Cable would see a benefit also with additional staff to clean converters and partake in other Storeroom activities.

Paul LaManes noting the subtle impact of the voluntary retirements on department budgets for fringe benefits due to staff bidding into other areas with different benefits or the impact of new hires under current benefit offerings.

Cable Superintendent Steve Timcoe provided comment on requested capital projects for FY16, including CMTS project to further increases in internet service and speed.

Motion made by Commissioner Lupo to now adjourn at 4:50 pm, roll attached.

X



Roderick Lesko
General Manager/Secretary
