

MINUTES
City of New Berlin
Utility Committee Meeting
Tuesday May 25, 2010

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

Others Present: Rick Johnson (Utility Manager), Jim Hart (Utility Supervisor), Mayor Jack Chiovatero, City Attorney Mark Blum, Ralph Chipman (Finance Director) and Sue Hanley (Administrative Supervisor 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.

Call meeting to order. Roll Call and Declaration of quorum and public notice

UT 01-10 Approval of Minutes from the April 27, 2010 Meeting

Motion by Alderman Ament to approve the minutes from the April 27, 2010 meeting. Seconded by Commissioner Morrisey and upon voting the motion passed unanimously with Commissioner Morrisey voting present.

UT 07-09 Discussion regarding the procedures used to authorize the payments of costs and fees for utility consultants and contractors

No update at this time.

UT 20-09 Award of Construction Contract for Parkland Green Water Main Replacement Project

Harenda: The Committee has received the information regarding the Water Conservation Plan and our diversion request and how we will be using the calculations to report this information on an annual basis to the DNR.

Motion by Commissioner Morrisey to drop this item from the agenda. Seconded by Alderman Wysocki and upon voting the motion passed unanimously.

CLOSED SESSION

The basis for the item to be discussed in Closed Session is 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

UT 25-09 Milwaukee Water Utility rate application PSC contested case hearing

Motion by Alderman Wysocki to go into Closed Session at 5:04 p.m. Seconded by Commissioner Morrisey. Roll call vote: Alderman Ament yes, Commissioner Dude yes, Alderman Wysocki yes, Commissioner Morrisey yes, Alderman Harenda yes.

Motion by Alderman Wysocki to go into Open Session at 5:25 p.m. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

UT 08-10 Update, Discussion & Possible Actions on the Design & Construction on relocating the Westward Manor Liftstation

No update at this time.

UT 09-10 Update, Discussion & Possible Actions on the Annual Water Diversion Usage Report to the WDNR

Harenda: Prior to the meeting the Mayor handed out information with respect to the report Ruekert & Mielke put together for the City that was submitted to the DNR. We received confirmation that they did receive the report and accepted it. This is a template that we can utilize going forth correct?

Chiovatero: Yes. We also received a disk with the rest of the reports and it is modifiable. This was given to Sue Hanley.

Harenda: At the last meeting we did request the City Attorney to review the State of Wisconsin's requirements for Lake Michigan water diversion. Please review the paperwork that Attorney Blum handed out to the Committee before the meeting. Were there any inconsistencies?

Blum: The only issue that I have is the abandonment of the wells. They are asking us to enter into a Well Abandonment Agreement with them and abandon the wells. That is still out there, along with the ongoing reporting requirements that we will have. One concern that I have is determine what steps they want in the abandonment agreement and move forward since we have a one-year deadline.

Harenda: Will we be able to close this all out? What is the status?

Johnson: Of the 3 radium wells, one has been abandoned and there are 2 more than can get done. The process takes approximately 1 month. If we approve these items on the agenda tonight, we can do it this year instead of waiting until next year. I talked to Ralph and because we are borrowing money for the Parkland Green project already, it is easier to borrow the extra \$100,000 to complete the 2 radium well abandonments. I talked to the DNR about the shallow wells that we have blocked off so that they cannot run. We can work on a 5-year plan to get rid of those.

Harenda: Do we have to submit an agreement and have it pre-approved with them?

Johnson: We provided the DNR with a submittal when we received the bids and approval to have the abandonments done. Once the company completes the project, they send the DNR the report.

Harenda: I meant for the 5 year plan for closure of the shallow wells.

Johnson: No. That was just a plan that we set with the DNR. It is what they call a sanitary service survey for the Utility. We gave them a progress plan and updated them on what we would be doing. They are mostly concerned about the radium wells and their abandonment.

Blum: I am not sure that takes care of it. I would like to follow up with the DNR to verify that if we close these 2 wells and they receive documentation, that there is no need for an additional agreement. As I understand it, within 2 years of signing the approval, which would be May 21, 2011, the City shall not use any municipal wells within the approved water supply service area that supply water to the municipal system. I am assuming the shallow wells would have to be addressed in that ongoing agreement and would be something they are looking for. I want to find out if there is something else they expect.

The Committee agreed to have the City Attorney check with the DNR.

Johnson: I think there big concern is to abandon the radium wells. The shallow wells cannot be used since we have disconnected them from our system.

Harenda: We can drop this item from the agenda. If Mark can work with Rick and call the DNR to see if there is something else that we can do with regard to the approvals to the water diversion. We can put that on the agenda as a different topic.

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

UT 10-10 Discussion & Possible Action on the AT&T Cellular Tower Lease Agreement

Harenda: City Attorney received some information about this and wanted a chance to review it. This will be on the agenda at the next meeting.

NEW BUSINESS

Information Utility Payables, Monthly Financials

Dude: Thank you Ralph for providing this information to review on a monthly basis. The Sewer Revenues are a little ahead of schedule through April at 25.6%. Sewer expenses are way over, but this is due to the disposable of capital to MMSD all at one time in the first quarter. The reality is, if you take this out, we are \$63,445 ahead of budget. YTD Revenues to expenses show the Water Utility is \$25,000 down. Pensions and Benefits are at 36%. Holidays is at 52% of the budget expended in the 1st quarter. 42% of our Admin and General Salaries has been used. The number of employees has stayed the same and I am hoping it is an accounting error.

Chipman: I will check into this. When you look at the salary account, you generally look at the overall picture and this is right where it is supposed to be. It is a timing issue. The PSC requires us to have 20 different labor accounts. The overall total is good, but I will look at it.

Chipman: Now that we are fully staffed we can get these out monthly and perhaps include a comment sheet. For example, on the sewer revenue there is amount for \$51,000 that was received from the school district.

Harenda: I appreciate you putting that together.

UT 13-10 Approve a \$1,700,000, 9 year loan to the utility, interest rates from 2 to 4.5%. Proceeds to fund Parkland Green construction & Wells #3 & 7 abandonment

Chipman: I set this up as the same basis as the City borrowing with even principle and interest payments. Because we are borrowing from ourselves, we have the flexibility to change the payment time or payment amounts. We added the well abandonments to the Parkland Green construction project to complete the wells this year instead of next year where we would put it in the budget. The loan is for 10 years. Both utilities benefit because the sewer utility is getting a better rate of interest than they can anywhere else and if the water utility had to go out for a loan, they would have to pay issue costs and the interest rates would probably be a little higher.

Dude: I agree with this. The Sewer Utility is in very good shape, but over the last few years the MMSD hits have been considerable and this year we had to lower the I & I otherwise we would have been in the red \$400,000. We have not had a rate increase for the sewer since 1996. I am not pushing for one, but 81% of our costs are imposed upon us by MMSD and I & I. I think we do have to look at the balance sheets and review them perhaps during budget time.

Chipman: When we set the budget initially we expected the Parkland Green project to come in significantly more than it was and set up to borrow \$2.5 million. When it came in less than expected because of economic times, we added on the wells and we are well within what we budgeted.

Wysocki: Is this on the Council agenda tonight?

Harenda: We are not in the habit of advancing things to Council on the same night; usually we wait a meeting so it gives the alderman a chance to review the information. Is it urgent to take action tonight?

Chipman: It would have been nice to have had this at the last meeting, but we will be sending out bills relatively shortly. We could put it off until the next meeting, but I wouldn't want it to wait any longer.

Motion by Alderman Wysocki to approve a \$1,700,000, 9 year loan to the utility, interest rates from 2 to 4.5%. Proceeds to fund Parkland Green construction, & Wells #3 & 7 abandonment. Seconded by Commissioner Morrissey and upon voting the motion passed unanimously.

UT 11-10 Approve Contract for the Abandonment of Well No. 3

Harenda: The requested action is to approve \$47,293 from the borrowing just approved to fund the abandonment of Well #3 which is necessary to close the well per our agreement with the DNR.

Johnson: Once we get this approved I will contact the contractor to get this started.

Harenda: What were the other numbers of the bids?

Johnson: The closest one was \$28,000 more.

Morrisey: Have you used this company before? Did you have any issues?

Johnson: This company handled the abandonment of Well 5 and the paperwork with the DNR. There were no issues.

Motion by Alderman Wysocki to recommend to Common Council to award the contract for Well 3 abandonment to Water Well Solutions in the amount of \$47,293.00. Source of Funds: Borrowing funds from Wastewater account number to be determined. Seconded by Alderman Ament and upon voting the motion passed unanimously.

UT 12-10 Approve Contract for the Abandonment of Well No. 7

Motion by Alderman Ament to recommend to Common Council to award the contract for Well 7 abandonment to Water Well Solutions in the amount of \$49,143.00 Source of Funds: Borrowing funds from Wastewater account number to be determined. Seconded by Commissioner Morrisey and upon voting the motion passed unanimously.

Motion by Alderman Wysocki to adjourn at 5:46 p.m. Seconded by Commissioner Dude and upon voting the motion passed unanimously.

*Please Note: Minutes are not official until approved by the Committee
Respectfully submitted,
Suzette Hanley – Administrative Supervisor, Utilities & Streets*