

**MINUTES (Revised)**  
**City of New Berlin**  
**Utility Committee Meeting**  
**Tuesday April 27, 2004**

Members Present: Aldermen Gallagher, Ament and Harenda, Bob Dude (Citizen Member) and Ray Grzys (Director of Utilities and Streets)

Others Present: Larry Wilms (Division Engineer), Rick Johnson (Utility Manager), Jim Hart (Utility Supervisor) Attorney Mark Blum, Mike Holzinger (Director of Finance and Administration) Steve Schultz (Ruekert & Mielke), Alderman Roger Hegeman

Alderman Gallagher called the meeting to order at 4:30 pm and declared a quorum.

**ITEM E-04 Approval of minutes from March 23, 2004 meeting**

Motion by Alderman Harenda to approve the minutes from the March 23, 2004 Utility Committee meeting. Second by Commissioner Dude and upon voting, the motion passed 4-0, with Alderman Ament abstaining since he was absent at the meeting.

**ITEM 30-02 Milwaukee Water Design (Final Update)**

Steve Schultz from Ruekert & Mielke presented the 10<sup>th</sup> and final Milwaukee Water Design project update and schedule. He indicated that he is still waiting for a couple of approvals to come in, specifically the DNR ones, but everything else has been completed in the design work. Mr. Schultz stated that the final design engineering costs are under budget. The next steps are to:

1. Meet with the County on PRV Vault Placement – County is concerned with Cleveland Ave widening
2. Bidding for construction work begins May 6<sup>th</sup> – must be advertised 2 times per state law
3. Opening bids May 21<sup>st</sup>
4. Construction on or about June 21<sup>st</sup> – construction will start at various times so as not to shut wells off at peak season, or tear up roads at the same time.
5. Final Completion is scheduled for Early Summer 2005

Commissioner Dude asked if the County had our design work plan for the PRV valve placement for 2 months, why did they just call now? Mr. Schultz responded that the plan probably was filtered down to the County roads department, and they took action in order of receiving it.

Mr. Schultz presented updated construction costs. In August 2001 the Milwaukee Water study estimated \$3.6 million, in November 2003 the Preliminary Design was up to 3.76 million, and in April 2004 the Final Design Budget was estimated at 4.05 million. Mr. Schultz said these increases are due to the price of steel increasing 50%+, lumber and oil (plastics and fuel) prices increasing, etc. He stated however, that this is a good bidding climate in the building trades, and we may be able to make up some of the additional costs. Alderman Gallagher asked if the information on costs was acquired from possible bidders? Mr. Schultz responded yes, that this is common. Commissioner Dude asked where most of the increase came from? Mr. Schultz stated that the brick matching/replacement amounted for \$40-50,000.

**ITEM 01-03A Award Contract for 2004 Flow Monitoring to meet MMSD Requirements**

Larry Wilms stated that the City is committed to MMSD to do flow monitoring, that it is not an option. This year we have expanded the scope to focus on sub basins (sewer sheds) where we have excess flows. Mr. Wilms added that the analysis of Basin 9 that had zero capacity for growth before the studies, provided us with excess capacity in Basin 9 for infill lots. He stated that the City must continue to show we are maintaining I & I clear water reduction and monitor our progress to MMSD.

Director Grzys stated that the monitoring serves 2 purposes: Namely, that money spent on getting leaks fixed is working, and that clear water monitoring is needed to get additional capacity to meet 2010

requirements. Mr. Grzys stated that it is critical to get the monitoring in place for spring rains and that this money has been budgeted.

Commissioner Dude asked why New Berlin had to spend money on monitoring, while Shorewood and Milwaukee dump sewage. He inquired what is the least amount of money needed to keep the bureaucrats happy?

Alderman Harenda asked what R.A. Smith's report on the other basins showed? Larry Wilms replied that preliminary reports did show gains, but they were not as "grand" as Basin 9. After a lengthy discussion, committee members agreed that they wanted a copy of the report from last year, and wanted to know the cost benefit to the Utility. The Committee also wanted to see what other communities are spending on I & I reduction and monitoring.

Motion to table Item 01-03A by Alderman Gallagher. Second by Alderman Ament, and upon voting the motion passed 4 to 1 with Director Grzys opposed.

#### **ITEM 05-04 Discussion of year-end Utility Financial Report**

Director Grzys stated that sewer repair and replacement percentages were researched, and if the City does take out the money from this account to pay off some of the outstanding MMSD borrowing debt, we would still have 10% replacement costs available, higher than other communities. He added that by doing this, the Utility will save a substantial amount of interest as well.

Director of Finance and Administration Mike Holzinger stated that when this goes to call bond, he does not have to go to the Utility Committee for approval. He stated that the source of funds to pay off the MMSD debt would be:

\$2,410,000 - Excess revenue debt service account  
\$1,175,000 - December 1, 2004 principal payment  
\$2,000,000 - Infiltration and Inflow account  
\$ 210,270 - Future sewerage treatment capacity account  
\$2,404,730 -Equipment repair and replacement account.

Commissioner Dude asked how long it was going to take to regenerate the cash if we pay this debt off early? Mr. Holzinger replied that a lot of it will hinge on the 2005 Budget, as Sewer Utility generates more excess revenue than Water Utility, but depending on the investment market, probably within 5-6 years.

Commissioner Dude said that he saw no reason that we shouldn't do this, and asked if the Water Utility could borrow from the Sewer Utility to make a profit? Mr. Holzinger stated that he is looking at any potential call dates. He added 2 issues make up the prior water debt and that we may look at this for the Milwaukee water issue.

Motion by Commissioner Dude to recommend to Council to approve the pay off of the outstanding MMSD Borrowing Debt of 8.2 million by December 1, 2004. Source of Funds: \$2,410,000 would be from excess revenue debt service account, \$1,175,000 December 1, 2004 principal payment, \$2,000,000 from the Infiltration & Inflow account, \$210,270 from future sewerage treatment capacity account, and \$2,404,730 from the equipment repair and replacement account. Second by Alderman Ament and upon voting the motion passed unanimously.

#### **ITEM 07-04 Resolution 04-23 "Declaration of Public Necessity and Relocation order for Janesville Road Water Main and Sanitary Sewer in the City of New Berlin**

Larry Wilms stated that this procedure for a relocation order is required by statutes, as we are acquiring two easements on two properties to make a looping water main.

Commissioner Dude asked if there was any controversy on this issue? Mr. Wilms stated no. Alderman Harenda asked if this issue would be affected by Janesville Road construction? Mr. Wilms stated no.

Motion by Director Grzys to recommend to Council to adopt Resolution #04-23 pursuant to Section 62.22(1) & (1m), Wis Stats, "Declaration of Public Necessity and Relocation Order for Janesville Road Water Main and Sanitary Sewer in City of New Berlin". Second by Alderman Gallagher, and upon voting the motion passed unanimously.

#### **CLOSED SESSION**

Alderman Gallagher read:

*The basis for the items to be discussed in Closed Session are as enumerated in Wisconsin Statute Section 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:*

*-Well 11 performance issues*

*-Lowell Place Developer's Agreement and recovery of utility installation costs*

Motion to go into closed session by Alderman Harenda. Second by Alderman Ament, and upon voting the motion passed unanimously.

Motion to reconvene to open session by Alderman Ament. Second by Alderman Harenda, and upon voting the motion passed unanimously.

#### **ITEM 06-04 Awarding of Contract for Bidding and Construction for Milwaukee Water Project**

Director Grzys read the requested action to award the Service Agreement for bidding, construction, administration, inspection, post construction and record drawings, SCADA updates and overall project administration for the construction of the facilities to bring Milwaukee Water to the City of New Berlin to Ruekert & Mielke in the amount of \$374,675.

Commissioner Dude asked how Ruekert & Mielke's 2004 rates compare with other consulting firms. Director Grzys said that he was instructed to get a bid based on past work, and a comparison was not made.

Commissioner Dude asked how much of the \$374,675 is set? Steve Schultz replied that the contract is set except for 1 caveat, namely the 185 days to lay the underground pipe. An inspector is required to be at the scene every minute underground pipe is laid, and they do not have control over how long it may take due to delays, labor strikes, etc. This is about \$120,000 of onsite inspector time. The City is covered by the standard language of the City contract.

Committee members agreed that it would be helpful that in the future they had rates of consulting firms to compare. Alderman Harenda asked Steve Schultz for the names of which individuals would be performing which work.

Motion by Director Grzys to recommend to Common Council the awarding of the Service Agreement for bidding, construction, administration, inspection, post construction and record drawings, SCADA updates and overall project administration for the construction of the facilities to bring Milwaukee water to the City of New Berlin to Ruekert & Mielke in the amount of \$374,675. Source of Funds: Water Utility A/C 107. Total project amount will be part of the Water System Revenue bonds series 2004 of \$6,625,000. Second by Commissioner Dude, and upon voting the motion passed unanimously.

Alderman Gallagher asked that another Special Utility Committee meeting be set for Tuesday May 4<sup>th</sup> at 4:30 pm. to discuss items that we did not get to tonight and also hold another closed session.

Motion to adjourn by Alderman Ament at 7:05 pm. Second by Commissioner Dude, and upon voting the motion passed unanimously.