

**MINUTES  
City of New Berlin  
Utility Committee Meeting  
Tuesday September 25, 2007**

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

Excused: Alderman Ament

Others Present: Rick Johnson (Utility Manager), Mayor Jack Chiovatero, Mike Holzinger (Director of Finance), City Attorney Mark Blum, Jim Hart (Utility Supervisor), Evan Zeppos (Zeppos and Associates) and Sue Hanley (Office Coordinator Utilities & Streets)

Alderman Harenda called the meeting to order at 5:03 p.m. with roll call and declared a quorum with all members present except for Alderman Ament who was excused.

**UT G-07 Approval of Minutes from the August 28<sup>th</sup> meeting**

Motion by Alderman Seidl to approve the minutes from the August 28th meeting. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

**UT H-07 Approval of Minutes from the August 30<sup>th</sup> meeting**

Motion by Alderman Seidl to approve the minutes from the August 30th meeting. Seconded by Commissioner Dude and upon voting the motion passed unanimously with Commissioner Morrisey voting present.

**UT 07-07 Refunding the \$2,340,000 Water System Revenue Bonds dated June 1, 1999  
-Set Terms for Interest Rate and Length for the Water Utility Loan from the  
Wastewater Utility**

Mr. Holzinger: You have the requested action form that I put together and the 2<sup>nd</sup> page shows the debt service schedule. I met with Commissioner Dude and ran several different scenarios. Currently the Sewer Utility is earning a little over 5% interest on its money so one thought would be to use that 5% rate and this is what the debt schedule would look like for the \$1,389,570. They will owe the Sewer Utility \$1,797,855 and the Sewer Utility will receive a fair return on its investment. The 3<sup>rd</sup> page is the Debt Issue. The left hand side shows the overall principle and interest would have been \$2,075,936 so you can see that the Water Utility even by paying 5% interest on the money will still come out with a savings of \$278,000 versus going out into the Bond Market to replace it.

Commissioner Dude: We felt it was important that the Sewer Utility comes out with a reasonable rate on this loan. We are giving them the rate they had last year and of course with the ½ % knock on the interest rates a few weeks ago, that 5% may not hold over the next 10 years. The Sewer Utility is guaranteed a very nice return over the next 10 years. From the Water Utility's perspective, as Mike is saying you are saving \$278,000 by refinancing the debt. I think the other piece that doesn't show up is that there is about \$39,784 of issuance fees if you go to the private market, so you are saving about a half year's interest by doing it internally because you don't have to go out and get a consultant and do the things you have to when you go to the market. We are doing things on both sides. About 70% of the customers are joint Water and Sewer customers, so for them it is no runs, no hits, no errors and nobody left on base. There are more people that are on Sewer than on Water, but in this case both sides win and that is why I thought we should borrow internally instead of externally. Mike said there are no problems in terms of shortening our ability to borrow more if we have to. I don't think that is an issue in this case.

Mr. Holzinger: If you are happy with this and agree to the 5% rate for 10 years, the City Attorney has drafted a promissory note and a resolution that we will bring to you the next time with the specific dollar amounts to go forward. On the Council agenda for tonight, there is a resolution to call the debt issue, we

have to do that. You don't have to be involved in that, the City is basically saying we are going to call it. Is the 10 years sufficient at 5%?

Alderman Harenda: Will you come back here first with the resolution and agreement here first and then go to the Common Council?

Mr. Holzinger: It won't be on the Common Council's agenda this evening.

Alderman Harenda: This is just calling the debt tonight.

Mr. Holzinger: This is just calling the debt, saying that we are going to pay off the existing one that is out there, the 1999 issue so that it can be published and all the bond holders are aware that it is being called.

Alderman Harenda: So there is no urgency to move this along any faster.

Mr. Holzinger: Are these terms sufficient with you? Tonight the City is going to be selling the \$4.7 million debt issue and we will know what those interest rates are. The City just received a bond upgrade from AA2 to AA1 so we anticipate lower interest rates for our debt. The Water issues are rated AA2, but it is not necessarily without doing an issue going to carry across as a AA1 to the Water Utility.

Commissioner Dude: That is going to be called. We are going to have to refinance the debt. The question is do we get it from the Sewer Utility or do we go out to the market. What this proposal says is that we do it ourselves and pay the Sewer Utility a nice rate, and what I think you are saying Mike, is that if we say this makes sense you will put it in the proper form and next time it comes back, we just recommend it to Council for approval. If this makes senses, we should go ahead and say so.

Alderman Harenda: To clarify Mike, instead of making a recommendation to the Council, you would like us to take a vote to authorize you to go ahead and proceed in this direction.

Mr. Holzinger: Is this on the Council agenda for tonight's meeting?

Mayor Chiovatero: For tonight it is.

Mr. Holzinger: It can probably be tabled and not discussed on the Common Council agenda and basically go to the next Common Council meeting where we have the resolution and promissory note all completed and the debt schedule as an exhibit to that.

Motion by Commissioner Morrisey to recommend to the Common Council approval of the 5% interest rate and length of 10 years for the \$1,389,570 Wastewater Utility loan. The City Attorney will draft the resolution and promissory note to submit and be voted on by the Common Council. Seconded by Commissioner Dude 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 5:12 p.m. by Alderman Seidl. Seconded by Commissioner Morrisey. Roll call vote: Commissioner Dude yes, Alderman Seidl yes, Commissioner Morrisey yes, Alderman Harenda yes.

Motion to go into Open Session at 6:08 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: At the last meeting we had requested to get a memo or report on that, is Steve Schultz working on that?

Mr. Johnson: Yes.

Mayor Chiovero: Yes he is, but he is on vacation.

Alderman Harenda: We will leave that on the agenda.

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

Alderman Harenda: Rick left this on the agenda. We are looking to rebid the filtration facilities for these wells.

Mr. Johnson: Ruekert & Mielke has the bidding process ready to go we just need to know when you want to start it and how long you want the contract to go. It will take 3 to 4 weeks to get the bids. They have the proposal all together and probably could set it up for the first part of next week, but it will probably take 3 to 4 weeks to get the bids back in and have the bid opening.

Alderman Harenda: Basically leave it open for 120 days, that is the maximum that we can do?

Mr. Johnson: Whatever you guys feel comfortable with. I believe Steve said at the last meeting it would probably be a good idea to keep it at 90 days.

Alderman Harenda: Is that what we can do Mark or can we do only a certain amount?

Attorney Blum: You can put it out as long as you want to, but it will probably affect the prices that you get, the longer it is delayed before they will be able to start work. You can have the term as long as you want.

Alderman Harenda: I am looking for suggestions.

Commissioner Morrissey: It takes 3 weeks to set up, so perhaps we can have it for the next meeting.

Alderman Harenda: I don't have an issue with having Rick move ahead with Steve to prepare the bids and present that at the next meeting.

Mr. Johnson: How long of a bid contract do you want to do before you award it? 90, 120?

Commissioner Dude: I am trying to figure out, based on other timing obviously the City of Milwaukee, what is our advantage to rebidding at this point in time? Do we not want to wait until we are cleared on the other side? Is there a consensus that we have to keep making progress on this?

Alderman Harenda: I think the intent was per previous discussions is by allowing us to move toward the radium compliance, the DNR is more comfortable that we are still progressing toward some type of remedy to the issues that we are having. Is this correct Mark from a legal standpoint?

Attorney Blum: That is exactly right.

Commissioner Dude: Can we make it 120 days then? 180 days?

Alderman Harenda: Let's make it 120 days that seems stretching it as it is. We went 90 days last time?

Mr. Johnson: No we went 120 days last time.

Alderman Harenda: 120 is fine. Why don't you go ahead with Steve and put together the bid package and present it at the next meeting and we can discuss it. From there we will decide when we want to put it out to bid, wait 3 weeks for the bids to come back, and then we have 120 days for the contract. Is that OK with the Committee?

The Committee members agreed.

Motion by Alderman Seidl to authorize staff to prepare in conjunction with our consultant the radium compliance filtration system for Wells 3, 5 and 7 the bid packages for our next meeting October 23<sup>rd</sup> and looking to have the contract remain open for 120 days. Seconded by Commissioner Morrisey and upon voting the motion passed unanimously.

#### **UT 04-07                      Update & Status on MMSD 2020 Plan – Impact to City of New Berlin**

Alderman Harenda: At the last Council meeting I requested that the Mayor send a letter to the DNR requesting them to hold off approval of the MMSD 2020 Plan until the City of New Berlin has the opportunity to publicly weigh in on that. You are aware of what we discussed at the last Special Utility Committee meeting, the Council approved that and a letter was issued by the Mayor and you have a copy of that. What I perceive to happen in the near future is to have some kind of discussion publicly, possibly in the format of the public hearing and do that in conjunction with the Committee of the Whole/Common Council meeting and invite the Plan Commission and Utility Committee to have a joint meeting so that everyone is present. From that we can collect all of the comments from the bodies that are involved as well as the public comments and submit those to the DNR.

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

Alderman Harenda: Nothing new has transpired on that. Commissioner Dude and I are still working with a number of individuals to work on that structure and a number of other measures that we would like to bring forward to the Utility. If you have any questions or concerns, feel free to contact me or Bob or staff.

Motion to adjourn by Commissioner Morrisey at 6:18 p.m. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

Privilege of the Floor

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

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