

MINUTES
City of New Berlin
Special Utility Committee Meeting
Friday May 11, 2007

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

Others Present: Rick Johnson (Utility Manager), Jim Hart (Utility Supervisor), Mayor Jack Chiovatero, City Attorney Mark Blum, Ralph Chipman (Accounting Manager) and Sue Hanley (Office Coordinator Utilities & Streets)

Alderman Harenda called the meeting to order at 8:05 am. declaring a quorum with all members present. He said that he would act at Chairman today and at the next meeting that the Election of Chairman be placed on the agenda. He welcomed Alderman Seidl to the Committee and thanked Alderman Gallagher for his years of service to the Committee and the City.

ITEM UT B-07 Approval of minutes from February 22, 2007 meeting

Commissioner Dude had a correction on page 4 of the minutes, the last sentence under Item UT 08-06 should read \$25,241.

Motion by Alderman Ament to approve minutes from the February 22, 2007 meeting, after the correction is made. Seconded by Commissioner Dude and upon voting the motion passed unanimously with Alderman Seidl voting present.

ITEM UT 11-06 Update on School District sharing of costs of construction for Regal Manor Lift Station

Rick Johnson: This has been paid for by the School District.

Mayor Chiovatero: The delay was in getting the bill to them. Once they received it they paid it.

Motion by Alderman Ament to remove this item from the agenda. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

Closed Session

Alderman Harenda read the following:

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

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:

- Purchase of water from Milwaukee
- Review of Public Relations Consultants Proposals & Discussion of Negotiation Strategy

(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:

- State of Wisconsin notice of claim for alleged radium standard noncompliance in City wells.

Motion by Alderman Ament to go into Closed Session at 8:10 a.m. Seconded by Alderman Seidl. Roll Call vote: Alderman Harenda yes, Commissioner Morrissey yes, Alderman Seidl yes, Commissioner Dude yes, Alderman Ament yes.

Motion by Alderman Ament to return to Open Session at 9:06 a.m. Seconded by Alderman Seidl and upon voting the motion passed unanimously.

Reconvene to Open Session

Discussion and Possible Action

UT 12-04 Milwaukee Water Negotiations

No action or discussion at this time.

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

No action or discussion at this time.

NEW BUSINESS

Mr. Chipman who arrived after Item UT 11-06 was discussed said that the billing to the school was paid at the end of March. The total cost of the project was \$87,227.99. Utility cost was \$55,000 and the School District cost was \$22,227.99.

UT 01-07 Milwaukee Water Rate Increase

Mr. Chipman: Discussed the Milwaukee Water Rate Increase. He said that he did not receive the full rate case information from Milwaukee until yesterday afternoon. The information regarding New Berlin is on page 1 of 11. We are presently budgeted for \$509,021 and under the new proposed rates it goes up to \$619,580. Page 11 of 11 shows an overall percentage increase of 21.7%. He noted that the City was not charged for Public Fire Protection in the past, but now the City will be charged like other Wholesale Customers. This amount is \$51,424. The total amount of the increase is \$110,559 and to get up to that rate, the Utility would need a 3.3% water rate increase. In this case because we are a Wholesale Customer for Milwaukee, instead of going through the whole rate case we can contact the PSC and tell them our wholesale rates have gone up and they will authorize an automatic rate increase.

Alderman Harenda: There is a 21.7% increase to the City, but the increase to our Utility is 3.3%?

Mr. Chipman: The increased cost is 21.7%, the effect on the bottom line to the customer is 3.3%. Reason: Approximately only half of our customers are getting Milwaukee water.

Commissioner Dude: The Fire Protection charge seems to be a minimum. He questioned on page 1 of 12: The Public Fire Protection Service "Under the City of Milwaukee Wis. Stat. § 196.03(3)(b) the municipality has chosen to have the utility bill the retail general service customers for public fire protection service." He wanted to make sure that the rate increase has the City paying the \$51,424 for fire protection not the Utility customer.

Mr. Chipman: The Fire Protection Charge is commonly called the Hydrant Rental Fee and you have a choice of putting it on the Utility bill or the tax bill. The City has never had it as a separate item on the Utility bill.

Commissioner Dude: Why not, there are people with private wells that can use the hydrants why should I pay for their water why shouldn't they help me pay for their water to put out their fire.

Mr. Chipman: That's why when we bill the City for hydrant rental, as that charge is included in your tax rate, so you are paying some of that.

Commissioner Dude: I am a Utility customer, I pay 100% of that now. If you are my next door neighbor with your own well, you are paying nothing. I want you to help pay for that privilege.

Mr. Chipman: The City is paying a hydrant rental to the Utility, that is directly through its tax rates. That is basically a charge that covers the cost of providing water in case you have a fire and it is included in the tax rate, so whether you are a water customer or not, you are paying for that same proportional amount. I have talked to the PSC about the \$51,424 and why we went up. The \$51,424 is in the PSC rate calculation is our cost or oversizing of the system to provide fire protection. In their rate theory there is a flat amount of water that needs to be provided for every day use. In addition to that, the system needs to be upsized for fire protection. Those costs are allocated as a separate charge to the various communities based on their formula. That is our share of Milwaukee's system to providing for fire protection.

Commissioner Dude: What is the definition of "our". To me "our" means the City of New Berlin not Utility customers and I want everyone to share in this.

Commissioner Morrissey: People on the west side of the City who aren't near a hydrant would be forced to pay this. For instance I have a well, but have a hydrant up the street.

Commissioner Dude: If the Fire truck comes and is a pumper, where do they get the water from?

Commissioner Morrissey: I agree for me, but for people that live way out west.

Commissioner Dude: You still have a pumper truck that takes the water out of a hydrant which is...

Commissioner Morrissey: The City Utility.

Mr. Chipman: Right now the Utility is billing the City roughly \$685,000 for Public Fire Protection or Hydrant Rental and it is included in our overall tax rate. I know what you are getting at with the \$51,424, should it be added to the \$685,000, and that is a PSC question. They will be the ones determining that and I don't know how they will allocate this cost increase.

Commissioner Dude: To me, this is a City expense, not just a Utility customer. I represent Utility and my customers are the Utility. If we go in asking for it, there is a higher probability that the PSC will do it.

Mr. Chipman: This is an update of where we are at. The PSC public hearing is May 23rd at the City of Milwaukee before it is passed. The question is, do we do the automatic increase now to cover this and then in the future we would have to do a full rate case in the future to cover the radium treatment costs.

Commissioner Morrissey: I would like to see when the PSC officially passes it.

Alderman Harenda: I would like to hold off until the next meeting.

Dude: I agree it should be an automatic rate increase, I just want the Committee to vote on the \$51,424 and to see if this is in the 3.3% increase, and if we ask for this and the PSC puts it on the tax bill, then we would have the wrong percentage.

Mr. Chipman: It would be up to them as to how they will allocate the costs. All I can tell them is that our Utility Committee's view is that the \$51,424 is a hydrant rental and it all should go to the City, I will get their feedback on May 23rd and at the next meeting after that I should have a better idea.

Alderman Harenda: Is the \$51,424 spread over what timeframe?

Mr. Chipman: That is an annual rate, so right now it would be prorated and it would cover about a 6 month period so it would be approximately \$26,000 for this year.

Motion to adjourn by Commissioner Dude at 9:25 a.m. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

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