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March 19, 2013

A regular session of the Municipal Service Commission of the City of Wyandotte, Michigan, was held at the office of the Commission On Tuesday, March 19, 2013 at 5:00 P.M.

ROLL CALL: Present: Commissioner - Gerald P. Cole - excused  
Frederick C. DeLisle  
James S. Figurski  
Leslie G. Lupo  
Michael Sadowski

Acting General Manager  
& Secretary

- Rod Lesko

Also Present

- Paul LaManes  
Steve Timcoe  
Pam Tierney  
Valerie Hall  
Charlene Hudson  
Kerry McLennon  
William Weirich  
Bill Brickey  
Frank Audia  
Alisha Davis  
CATV Volunteer

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APPROVAL OF MINUTES

MOTION by Commissioner Figurski and seconded by Commissioner Lupo to approve the February 19, 2013 working session Municipal Service Commission meeting minutes.

MOTION by Commissioner Figurski and seconded by Commissioner Sadowski to approve the February 19, 2013 regular session Municipal Service Commission meeting minutes.

HEARING OF PUBLIC CONCERNS

None

PRESENTATION OF FISCAL YEAR 2011-2012 Financial Statement Audit from Plante & Moran

Bill Brickey, Plante and Moran, Giving overview on 2011-2012 Audit.

Alisha Davis, Plante and Moran, giving PowerPoint overview on Municipal Service operating results and other key measurements.

ELECTRIC FUND:

Operating Revenue - Slight decrease from Fiscal 2011. PSA reset to \$0, incorporated into new base rates.

Operating Expenses - Down approx. 2.5% from Fiscal 2011 due primarily to the decrease in Power Production costs and fewer coal volume penalties.

Operating Income - Improved to approx. \$5.4 million in fiscal year 2012, the second year in a row of positive operating income.

Working Capital - Currently at approx. \$ 2.84 million. Management working towards targeted working capital of 3 months operating expenses of \$ 9 million.

Debt Service Coverage Ratio - Two debt coverage measures, actual expenses must be less than budget and budgeted/actual net revenue must be  $\geq 110\%$  of prospective debt service payments. WMS met both measures based on operating results, actual expenses were less than budgeted expenses for Fiscal 2012 and the Coverage Ratio was 195%.

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WATER FUND:

The WMS Water Department finished the year with positive operating results and is considered self-sufficient.

CABLE FUND:

Operating Revenue - Fiscal 2012 operating revenue is approx. \$9.5 million an increase of approx. \$1.3 million from Fiscal 2011, the largest portion attributed to the pass through of franchise and retransmission fees. VOIP and Internet revenue increases also impacted the overall operating revenue increase.

Operating Expenses - CATV operating expenses have increased by approx. 2% primarily attributed to the continued increases experienced in programming royalties.

For the first time since Fiscal 2005 the Cable Fund had operating revenue in excess of operating expenses. One caution regarding the results would be the impact of the one-time income items from the building sale and the refund of prior year expenses.

AUDIT FINDINGS AND OTHER REQUIRED COMMUNICATIONS:

Bank Reconciliations - WMS had a \$ 1.2 million classification adjustment for a deposit made on the last day of the fiscal year in the bank and the first day of Fiscal 2013 on the books.

Customer Billing - WMS had a million dollar water invoice over billing due to a meter system error that was not discovered before the bill was issued. The error was identified by the customer, and ultimately corrected. We encourage the Department to ensure that the appropriate personnel review the exception reports during each billing period to identify any outliers in the billing.

Sick and Vacation Accrual - We encourage the Department to implement a review process, whereby somebody other than the preparer reviews and approves the calculation prior to the start of the audit.

Coal Inventory - We recommend that the Department review its methods of measuring the tracking of coal on a monthly basis to improve the accuracy of the inventory tracking system.

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Physical Inventory - We noted significant improvement to the process for tracking and monitoring inventory on hand. The Department made progress in the area during the year but still has a way to go in getting the full inventory counts completed and recorded on the books without any adjustments.

Inventory General Ledger Account - In conjunction with the audit, several adjustments were made to properly report the inventory amount in the general ledger in accordance with the physical inventory on hand at year end. We encourage the Department to ensure that this process is complete by September 30, 2013.

Fixed Assets - During the current year, the Department made great improvements in the process for tracking capital purchases and appropriately classifying between fixed assets and repair and maintenance accounts. As in previous years, the reports generated from the system were not easily reconciled to the general Ledger. We encourage the Department to review this information on a periodic basis to make adjustments to the fixed asset module if appropriate. A review of the fixed asset software is also encouraged as the software does not seem to address departmental needs adequately.

Journal Entries/Year-end Closing Process- In addition to the above matters, various other journal entries were recommended during the course of our audit in order to ensure that the financial statement presentation was in conformity with generally accepted accounting principles.

Reconciliation of Miscellaneous Receivable and Accrual Accounts - We encourage the Department to continue to reconcile these accounts regularly and to "clean up" the remaining accounts going forward.

RESOLUTION 03-2013-01

Steve Timcoe, Superintendant of Telecommunications, giving overview on renewal of ASCAP agreement for use of certain copyright materials by WMS during Local Programming and PEG channel broadcasts. Agreement is requested to be renewed through December 31, 2016.

MOTION by Commissioner Lupo and seconded by Commissioner DeLisle to authorize the General Manager to execute the Cable Television System Operator Blanket License Agreement with American Society of Composers Authors and Publishers ("ASCAP") as recommended by WMS Management

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Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

RESOLUTION 03-2013-02

Steve Timcoe, Superintendent of Telecommunications, giving an overview on the renewal of the Turner Network Services affiliation programming royalty agreement for period March 1, 2013 through February 29, 2016 at the rates noted in the agreement.

MOTION by Commissioner DeLisle and seconded by Commissioner Sadowski to authorize the General Manager to execute the Turner Network Services Affiliation Agreement with Turner Network Sales, Inc. as negotiated by NCTC and recommended by WMS Management.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

RESOLUTION 03-2013-03

Steve Timcoe, Superintendent of Telecommunications, giving an overview on the Big Ten Network affiliation programming royalty agreement renewal that expired on December 31, 2012. WMS has been operating under and extension and the new agreement is proposed through August 31, 2016 at the rates noted in the agreement.

MOTION by Commissioner Sadowski and seconded by Commissioner DeLisle to authorize the General Manager to execute the Affiliation Agreement with FOX CABLE NETWORKS SERVICES. LLC for Big Ten Network Programming as negotiated and recommended by WMS management.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

RESOLUTION 03-2013-04

Valerie Hall giving an overview on a net zero FY2013 operating budget amendment re-allocating budgeted funds from overtime to cover costs

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not anticipated due to the move of the Customer Assistance and Payment Center to the new City Hall.

MOTION by Commissioner Lupo and seconded by Commissioner DeLisle to approve the FY2013 budget amendment re-allocating OT to Miscellaneous Office Supplies for Electric, Water, and Cable as recommended by the Customer Assistance/Collection (Payment Center) Supervisor and WMS Management.

CABLE TV CAPITAL PROJECT TIMELINE PROPOSAL

Rod Lesko, Acting General Manager, giving overview on Telecommunications Capital Project timeline for Homes per Node and Bandwidth reclamation capital projects.

RESOLUTION 03-2013-05

Paul LaManes, Assistant General Manager, giving overview on Telecommunications Phase/Task C - Review of Potential Strategies and Options as proposed by Utility Financial Solutions and as recommended by WMS Management.

MOTION by Commissioner Figurski and seconded by Commissioner Lupo to table.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

RESOLUTION 03-2013-06

William Weirich, Superintendant of Water Department, giving overview on opening for a Filter Plant Operator Position.

MOTION by Commissioner Lupo and seconded by Commissioner Sadowski to give permission to bid the Filter Plant Operator Position.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

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RESOLUTION 03-2013-07

Kerry McLenon, Superintendant of Power Plant, giving overview on opening for Power Plant Department Helper Position.

MOTION BY Commissioner Sadowski and seconded by Commissioner Delisle to give permission to bid a Power Plant Department Helper position.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

RESOLUTION 03-2013-08

Charlene Hudson, Power Systems Supervising Engineer, giving overview on Coal Purchase agreement for Boiler 8.

MOTION BY Commissioner Sadowski and seconded by Commissioner Lupo to approve resolution for the purchase of coal through Pickands Mather from East Fairfield Coal Company.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

REPORTS AND COMMUNICATIONS

MOTION BY Commissioner Figurski and seconded by Commissioner Sadowski to receive and place on file.

Commissioner Figurski asked that the roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

APPROVAL OF VOUCHERS

MOTION by Commissioner DeLisle and seconded by Commissioner Lupo that the bills be paid as audited.

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	\$	(812.97)
#5157	\$	377,185.26
	\$	(6,816.16)
	\$	6,816.16
#5158	\$	839,844.05
#5159	\$	286,542.47
#5160	\$	900,658.94
#5161	\$	1,359.58

Commissioner Figurski asked that roll be called.

YEAS: Commissioner DeLisle, Figurski, Lupo, Sadowski

NAYS: None

LATE ITEM

Steve Timcoe, Superintendent of Telecommunications, introducing new CATV channel Lifetime HD on channel 190 and Lifetime Network Movies 191.

Also, channel 142 Cool TV is now channel 142 Cozi TV. Programming under Cozi TV will consist of iconic TV shows and classic movies. During April 2013 Wyandotte Cable will be running a promotion for Starz/Encore.

Motion By Commissioner Lupo and seconded by Commissioner Sadowski to now adjourn. 6:11 P.M.

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Rod Lesko  
Secretary