

February 10, 2016

To the Citizens and Bill Payers of the Village of Elmwood,

Recently there was a letter sent to the residents of the village of Elmwood and surrounding area from Jack Hovick, a resident of the village of Elmwood. The letter stated that his water bill had doubled in the last 13 years, which he felt that this increase was unacceptable, and what he believed was the annual amount of money the village was collecting for water usage. It also stated what he thought were relevant facts, reasoning and actions of the board, and what he thought should be the minimum actions that need to be taken by the board. As stated in his letter, I don't doubt that Mr. Hovick is unhappy with the recent increase to his utilities bill, as I'm sure other residents of Elmwood are also. I can say with certainty that all of the board members would have preferred not to raise the rates, in fact we would prefer to keep the rates as low as possible. It makes the village more valuable to the residents and potential residents if the utility costs are as low as possible.

Municipal water and sewer systems are not cheap to operate by any stretch of the imagination. Unfortunately Elmwood has had to add a new water treatment plant and a new wastewater treatment plant within the last 20 years. These new plants were required by the Dept. of Health and Human Services and the Dept. of Environmental Quality due to water quality issues in our ground water and the increased regulations pertaining to discharge of the village wastewater. We are interested in pursuing avenues to lower the cost of these systems but with the increasing amount of regulations handed down by the various state and federal organizations, the continuing age of some of the assets in our system (fire hydrants, sewer and water lines to name a few), the operating costs of these systems will likely continue to increase. I believe that the current board members are interested in doing whatever they can to alleviate any increases.

The board would have preferred to discuss these issues with Mr. Hovick during a regular board meeting. Instead he chose to use a public forum, which is his right. In doing so some of the information in the letter was stated incorrectly. I felt it was necessary to correct the statements made in error and to validate those that were correct. I will attempt to answer his charges one at a time.

Relevant facts:

- The village board raised the water and sewer rates in October 2015 after our auditor recommended that the rates be increased. This was recommended by our auditor so that the water and sewer accounts would not end up with negative account balances at the end of fiscal year 2016. Our auditor informed us that it is a violation for any municipality to have a water or sewer account that carries a negative balance during a fiscal year. In response to his recommendation the water and wastewater accounts were budgeted to maintain a positive balance. The board has chosen in the past to not raise the rates if at all possible or to raise the rates as small an amount as possible. As previously stated we would rather not raise the rates any higher than necessary but the accounts need to maintain positive balances. The board feels that it is in the village residents' best interest to scrutinize the spending on these accounts and keep it at a minimum. I asked the board members and the village employees at the beginning of the fiscal year in October 2015 to do whatever they could to keep the operating costs of the water and sewer accounts down. This is an issue we will continue to monitor and try to improve.

- Mr. Hovick was correct in stating that the village board released the former maintenance person from his position in March 2011. The former maintenance persons' water licenses were due to be revoked by the Department of Health and Human Services on 3/30/11 for reasons that will not be specified in this letter. Without the proper licenses he would not have been able to perform the functions of the village maintenance person, hence he was released from his position.

- The former chairman of the village board did not assume the duties of the village maintenance person in March 2011. Bob West was hired in the interim to assist the village with the water and sewer operations until a replacement could be hired. Ed Blunt was hired in Oct 2011 to become the village maintenance person. Not having been on the village board at that time I cannot express the reason for each board members decision to hire him. Since Ed was on the village board for so many years I can only assume that his knowledge of the village and its operating systems was one of the main reasons he was hired.

The village of Elmwood has water and wastewater systems that require a Grade 3 and Class 2 operator's license, respectively. This is required by the Dept. of Health and Human Services. Ed obtained his Grade 4 water license in February 2013 and was required by state law to maintain the Grade 4 license for three years before he could obtain his Grade 3 water license. He obtained his Grade 3 water license in June 2014. The village did hire someone in the area with a Grade 3 water license to assist Ed until he could obtain his license. The village did pay \$1250 a month for the employment of the person who held this license. The village terminated the employment of this person as soon as Ed obtained his Grade 3 water license. Ed obtained his Class 1 wastewater license in July of 2010 and is due to obtain his Class 2 wastewater license this year. We do currently have someone with a Class 2 wastewater license who is assisting Ed but this person is assisting the village at no cost. Ed's knowledge of Elmwood's water and wastewater systems is, and was, more extensive and detailed than either of these two temporary hires. It was only necessary to hire these people as oversight until Ed could obtain his licenses.

It should come as no surprise that these licenses take time to obtain and there are not a vast number of people who live in the area that have the necessary licenses to operate Elmwood's systems. Elmwood's water and wastewater systems require a higher level of license certification than many of the surrounding villages. I believe that the village board members in 2011 felt that it was in the village's best interest to hire the person who was the most familiar with the village and its systems and to work with that person to obtain their licenses.

- Mr. Hovick states that there were a significant number of phone calls made by the village maintenance person between March 2011 and May of 2014 that were not village business related. The phone records only show the phone numbers called and the length of the calls, not the topic that was discussed. Mr. Hovick filed a complaint with the State of Nebraska Accountability and Disclosure Commission in February 2014 pertaining to the alleged misuse of the village maintenance person's cell phone. An investigation was conducted by the Accountability and Disclosure Commission and in October 2015 the Commission found no probable cause and the matter was dismissed. After the investigation was closed by the Accountability and Disclosure Commission the board discussed adopting a cell phone policy. Of note, the village's sewer plant automatically "calls" the village maintenance person's cell phone at any time during a 24 hour period when there are problems, so he is basically on call 24 hours a day. We will be reviewing the policies of nearby villages to see what will work best for the village of Elmwood.

- The board gives serious consideration to any complaint it receives and most certainly considers an investigation a serious issue. We do not take these issues lightly; if there are issues that need to be corrected the board will discuss these issues and determine what action needs to be taken.

Current reasoning/action of a majority of the board:

- The Village's current cell phone contract has unlimited calls and texts. Unless the cell phone company has increased the cost of the monthly charges the cell phone bill has stayed the same for quite some time.
- As mentioned above, the village will be adopting a cell phone policy. Cell phone use was discussed with the village maintenance person by the chairman of the village board.
- Pay raises for the village employees are based upon numerous circumstances, not just on the certifications they do or do not possess.

Minimum action needed:

- According to state law the village must file a budget each year to account for the money it spends. There is also an audit performed each year by an independent auditor. The budget and the audit are public records available to the citizens of Elmwood.
- The annual budget is filed each year to ensure that the village employees and village board members prudently manage the expenditures of the village. As an informational note, the village board members of Elmwood are paid \$10 per meeting before taxes, this is one of the lowest pay rates for village board members in Southeast Nebraska.
- The village has a personnel handbook outlining board and employee rules and duties. I am quite certain this handbook needs updating. We have budgeted for the review of this handbook and hope to update it this year.

In summary, there are some things that should be considered. If the village of Elmwood were to lose the employment of Ed Blunt, and then be required to hire someone with the necessary water and sewer licenses, the village might be forced to spend quite a bit more than we are currently spending. As mentioned above these licenses take time to obtain and Elmwood requires a higher certification than many neighboring villages. Any person who carries these licenses is likely to go to the highest paying employer. Due to its size Elmwood has limited resources and might not be able to compete with other villages or cities that are able to pay higher wages and offer more benefits. It's also plausible that if we lost the employment of Ed Blunt and hired someone else, we might need to retain Ed Blunt on the village payroll until the replacement employee could obtain the necessary licenses. Outside of a generous benefactor there is no magic money account that the village board can tap into to alleviate the cost of these systems. Sometimes it is better to appreciate what you currently have rather than look to what might be.

Please feel free to contact myself or any board member regarding your ideas or concerns. We welcome any resident of Elmwood to join the board at our meetings the 1st & 3rd Wednesdays of each month. Please call the village office at 402-994-6705 at least 48 hours prior to a meeting to be placed on the agenda. Thank you.

Sincerely,

Curt Wilhelm, Chairperson
Village of Elmwood