

# Minutes

## NEW BERLIN UTILITY COMMITTEE

March 20, 2001

Members Present: Alderman Bullermann, Alderman Wysocki, Alderman Patzer, Mike Holzinger (Director of Finance and Utilities), Robert Dude (Citizen Member)

Others Present: Alderman Chiovatero, Alderman Scheuble, Alderman Wilkens, Alderman Kaminski, Tom Krumplitsch (Utility Operations Manager), Jeff Chase (City Engineer), Larry Wilms (Division Engineer), John Knepel (Virchow, Krause & Co), Leon Deaton (Ad Hoc MMSD), Jean Crotty

Alderman Bullermann called the meeting to order at 8:07 a.m.

### ITEM 3A-01 Approval of Minutes, March 06, 2001

Motion by Alderman Bullermann to approve the minutes for the March 06, 2001 meeting. Second by Mr. Dude and passed unanimously.

### ITEM 04-01 Sewer Survey Results

- Mr Holzinger relates that of the 1000 surveys sent out by Wayne Faust of the UW extension, just under 500 people responded. Results were a 50/50 split as to whether or not the capital charges should go on the tax bill vs staying with the current bill. Still inconclusive. At some point, the Utility C committee should make a recommendation
- Alderman Chiovatero tells the committee that this has been one of his goals for two years, upon requests from a good number of the constituents in the 6<sup>th</sup> district who have expressed a desire to see the charges on the tax bill. Even though the survey indicates a 50/50 split, the consensus of his own constituents would be to have the Capital charges on the tax bill
- Mr Dude notes that most of the homes in the 6<sup>th</sup> district are higher value and could end up paying more. The reality is that the only people who will benefit are those with values between \$205,000 and \$339,000.
- Alderman Chiovatero responds that those with the higher values are those who would choose the tax payment method, and fall into that range
- Mr Deaton believes that there is too much emphasis on property tax for deduction. There are other aspects, dating back to the Sewer Wars. He feels the populous was misled by the leaders. Throughout Wisconsin, in sewer districts, the majority have Capital expenditures on the tax bill. We need a better, more extensive survey, perhaps something sent out with the current bill, or on the New Berlin leaflet, to better reach more of the population. No one in my neighborhood received one of the surveys.
- Alderman Bullerman reminds the Committee that this has been on the table for three years, and that we should come to a conclusion today. There is the option to take it to referendum at some point
- Alderman Wysocki thinks it needs to be identified that there were legitimate reasons why we have maintained the system as it is. If we go the route of the tax bill, those tax exempt properties that currently pay a portion of the capital charges will be lost. We also have heavy commercial users who pay considerable amounts because of the amounts of water they use, would be substantially reduced. All of those costs would have to be redistributed primarily among the residential users. We have about 11 years left to pay off with regards to the MMSD settlement, when these capital charges will come down considerably. There are a number of issues which will have a ripple effect, and have impact in other areas

- Mr Deaton thanks Alderman Bullermann and the committee for their work on this issue, and reiterates that he believes the survey is inconclusive, and again asks that we get it out to more people
- Mr Holzinger comments that both he and Professor Faust believe part of the problem with the response was the lack of postage on the surveys. Perhaps a self stamped form would be better received. We could send a form with the April billing, but we will have to bear some cost
- Alderman Bullermann wonders what the committee wants to see happen with this issue. Do we want this to go to Council.
- Alderman Chiovero states that he will take the advise of the Committee
- Alderman Wysocki remarks that in fairness to Mr. Deaton, and others who have spent considerable time on this issue perhaps a motion from this committee would be appropriate. Alderman Chiovero does have the option to take this to Council
- Mr Deaton's final comments on the issue are that he would like to see a fair way to do this
- Alderman Bullermann would like a motion to recommend that we adopt this and send it to Council, or to deny this

Motion by Mr. Dude to leave the assessment based on volume rather than on the tax bill, unless the tax climate or structure changes. Second by Alderman Bullerman, and carried unanimously

### **ITEM 35-00 Rehab Program - Engineering**

- Mr Chase explains that there is ongoing research regarding homeowners experiencing recurring backups in their homes. We have a few specific programs we might like to try. Some targeted at Buena Park area which was hit hard several times. Mr Wilms will discuss the packet put together to address this issue
- Mr Wilms describes what was actually under study. Partly in response to the July 2<sup>nd</sup> rainfall, it also identifies costs which might be anticipated by homeowners. In addition, he relates that it takes only one block of homes, seven eight or nine sump pumps discharging into a floor drain to overwhelm the sanitary sewer. In the event of another bad storm, one of the objectives of the program is to evaluate the lines for capacity
- Alderman Wysocki wonders what the current design standard is.
- Mr Wilms responds that it has changed over time. New standard is 1180 gallons per person, vs the old standard of 625.
- Mr Chase continues that design standards are based on existing and anticipated land use, on flow coefficients multiplied by anticipated land use, for example population. The easiest to illustrate is the change in public policy, basically, the public will no longer tolerate the number of back ups, therefore, we need to start sizing the sanitary sewers to carry large amounts of clear water
- Alderman Wysocki believes the important component of this study shows what can and should be done by individual homeowners, but the public policy shift leaves important questions for utility. They may have to upgrade systems not designed to the current standards.
- Alderman Patzer would like to attack the problems as they stand now.
- Alderman Wysocki offers that we do not know if there are illegal hookups out there, and the older systems, having been built in the 50's, with combined systems, the drain tiles actually leading into system
- Mr Wilms clarifies that Alderman Wysocki is referring to the pre 1954 footing drains and those were routed into public sewer system.
- Mr Chase sites the study which identifies homes built prior to 1954, and what other communities have done via inspections etc
- Alderman Patzer notes that we are not looking only for illegal connections, but everything that may be taking unwanted water into the pipe system.
- Mr Chase indicates that we should target our efforts.
- Mr Dude would like to know if there is a policy regarding illegal hookups, and why are we tolerating it

- Mr Chase responds that they are very difficult to identify and correct, as it is difficult to get into homes. He believes we would be more successful with an educational program, and providing funds to make corrections. This is not the only problem, it is many small things combined. He suggests we learn from other communities
- Alderman Patzer comments that there are certainly illegal hookups out there for a variety of reasons, but the fear of the public to allow the City in, is that the City will find more wrong than right. Suggestion has been made to send a private inspector in to look only at plumbing.
- Mr Dude reminds the committee that the amnesty program for permits several years ago produced a large turnout, and would be a non-threatening way to encourage citizens to correct the problem now
- Alderman Bullermann would like to know what the next steps should be
- Mr Holzinger would like any alternative funding sources identified.
- Mr Wilms and Mr Chase note that money is available for investigations and to measure effectiveness, but grants can be as much a detriment. DNR no longer offers any funding.
- Alderman Wysocki reminds the committee that we have all ready spent or committed over five million dollars to fix this. Is the first issue of solution actually working on the public side of our system, or is the private component still going to be a necessary part.
- Mr Wilms says that rehabilitation for I and I removal will not be fully successful if done only in the public sector. We need to involve private sector fixes as well
- Mr Chase asks what do we want to do on a policy basis. What level of protection do we want to provide. We cannot make everything flood proof.
- Mr Dude wonders about the possibility of the private sector being mitigated by insurance
- Mr Chase notes that it would probably be cheaper to buy an insurance policy to make people whole than to provide physical fixes to our system
- Alderman Wysocki asks if the MMSD has any responsibility to us
- Mr Chase responds that we are obligated to finance our own I and I reduction programs. Their commitment is mainly diagnostic testing, and inspection
- Mr Wilms states that they are having a meeting with the EPA and DNR to provide an update for communities addressing rehabilitating sewers for I and I elimination with regard to new federal regulations
- Mr Holzinger requests that the Utility Committee be given reports on these meetings, including meetings with the MMSD
- Alderman Patzer would like to do a pilot area in the older areas, to see what is going on, and perhaps do some cost sharing with the money available.
- Mr Dude suggests looking for matching funds
- Alderman Wysocki would like to know how far along we are on the manhole rehab. Have we funded that for total completion, or does that still need additional money, and what do we need to look at next
- Mr Chase responds that the priority basins are nearly at completion with few exceptions
- Mr Wilms states that of the 39 basins, 5 sub areas are serious, and need work, another group of about 5 to 8 sub basins need work. This is separate from our manhole rehab.
- Alderman Patzer reiterates wanting to see a pilot program started, and funds allocated
- Mr Chase would like to design and present proposal to the committee re: identifying and mitigating clear water entry on the private side
- Mr Holzinger believes it would be appropriate to allocate the available funds for a pilot program
- Alderman Wysocki would like a decision on the Poplar Creek issue, and a financial report as to where we are with our obligation to that district, and how that impacts every year with potential costs to us
- Alderman Scheuble would like literature for the public

Motion by Alderman Patzer to direct staff to do a pilot study. Second by Alderman Bullermann, and carries unanimously

#### **ITEM 06-01 AND 07-01 Water Utility Rate Study Recommendation**

## Wastewater Utility Rate Study Recommendation

- Mr Holzinger refreshes the committee about the rate study, and introduces Mr Knepel to answer questions
- Mr Dude distributes handout for discussion regarding the nature of the concept of rate of return. He laid out 1999 and 2000 percent increases on operating revenue as well as three large components of operating expenses.
- Alderman Wysocki would like Mr Holzinger to address some of the issues raised by Mr Dude
- Mr Holzinger explains that there are things that need to be caught up on, and that the biggest component is providing the cost for the water. We know how many people are coming on, and that has been fairly steady. Without a rate increase, it will be difficult to provide adequate water sources and generate an operational net income
- Alderman Wysocki wonders what caused the significant depreciation
- Mr Holzinger and Mr Knepel respond that the PSC across the state has been requiring a quicker depreciation and the effective date is 11/01. They have lowered the required service life for asset classes. The big dollars you have are in mains, meters and hydrants, the infrastructure, not the equipment. The projection was based on continuing level of service and cost. Only known and committed projects are factored in, we do not project out. Based on requirements with your bond covenants, the 3% rate of return is basically the floor. The PSC only looks at one year at a time. They will not project out for costs
- Mr Dude would like to take some of it this year, with a strong committee internal motion, and revisit this next year
- Mr Holzinger notes that we believe we have a very realistic budget
- Alderman Wysocki asks if we can expect another increase next year
- Mr Holzinger relates that we will need to look at ongoing costs, and rather than going too small, perhaps we should go at half the recommended rate of return, knowing we will have to revisit it.

Motion by Mr Dude to increase the rates by 25.5% for a 4% rate of return. Second by Mr. Holzinger, and carried unanimously after a brief discussion

### **ITEM 11-01 Well # 8 Status Report**

- Mr Krumpitsch brings the committee up to speed on the well #8 status report. He has handouts with commentary regarding the decision to do more extensive logging. The results will be given to Ruckert and Mielke, who will look at potential remediation of the well. Logging will begin March 26<sup>th</sup> with recommendations coming to the committee

Motion by Alderman Patzer to adjourn at 10:00 a.m. Second by Alderman Bullermann and carried unanimously