

**MINUTES  
City of New Berlin  
Utility Committee Meeting  
Tuesday September 27, 2005**

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

Others Present: Ray Grzys (Director of Utilities & Streets), Larry Wilms (Division Engineer), Mark Blum (City Attorney), JP Walker (City Engineer), Rick Johnson (Utility Manager), Dennis Kassian (KASCO), and Sue Hanley (Office Coordinator Utilities & Streets)

Chairman Gallagher called the meeting to order at 5:01 pm declaring a quorum with 4 members present. Mr. Morrisey was expected. He noted that the Committee would be taking the agenda out of order.

**ITEM L-05 Approval of Minutes from August 23<sup>rd</sup> meeting**

Motion by Alderman Harenda to approve the minutes from the August 23<sup>rd</sup> meeting. Seconded by Alderman Ament and upon voting the motion passed 3-0 with Commissioner Dude voting present.

**ITEM M-05 Approval of Minutes from August 31<sup>st</sup> meeting**

Motion by Commissioner Dude to approve the minutes from the August 31<sup>st</sup> meeting. Seconded by Alderman Ament and upon voting the motion passed unanimously.

Alderman Gallagher read the following:

**Closed Session**

**ITEM 12-04B Consultation with City Attorney in Connection With Radium Consent Order / Milwaukee Water**

“The basis for the items to be discussed in closed session are as enumerated in Wis State Sec 19.85(1)(g) Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, more specifically the State of Wisconsin radium standard noncompliance claim and consent order for the water utility.”

Motion by Alderman Ament to go into Closed Session at 5:03 p.m. Seconded by Commissioner Dude. Role Call vote: Alderman Gallagher voted yes, Alderman Harenda voted yes, Alderman Ament voted yes, and Bob Dude voted yes.

Mr. Morrisey arrived at 5:19 p.m.

Motion by Alderman Harenda to move into Open Session at 5:22 p.m. Seconded by Alderman Ament and upon voting the motion passed unanimously.

**Open Session**

**Item UT 04-04 Request for Approval to KASCO for additional compensation for Oversized & Thicker Wall Sanitary Sewer Pipes**

JP Walker said that at Staff's request, the developer for the KASCO PUD – South Phase constructed the sanitary sewer from the sanitary lift station on Spruce Road to Howard Ave at a depth that required thicker walled PVC pipe to be used. The Developer is requesting reimbursement from the Utility Department for the cost differential between using SDR 26 and SDR 35 PVC pipe. He said that it is staff's opinion that payment of the cost differential for the thicker walled pipe and the oversized tees is in

accordance with the procedures outlined in the City's Special Assessment Policy. The Utility pays the differential cost between the size of sewer main installed and one diameter size larger than the pipe size needed to service the development. An 8" diameter PVC sewer main could provide service for the development, but because of the need to handle off-site flow, a 15" diameter main is required. Therefore, the oversizing costs are calculated with the incremental cost difference between a 15" and a 10" diameter PVC pipe. He said that staff recommends approval of an additional payment of \$14,977.50.

Mr. Kasian added that to service their area, they only needed an 8" pipe, but staff requested a 15" pipe, and it is all installed and flowing.

After a brief discussion, Alderman Harenda asked what account number the funds would come out of and asked if we officially accepted the infrastructure yet? Mr. Grzys said Wastewater 80-173410. Mr. Walker said no, the punch list would be completed, and then payment made once accepted.

Motion by Commissioner Dude to recommend to Council approval of a \$14,977.50 Wastewater Utility expenditure to cover a cost differential for having to install thicker walled sanitary sewer from Spruce Road through property acquired by the Utility to Howard Avenue. Source of Funds: Wastewater Utility Account 80-173410. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

**ITEM UT 17-05                      Request Transfer of funds from Water Utility to provide Frost Protection for Cold Spring Water Main**

JP Walker said that the design for the construction of Cold Spring Road was 2-3 years ago and that staff did not have the details of the Milwaukee water project at that time. He said that a water main there became a dead end and serves only that section of Cold Spring. Staff is worried that there is not enough flow there and it is not buried enough to keep it from freezing. Mr. Walker stated that the Utility approached staff to help with this issue and Engineering suggested raising the road a foot in that area.

Alderman Gallagher asked the consequences if this is not done? Mr. Walker answered that a main break could occur if this freezes, and then the road would have to be torn up to repair it. Alderman Ament asked if the redesign would have any affect on the properties there. Mr. Walker replied that some driveway slopes would actually be less of a grade and there would be more cover on the storm sewers. Alderman Ament asked if this was bid out or provided by an existing contractor? Mr. Walker said the quote is from an existing contractor.

Alderman Harenda asked if we have to rip up some work previously done? Mr. Walker said that about 1,000 feet of curb and catch basins would have to be reset. He added that by raising the road, it would help residents of the area with some of their concerns about the slopes and mowing their ditches would be easier. Alderman Harenda asked about the schedule delay? Mr. Walker said that it would push the project back about 2 weeks, but paving is now being done in other areas. Mr. Morrissey said that we are throwing away approximately \$12,000 to rip up and replace curbing already installed? Mr. Walker said yes. Alderman Gallagher said that it is an oversight, but we have to do this.

Mr. Dude asked if staff looked at other areas and dead ends for possible problems? Mr. Walker said that the Utility has looked at this issue, and the only area in this project's scope was Coldspring Road, which was designed prior to the Milwaukee water project. Mr. Dude said to make this an issue next time. Alderman Ament asked if the contingencies cover the items in the Musson Brothers request? JP said the price quote includes the contingencies. Alderman Gallagher said that this project was an in-house design and saved approximately \$300,000 even with this oversight.

Motion by Alderman Ament to recommend to Council approval of a \$109,550.44 Water Utility expenditure to cover the cost of providing additional frost protection to a dead end water main by raining 1,000 LF of Cold Spring Road 1 foot and adding insulation over the water main between Sommerset Drive and Sunny Slope Road. Source of funds: Transfer of funds from remaining CIP Funds for Forest View Subdivision to Water Utility Account 91002673.52030. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

**ITEM UT 14-05****Approval of Water Utility 2006 Operating and CIP Budget**

Commissioner Dude said that he had reviewed the budgets with Director Grzys, Rick Johnson Utility Manager and Ralph Chipman Accounting Manager and said that most of the increases in the water operating budget were due to the Milwaukee Water project with purchased water, increased plant and equipment costs, as well as taxes associated with it. In addition, there are increases in fuel, power and chemical costs, all affected by Hurricane Katrina. In addition, there are increased labor costs from a new teamster's contract, as well as FICA and health insurance. Outside Engineering costs increased with the contract for updating the GIS system and to inspect four of the storage tanks per DNR requirements, and rehabbing pumping equipment at Well #7. Consensus among the committee was that the Utility will deliver a better product and down the road the City will have water in the future.

Motion by Commissioner Dude to recommend to Council to approve the 2006 Water Utility Operating Budget. Seconded by Alderman Ament and upon voting the motion passed unanimously.

Commissioner Dude said the water meter program in the CIP budget is a continuation of a 10-year replacement cycle. The radium compliance item is per our agreement with the DNR and despite our ongoing talks with the Great Lakes Governors to try to get water to the west side of the service area, it must be approved at this time. Alderman Harenda asked Director Grzys to keep the Committee apprised of the expenditures used in this program.

Motion by Commissioner Dude to recommend to Council to approve the 2006 Water CIP budget. Seconded by Alderman Ament and upon voting the motion passed unanimously.

**ITEM 15-05****Approval of Wastewater Utility 2006 Operating and CIP Budget**

Commissioner Dude said that again the vast majority of cost increases were not controllable; MMSD charges, Linnie Lac, depreciation, chemicals, fuel, collection systems contracted, etc. and if these increases were subtracted out, the budget was up only 1.76%. He said that wages and FICA were up because of the teamster contract. Commissioner Dude commended Ray Grzys and Rick Johnson for their work on the budget and keeping costs down.

Motion by Commissioner Dude to recommend to Council to approve the 2006 Wastewater Utility Operating Budget. Seconded by Commissioner Morrisey and upon voting the motion passed unanimously.

Mr. Dude said that the only item on the Wastewater CIP budget was a camera for \$28,782 to upgrade the CCTV to allow them to view larger sewer lines.

Motion by Commissioner Dude to recommend to Council to approve the 2006 Wastewater Utility CIP budget. Seconded by Alderman Ament and upon voting the motion passed unanimously.

**ITEM UT 51-02A****Adoption of Resolution Authorizing Levying Special Assessment for Water & Sewer Project on Moorland Road**

Alderman Gallagher said that the Committee had to make a decision tonite to do this project or throw it out. Mr. Morrisey asked if the City needed this looping because of the Milwaukee Water project? Mr. Wilms said that there are fire flow risks and a redundancy is needed in the system on Milwaukee water and well water. Mr. Morrisey asked if this was a concern prior to Milwaukee Water being brought in? Mr. Wilms said no. He continued that the committee had concerns regarding cross tiers or second tier future lots and as a result, he and Attorney Blum contacted Attorney Jerry Edgar, who is an assessment expert, to address the concerns of residents at a public hearing. He said that the advise of the City Attorney was to look into the future and by developing the stepped schedule, there is a discount if the lots are developed prior to the 10 year period.

Alderman Ament asked if, for example lot 8 decides not to develop in the future, he will only see the assessment for the one dwelling? Mr. Wilms said that is correct, there are no additional charges if this is not developed. Alderman Ament asked if it is necessary for both sides of the road to be connected? Mr.

Wilms said, yes, since the water and sewer mains are down the middle of the road. Alderman Ament had a concern for Mr. Barker who has installed a new septic system. Mr. Wilms stated that this was talked about at the public hearing, and there can be a policy issue to assist him. Mr. Wilms said that these assessments will show up on the 2006 tax role.

Commissioner Dude said that the Utility will absorb about 1/3 of the cost of deferrals and will pay for the oversizing. The Utility is taking the risk and if development occurs down the road, the Utility will get the money back. Mr. Wilms said yes. The Committee reviewed the assessment costs.

Motion by Commissioner Dude to recommend to Council adoption of Final Resolution # 05-36 Authorizing Levying Special Assessments against benefited properties in the Moorland Road Water & Sanitary Sewer Special Assessment Districts in accordance with City Code. Source of Funds: Project costs would be recovered through special assessments (both direct and indirect future), impact fees (current and future), and Utility Capital Contributions in-aid-of-Construction, if approved. Seconded by Jim Morrissey and upon voting the motion passed unanimously.

**ITEM UT 06-05                      Discuss Need for Boosted Pressure Looping Main – National, Calhoun and Observatory**

Mr. Wilms said there are no additional materials at this time and that staff is working on a survey. This item remains tabled.

**ITEM 16-05                      Review & Action of Ordinance Section 267-10**

Director Grzys stated that this issue was brought to the Committee based upon Mr. Wimmer's request to install one meter, not 56 at "The Residences", and that staff decided to redefine the ordinance, including issues such as the meter room, requirements and penalties for tapping into the service.

Attorney Blum explained the revisions he made in the ordinance including the change to 17 meters or more not requiring individual meters, who receives the billing in multi-tenant and condominiums, the repeal of Section II, and a penalty for unauthorized use of tapping water prior to the meter. He added that he has some reservations regarding section 1 with 17 or more units requiring only 1 meter. Attorney Blum said that Mr. Wimmer who requested the change said at the last meeting, that most communities don't have a threshold, so plan B is to require 1 meter per building. Alderman Gallagher said that an option is that the developer could put in separate meters. Attorney Blum agreed, that the only need is to eliminate sub-meters.

Director Grzys said that staff is looking to add a floor drain requirement in section 3 for new construction. Mr. Grzys said that he discussed this with Greg Kessler and the building inspectors and they are OK with 17 units requiring only 1 meter. In addition, he requested that this ordinance specify that this is a utility meter room, not for electric meters.

Commissioner Dude asked if an owner doesn't pay a bill, does the City turn off water for all 16 units? Attorney Blum said that PSC rules apply and worse case scenario if this arises if a large developer can't pay, the risk is low. Alderman Gallagher said that there is a better chance of collecting from an association more than 16 individual units. Attorney Blum said he will review this. Commissioner Dude asked if we could put a month's Utility bill in escrow in the developer's agreement? Attorney Blum said he has not seen this, but there are several problems, including when an LLC gets liquidated later. Ultimately you can put a lien on the property, and when it gets sold, you will receive payment.

Alderman Gallagher requested that the City Attorney make the revisions and bring this item back to the Committee for review. Motion by Alderman Gallagher to defer this item. Seconded by Alderman Ament and upon voting the motion passed unanimously.

**ITEM 11-05****Request by T-Mobile to reconsider revising term of their original Communication Contract**

Commissioner Dude said that he has read the lease extension term sheets, and that T-Mobile is requesting for a new base rent decrease of \$5,000 from the current agreement. He said that he sees no reason to do so. It will come due again in January 2006.

Motion by Commissioner Dude to deny the request by T-Mobile to reconsider revising term of their original Communication contract. Seconded by Alderman Ament and upon voting the motion passed unanimously.

**ITEM UT 09-05****Discussion of Borrowing from Wastewater or Water Utility to help finance C.I.P. Projects**

Mr. Holzinger Director of Finance said that this can be done. He stated that previously the Wastewater Utility loaned \$450,000 to the Stormwater Utility to set up the Utility, and the rate was at 5% for 4 years. This was paid back. Alderman Gallagher asked if there are any negatives? Mr. Holzinger said no, you have to borrow from some place, he would just need the terms and amount, and Director Grzys would then have to approach the PSC for a possible rate increase.

Commissioner Dude cautioned that the total debit issue must be considered. If the amount is 2-3 million, the Utility would save money by not picking up the underwriting cost and if the market is premium, we pay this to ourselves. Mr. Holzinger said the underwriting cost is about \$50,00 from Moody or the other companies, and right now a 2-year treasury security is 4.5-5% interest. He added that the Water and Wastewater Utility have an AA rating.

Commissioner Dude requested that when the next CIP comes up in the radium issue, could we look at borrowing from the Utility? Mr. Holzinger said that we have to look at how long you want to tie up Wastewater funds. He added that we have to consider plans looming on the horizon, such as if Planning Development goes through and there are some oversizing costs and extension of sewer plan goes through in 2010, we would want to have funds available. Alderman Gallagher said that he would like to leave the option to borrow funds for Water Utility open and to look at this possibility.

Alderman Gallagher said that the Committee wanted to thank Division Engineer Larry Wilms, who is retiring, for his years of service and it was a pleasure working with him. Commissioner Dude added his thanks for putting up with the Committee.

Motion to adjourn at 6:51 by Alderman Ament. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

*Respectfully submitted,*

*Suzette Hanley - Office Coordinator, Utilities & Streets*