

**SPECIAL JOINT COMMON COUNCIL AND WATER WASTEWATER COMMISSION MEETING
NOVEMBER 28, 2012**

The meeting was called to order at 5:45 p.m. by Mayor Moede with the following roll call:

Common Council Members Present: Ald. Toellner, Ald. Sertich, Ald. Schmidt, Ald. Schaefer,
Ald. Pasbrig, Ald. Redeker

Water Wastewater Commission Members Present: Hilbert, Heim(5:49 p.m.), Bushke, DelPonte, Hintz

Members Absent:

Others Present: Deanna Boldrey, Ron Wellner, Don Neitzel, Ben Brown, Jim Hammes, Kate Price,
Bob Smith, Dawn Dethardt, Steven Dethardt, John Andres

Presentation of Wastewater Rate Study with Discussion.

John Andres of Baker Tilly came to the podium to give an overview of the Wastewater Rate Study. He gave history to the rate study and noted that the Department of Natural Resources requires that the City look at the rates every two years. He commented that the Compliance Maintenance Annual Report (CMAR report) does have a question in the financial results and stability asking if the rates have been reviewed every two years. The box is checked either Yes or No. He continued that if you check yes, then you get a passing grade on that part of the report. (Daniel Heim arrived at 5:49 p.m.)

John pointed out the history of present rates on page 2 and that the last adjustment to the rates was in 2009. John continued that overall the City is using 11% less water than projected in 2009. Which means there is 11% less water being sold which is about \$89,000 less in revenues. The vast majority of other municipalities are facing the same situation. The sale of water is going down. John noted the Operation and Maintenance Expenses are growing in nature, the chemicals and electricity are going up faster than inflation. The motors run whether putting a little water or a lot of water. Factor in the Equipment replacement fund which is a requirement of the DNR and the debt service. John continued that is why we are discussing the rate increase.

John then pointed out page 26 of the study which is a table of what this means for the average customer. He noted to take a look at a two step rate increase. Take an increase now and a second increase in the future. The average residential customer pays \$34.07. John noted the projections of \$35.20 or an increase of \$1.13 a month for the first step and the second step up to \$36.65 and another \$1.44 or total \$2.60 to the average customer on a monthly basis. John pointed out the last page of the study which is comparison to other communities. The City of Mayville is not at the top or the bottom; but toward the higher end. He noted at the end of the day the average increase is \$440 annually or daily \$1.20 a day. John continued that the recommendation from Baker Tilly is to raise your rates and looking at 3-4% in each of the steps.

John noted that this is the wastewater portion of the bill only.

Mayor Moede questioned the City of Horicon rates. John noted that there are a few factors to compare such as Horicon does have manufacturing. John also noted that wastewater plants age, size, type are not all the same. The City of Mayville's plant is about 30 years old.

Ald. Sertich questioned the operation of maintenance expenses and the focus on chemicals and electricity. What other factors come into play? Are other elements of the budget looked at to offset. We start looking for savings in other areas. John noted the detail on page 15. He commented that many of the costs do not vary. Ald. Sertich questioned the focus on chemicals and electric; chemicals for treatment there is a reduction not an increase. Ron noted the element of chlorine and sodium bisulfite, that is why the numbers have dropped. Is it fair to include chemicals as reason for the increase?
It went from \$15,100 to \$11,500.

Ron noted he talked to the suppliers to get costs down. Ald. Pasbrig noted that the chemical increase is not there and it is not all electricity. Ron commented their electric bill is about \$100,000 a year.

Ald. Redeker questioned why sludge hauling went from \$87,000 to \$113,000 in four years. Ron noted that they are hauling more sludge. Ron commented that treating less water does not equate to solids. Solids have remained about the same but more concentrated. The water can be conserved but the waste is stronger. Ron commented that there are more sludge loads per week. Ald. Sertich questioned if there were peaks? Ron noted that treating phosphorus creates more sludge. The contract with the current hauler runs out in 2014. Contract was for twenty years. This contract includes sludge storage in Oshkosh. The DNR requires six months of storage. We cannot spread sludge in certain months when the ground is frozen.

Ald. Toellner questioned since the plant is thirty years old, what do you see for the future of the plant. Ron answered that the plant was designed to last twenty years and we are at thirty. Ron noted equipment that runs every day and will need to be replaced sooner or later.

Ald. Sertich questioned if there is a back up fund? The equipment replacement fund is for pumps, motors, and electronic motors that wear out before the concrete and steel. The \$120,000 annual amount is set aside for these items. The fund has approximately \$700,000 in it.

John commented with the phosphorus rules there could be very substantial capital needs. Ron Wellner noted that every five years the DNR finds something new for us to do. A new treatment plant would be well over 10 Million dollars.

Mayor Moede questioned if we get more manufacturing in the City, can we expand? Ron noted he would hope so. John noted it depends on what type of manufacturing you get in.

It was noted we are at 75% of capacity. Ron commented that a lot of the construction has slowed down to do to finance problems of the City. The better the system, the better we are going to be.

Ald. Sertich commented that with the new presentation and addressing the other line items, is the timing of the increase appropriate. Is the timing right and fair? John noted it has been two years since reviewing the rates. John noted it is a win win. Ald. Sertich she commented that there would not be a decrease and once it is in place, it is in place. It was noted there was a decrease some years ago in about 1986. Ron noted that there were positions not filled back in the 80s.

Presentation of Kekoskee / Leroy Wastewater Acceptance with Discussion.

Ron presented the letter asking to enter into negotiations with Kekoskee / Leroy. It was noted would need one person from each group. The Mayor will make an appointment at the next Common Council meeting. In addition, the Council and Water Wastewater Utility will each need to agree to start negotiations.

Discussion of Letter from MSA in Regards to Negotiations of Kekoskee / Leroy Wastewater.

Discussion was covered under previous item.

Ordinance 1049-2012 – No Action, Discussion Only (An Ordinance Repealing and Recreating Section 22-9, Section A. Relating to Membership of the Utility Commission of the Mayville Municipal Code).

The Clerk read the ordinance. Ald. Schmidt commented that he used to be on the Commission. Ron Wellner noted that he could think of two Alderpersons that used to be on the Commission. Ron gave history that the past Council members have been on the Water Wastewater Commission.

Jim Hammes, the City Attorney, gave State Statute information that the Commission shall have 3, 5, or 7 members per state statutes.

The topic of was raised that the Commission wants one Council Member and the Commission President would vote only in a case of a tie. Jim commented that by State Statute the Commission shall consist of 3,5, or 7 members. No option to have six. Jim continued that this is the exception that the Commission does not have Council members. It is a practical matter. It would be similar to the Planning Commission.

Ron noted the history that the City Council ran the Water Wastewater Commission in the past and illegally subsidized water. The Council at that time was told to never be on the Commission. There was a deregulation case. Ron continued that this is not written into the findings. Ald. Sertich noted the lawsuit that goes way back and it had to do with the cheese factory and lagoon but no where there is documentation of saying that one area has control on it. She continued to get rid of the disconnect.

Ron continued that there has been tension between Council and Commission. Dennis Hintz commented that the Commission has been better since Council members have not been on the Commission. Ald. Sertich noted that the Commission would outweigh the Council member votes. Why not take advantage to support some of the things. It was noted that there is problem with two Council Members, would bring too much City business or too many negatives.

Mayor Moede commented that we want people there to listen in and report back. The Mayor continued that he is questioned why there are alderpersons on every committee but the Water Wastewater Commission. Dennis noted that they are regulated by the PSC, and there are rules they have to abide by.

Jim Hammes noted to put the ordinance on the Council meeting and make a decision at that time.

Ald. Pasbrig commented not to use history for the future. He noted we are a focal point, and we want to be part of it to better understand. Let's not live in the past.

Ed Hilbert commented that we are running a good commission why change something that is working. Ald. Sertich commented that the Commission would still have the powering votes. She noted for better understanding. You do learn a lot more at the meetings. Ed continued that the Commission is non-political and regulated. Why spoil it. Mayor noted two people when it comes to voting will not make much difference.

Ald.Schmidt commented that having one or two on the Commission would not ruin the board.

Arlitte DelPonte noted that the item was in place before even talking to the Commission. Ald. Sertich noted it was not. The item was introduced only.

The Ordinance will be voted on at the December Common Council meeting.

Convene into Closed Session Pursuant to Section 19.85 (1) (e) Deliberating or Negotiating the Purchasing of Public Funds, or Conducting Other Specified Public Business, Whenever Competitive or Bargaining Reasons Require a Closed Session.

A. Discuss Negotiations of Kekoskee / Leroy Wastewater Acceptance.

B. Reconvene into Open Session.

Motion by Ald. Pasbrig, second by Ald. Schmidt to Convene into Closed Session for the Purposes of Discussing Negotiations of Kekoskee / Leroy Wastewater Acceptance Pursuant to Section 19.85 (1) (e) Deliberating or Negotiating the Purchasing of Public Funds, or Conducting Other Specified Public Business, Whenever Competitive or Bargaining Reasons Require a Closed Session and to include the Common Council, Water Wastewater Commission, Mayor Moede, Deanna Boldrey, Ron Wellner, Kate Price, John Andres, Jim Hammes, and Don Neitzel. Motion carried 11-0.

Motion by Ald. Sertich, second by Ald. Redeker to Reconvene into Open Session at 7:28 p.m. Motion carried 11-0.

Adjournment.

Motion by Ald. Schmidt, second by Ald. Toellner to adjourn the meeting at 7:29 p.m. Motion carried 11-0.

Deanna Boldrey
City Clerk