

**MINUTES**  
**City of New Berlin**  
**Utility Committee Meeting**  
**Tuesday August 28, 2007**

Members Present: Alderman Harenda, Alderman Ament, Alderman Seidl, Commissioner Bob Dude and Commissioner Jim Morrissey

Others Present: Rick Johnson (Utility Manager), Mayor Jack Chiovero, Mike Holzinger (Director of Finance), Greg Kessler (Director of Community Development), J.P. Walker (City Engineer), City Attorney Mark Blum, Jim Hart (Utility Supervisor), Steve Schultz (Ruekert & Mielke) and Sue Hanley (Office Coordinator Utilities & Streets)

Alderman Harenda called the meeting to order at 5:04 p.m. with roll call and declared a quorum with all members present.

**UT F-07 Approval of Minutes from the July 24th**

Motion by Commissioner Dude to approve the minutes from the July 24<sup>th</sup> meeting. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

**UT 07-07 Refunding the \$2,340,000 Water System Revenue Bonds dated June 1, 1999**

Mike Holzinger: Discussed the analysis and said there is a potential \$15,000 per year savings in the debt service payment. We would like to have a higher ratio, but because we will be doing some debt service issues in the future, why not try to capture some savings now by reissuing this debt and refunding it at lower interest rates.

Commissioner Dude: There is a \$51,000 net savings by doing it this way?

Mr. Holzinger: Yes.

Commissioner Dude: He explained that the Sewer Utility current ratio of 36.2:1, and suggested borrowing the money from the Wastewater Utility and save another \$39,784.

Mr. Holzinger: What you are proposing is to call the entire issue and pay it all off?

Commissioner Dude: Is there any reason why we shouldn't pay ourselves the interest and save some of the other fees by borrowing from the Sewer Utility?

Mr. Holzinger: A lot of the Sewer Utility money is in the local government investment pool which is paying approximately 5% interest. We wouldn't make the same by doing this, but it does remain an option.

Commissioner Dude: Even though the Sewer Utility would lose a little net, the money saved on fees on the front end would save the Water Utility. If there is a net savings by borrowing to ourselves, I don't know why we wouldn't do that.

Mr. Holzinger: That is an option. The debt issue is callable December 1<sup>st</sup>. If the Utility Committee would like to recommend to Common Council that we would use the Wastewater money to call that debt issue, I can stream the repayment schedule using these rates. We are not sure what the rates would actually come in at, since these are an estimate. The Water Utility would benefit and the Wastewater Utility would have a stream of revenue coming back in even if the investment rates would drop again.

Commissioner Dude: I so move to do this.

Mr. Holzinger: We can pass this along to Common Council tonight and I can talk to the advisers at the COW meeting. We will look at calling the debt issue in total and pay it off this December.

Motion by Commissioner Dude to recommend to Common Council approval of the borrowing of Wastewater funds to call the \$2,340,000 Water System Revenue Bonds dated June 1, 1999 and call it as of December 1, 2007. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

### **CLOSED SESSION**

The basis for the items to be discussed in Closed Session is as enumerated in Wisconsin Statute Section 19.85(1) (e)

Discussion and possible action to enter into closed session pursuant to Wis. Stat Sec. 19.85(1)(e) Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.

More specifically:

- ◆ Discussion concerning Bargaining for the Purchase of water from the City of Milwaukee

Motion to go into Closed Session at 5:14 p.m. by Alderman Seidl. Seconded by Commissioner Dude. Roll call vote: Alderman Ament yes, Commissioner Dude yes, Alderman Seidl yes, Commissioner Morrissey yes, Alderman Harenda yes.

Rick Johnson left the closed session at 5:40 p.m.

Motion to go into Open Session at 6:09 p.m. by Alderman Seidl. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

### **Reconvene to Open Session**

#### **UT 12-04                    -Status on Milwaukee Water Negotiations**

No new updates at this time.

#### **-Status on Governor's Office & WDNR approval on Lake Michigan Water for remaining half of Water Utility Service Area**

No new updates at this time.

#### **-Status of Infrastructure and Distribution of Lake Michigan Water to Utility customers east of the Subcontinental divide**

Alderman Harenda: This dates back to the issue of loss of water during peak demand back in July. The Mayor and Steve Schultz will give an update on why it occurred and what has been done to fix that so that we don't have these issues in the future.

Mayor Chiovatero: In July there was a shortage of water going into our Grange pumping stations and that was shutting our pumps down. Milwaukee Water had a high demand and was having trouble keeping their reservoir filled. They checked their side and found a valve here and there on or partially on that were causing some issues. We checked our side and nothing had changed. Ruekert & Mielke checked the SCADA system that monitors the flow. There is a midpoint that was set too high and as soon as the second pump kicked in the pressure dropped slightly and when it reached the midpoint the pumps shut down.

Mr. Schultz: There is a lockout where the pumps lock out if the pressure drops too low in the section main so that you are not damaging your pumps or going back on your end of the contract. The contract said Milwaukee will provide 35psi. The lockout set point was set at 45 psi. That setting was set that way from the beginning and there were no problems but it was a learning process, so when demand got high we learned the set point needed to be set lower. Staff is monitoring it to find the optimum set point. The system worked as it should, but the set point was set too high, and once it was readjusted, it has been working fine.

Alderman Harenda: Can you send a memo to the Committee members explaining what happened and the steps taken to prevent the problem from occurring again. I have had a lot of calls from constituents about the problem and this would help explain it.

Steve Schultz: Certainly. We have a letter that went to the Mayor already that we can put in memo form.

**UT 08-06                      Radium Compliance Wells 3, 5, and 7**

Alderman Harenda: Bids were put out for adding the filtration systems for our wells. Do we have to take action on this tonight?

Attorney Blum: It would be appropriate to take some action tonight if you decide to not proceed with these bids and take it to Council to reject the bids.

Mr. Schultz: My recommendation because of the ongoing issues with Milwaukee is that the contract not be awarded.

Alderman Harenda: This is not at our Council agenda tonight correct?

Attorney Blum: It is not on the agenda tonight.

Alderman Harenda: The reason that we put this out for bids, we are still in potential negotiations with the City of Milwaukee, but we still have to continue down this path because it is our second alternative. We can reject all bids and then require staff to put together another bid package and resubmit and perhaps get better numbers out of this and move forward with the process.

Commissioner Dude: I agree that as we received permission from the DNR recently to proceed with negotiations with the City of Milwaukee, it would not be appropriate to accept these bids. I think however we should recommend to Common Council that we rebid the process therefore showing good action to the DNR that we are working on the radium issues, but prefer the other means of doing this and would like Lake Michigan Water.

Motion by Commissioner Dude to recommend to Common Council that the City reject all bids with respect to the construction of a radium removal system for Wells 3, 5 & 7 and that the project be rebid to preserve that alternative to comply with the DNR consent order. Second by Commissioner Morrisey and upon voting the motion passed unanimously.

Alderman Harenda: This will be placed on the next Council agenda in September.

**UT 05-07                      Water Conservation Measures – Current & Future Objectives**

Alderman Harenda: We talked about this at the last meeting. I handed out a memorandum from Greg Kessler regarding some of the water conservation preservation measures that the City is now taking. We also discussed at looking at a tier rate schedule similar to what the PSC has approved for the City of Waukesha not too long ago, not to increase rates, but to reduce the overall consumption in the City. I met with Mr. Dude, Mayor Chiovatero and Alderman Moore and had preliminary discussions. The Utility is already doing some things for water conservation and we need to be proactive instead of reactive down the road.

Commissioner Dude: We looked at different scenarios that Ralph Chipman put together for us. Our current rate structure gives a water discount for using more water. There is some logic to that, because there is more water to distribute fixed costs over. On the other hand, if the Utility is trying to conserve water, it doesn't make sense to have rates that reward using more water. We looked at different scenarios using residential, commercial and industrial as different groups. Let's assume we want a 10% decrease in water use, but at the Utility we would like to break even. If you make the assumption that you reduce consumption by 10% and increase the rates by 10%, most residential customers would pay less. Some of our costs would go down, but most are fixed costs, such as plant structure and maintenance. There would be less chemicals and supplies, but most costs are fixed and won't go down if you pump

10% less water. The rate commission PSC says that we want you to go across the board with rates, but we want you to do other water saving measures. Alderman Moore brought some ideas, including sprinkling specific hours and the odd/even conservation methods. We have to do more work on it.

Alderman Harenda: The biggest concern with redistributing some of the rate structures is who pays for what. The biggest abusers of waters are the residential customers. The industrial customers are trying to maximize their process and make it more efficient, but if we utilize a different rate structure they may be paying more. The bottom line is that you don't want to drive business out of the City. Any type of rate structure that we do propose would have to go to the Public Service Commission and you can only submit one rate request per year. Right now we are going down two different paths since we don't know if we are going to use filtration or get Lake Michigan water for our Utility so we would like to do this all at once if possible. I want to get some more information and was looking at inviting Jeff Ripp from the PSC to speak to the Utility about what he has seen around the state, and the Governor's report about what he would like implemented. I would also like to invite some of the Industrial users to explain how their processes work and are efficient and how changes would impact them.

Mr. Schultz: Waukesha has implemented the state's first conservation rates only for residential customers. They don't want to scare off industrial or commercial customers by changing their rates. Waukesha County is using this rate schedule.

- ◆ First 10,000 to 30,000 gallons/quarter are \$1.95 / thousand gallons. That is 329 gallons per day per house, which is a lot of water.
- ◆ The next 10,000gallons/quarter the rate goes up to \$2.20/thousand
- ◆ The next 10,000gallons/quarter the rate increases to \$2.70/thousand, those are the big lawns and sprinkler systems. That is roughly a 75% increase in their rates.

On the SEWRPC website <http://sewrpc.org/> you can access the Chapter 7 State of the Art report in their current Regional Water Supply Plan, which is a 51 page water conservation chapter. It has a table that sites 14 different measures that communities can use to save water, including leak tests, plumbing retrofits that the Utility contributes to, water reuse, rain barrels, etc. It has a lot of good information on state of the art water conservation.

Commissioner Dude: Alderman Moore gave us some information on the Conserve Wisconsin agenda about water enforcement from the PSC and the DNR and some of these non rate measures we are using now. One interesting idea was that if the Utility would overshoot and collect more money, we could set aside funds for residential customers to purchase water saving toilets for example.

Alderman Harenda: Is Sewrpc as part of the water study looking at water conservation methods or just supply issues?

Mr. Schultz: They are looking at supply issues but their future projections of water use are taking into account a conservation factor because it is such a hot topic in Wisconsin. There is a certain amount of water conservation that will be done because of the nature of the business and there is a certain amount that may be mandated. That number varies by community and it is spelled out in the Sewrpc chapter.

Mr. Kessler: I want to thank the Committee for the opportunity and say that it is often overlooked as to how much we do and get involved in. Many of the items are not directly related to water conservation "per se" but, they do reflect our efforts surrounding water preservation and improving water quality. I would like to point out how we try to incorporate water preservation measures into new development and our conservation subdivision ordinances are quite good. We hired Randall Arndt a nationwide expert in conservation subdivision design to assist the City in preparation of our ordinances. I have been contacted by the executive director of a new national non-profit organization called Land Choices and they would like to use our conservation subdivision ordinance and showcase New Berlin across the country as a national model.

We use Best Management Practices for handling stormwater, and to help with groundwater recharge, infiltration, water quality and habitat restoration. BMP's promote green-roofs, bio-retention swales, rain gardens and prairie restorations and we are especially proud of the Settler's Ridge subdivision where we are promoting a prairie habitat. Another example is the Dog Day Care where we worked with the DNR to

incorporate a rain garden and use of proper environmentally friendly chemicals that this business could use allowing them to not diminish water quality and to not negatively impact the drainage ways and watersheds. Through our education we are learning more about LEED (Leadership in Energy Efficient Design) which is being incorporated in the Willowtree Development. In cooperation with the Water Resource Utility and working on the Underwood Creek project, depending upon funding we will incorporate rain gardens, bio-retention swales, infiltration basins and native plantings into that project.

What we do is not water conservation "per se" but it goes in that direction for water resource protection and preservation. He indicated that if the Committee members had any questions, they could talk to him after the meeting or email him.

Mr. Schultz: As part of our research when we submitted our Diversion application to the DNR, conservation was a component that was very important and a good portion of the appendix was water conservation efforts that the City was already doing including public education through pamphlets, mailers, website, newsletter, and the Sprinkling conservation plan on the website has helped reduce the Utilities water use. We calculated from the peak day of all time in the late 90's, early 2000 of over 7 million gallons of water per day to now where we average almost 3% less on the average water use and it is trending down and I think that is largely due to the education efforts and the sprinkling conservation measures. That was clearly brought up in the state's response to your letters.

Alderman Harenda: I will work with Bob, the Mayor and Alderman Moore regarding this issue.

#### Privilege of the Floor

Alderman Harenda: At a lot of the other meetings we have privilege of the floor; we have the opportunity for the public to speak, including the Committee of the Whole, the CDA and Plan Commission. I would like to introduce that as an item to discuss to allow the public to speak after each meeting within the time that we have available. I would make part of that motion to follow the rules at the Common Council.  
Order of business of the Privilege of the Floor:

Subject to the procedures which immediately follow, for a 15 minute period prior to the commencement of each regular meeting of the Utility Committee, any person may address the Committee members then present. During this period for the members of the public to address the members of the Utility Committee, the Committee shall meet as though in the Utility Committee, and the following procedures shall apply:

- A. Individual presentations are limited to 3 minutes.
- B. Presentations shall be directed to topics subject to Council action and relating to the City of New Berlin. (This means the presentations are not limited to the agenda items)
- C. Presentations shall not deal in personalities or personal attacks on members of the Council or City employees.
- D. Presentations are not to be designed for purposes of engaging others in a debate in this forum.
- E. Candidates for Public Office shall be prohibited from participating in this forum from date of filing of nomination papers.

The following criteria shall be used to determine when a person shall be considered a Candidate for Public Office. A person meeting any one of the following will be so classified.

- 1. Filing of nomination paper
- 2. Circulation of campaign related literature
- 3. Establishment of campaign accounts.
- 4. Solicitation of campaign funds
- 5. Public announcements

- F. No Council member may address the council during this forum.

Commissioner Morrissey: This is a good idea.

Motion by Alderman Harenda to allow Privilege of the Floor after Utility Committee meetings as time permits, following the rules of the Common Council. Seconded by Alderman Ament and upon voting the motion passed unanimously.

Alderman Harenda: Usually we adjourn and have privilege of the floor. Is it OK if we have privilege of the floor and then adjourn for tonight since it is on the agenda that way?

Attorney Blum: That is OK for tonight.

Privilege of the Floor

Motion to adjourn at 6:44 p.m. by Alderman Seidel. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

*Please Note: Minutes are not official until approved by the Committee*

*Respectfully submitted,  
Suzette Hanley - Office Coordinator, Utilities & Streets*