WAUSAU WATER WORKS
FOR YOU!

Minutes of January 7, 2025

A meeting of the Wausau Water Works Commission was called to order at 11:05 a.m. in City Hall on Tuesday, January 7, 2025. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on January 6, 2025.

Members Present: President Diny, Commissioners Robinson, Gehin, Force, Watson
Others Present: Eric Lindman, Scott Boers, Ben Brooks, MaryAnne Groat, Anne Jacobson, Dave Hagenbucher/Director Marathon County Solid Waste Dept, Joe Kafczynski/BecherHoppe

1) Approve Minutes of December 3, 2024 Meetings.

Gehin motioned to approve minutes. Seconded by Robinson.

Gehin questioned if the 1973 meter removed was dead, initially thought it was a deduct meter that we didn't own but timewise wouldn't be true and was curious.

Force questioned if we were getting the full run down of the GAC system?

Boers replied we chased it because it was either blue sheet/not working or zero use but it was more than likely not reading and the GAC report would be February.

Motion carried 5-0.

2) Director's Report on Utility Operations.

Force questioned the Lead Service Line (LSL) funding of $6.1 million and $8.9 million with where the interest cost is, how's it covered, if its' through ratepayers, city budget, other source or if there's any clarification on that and what the likelihood of these financial commitments for the 2025 LSL's falling on the ratepayers and term?

Diny replied there are 2 pieces here but referring to 2025 piece, of that $8.9 million is principal forgiveness for private (customer) side. The $6.1 million is low interest loan for the City's side of the LSL. There's ongoing analysis, last year the portion of loans were all customer's side that had to be General Obligation (GO) piece. This piece for next year includes the City's side so it could be a combination of GO, utility as revenue bond or form of TID. We plan to bring recommendations and options to finance committee at the upcoming January 28th meeting. The likelihood is high for that $6.1 million falling on the ratepayers, it's allowable. The principal forgiveness is the customer's side, they won't have any special assessments but on the public side, its allowable and yet to be determined with many factors involved. Groat will be working through some options with Bond Council and Ehlers to strategize this, it's unfortunate, we don't have a crystal ball but will be hammered out soon. That plan would be put together to present through Finance to Council and its a 20-year term.

Lindman replied the interest rate is 0.25%.

Gehin questioned number of expected service lines on private side because we've changed out a lot of service lines on our side and if we've been replacing public service lines utilizing ratepayers up to this point in the street when we reconstruct.

Lindman replied 1900-2000 total lead service lines replacements proposed. In the census track, there's quite a few we haven't replaced on our side in those areas and that's what we are focusing on for 2025. Yes, during our street reconstruction project and as we get leaks, the utility has some money budgeted to replace.

Robinson summarized the issue of allocating the $6.1 million in terms of funding source, whether it's a revenue bond directly associated with the fees, general obligation bond backed by the faith and credit of the city or funded through the tax increment financing within the various tax incremental districts. The criticism has been that the city has been under reporting in the media in those articles its total general obligation debt and that's what the finance committee and council are trying to reconcile going forward. Would we have the ability going forward and into future years to have more of the principal forgiveness to go on the public side? My understanding if we go to market with those bonds, would have different ramifications relative to classifications in terms of the rate we would pay but we're locked in at 0.25%, its more, how does this apply against our total GO limit for the community but there's not material difference between classification of revenue bond versus GO bond for this purpose outside of the statutory cap.

Lindman replied only what's allocated, this year for 2025, its just over a million dollars of principal forgiveness that DNR allocated in principal forgiveness on the public side, the rest was for the private side and had to be paid on the private side.

Diny stated Quarles & Brady has been invited as our bond counsel to give a presentation to council for better understanding of what portion and how they're allocated as the $6.1 million could be GO, utility or revenue bond and classified as one over the other depending on whether it counts towards our debt and will explain that so we could make a more informed decision moving forward. It's how it's calculated toward the debt total, it's under the same but its how they're being obligated, so they'll be here as experts in bond counsel.

Director's Report Placed on File.

3) Discussion and Possible Action Approving Sole Source Request, Associated Budget Modification and Contract with Asterra to Perform Leak Detection Satellite Imagery and Leak Detection.

Lindman summarized other municipalities in Wisconsin have been utilizing this and have been very happy, it created efficiencies on detecting leaks and where they focus their time. This was brought last month but there was no proposal available from Asterra but its in the packet. There are associated costs and savings because Schofield, Rib Mountain and Weston have their own contracts with Asterra and walking through the approval process on their end, its not 100% if they are going to all budget for this or not but for us with the size of our system and being able to focus in on certain areas rather than the entire system would be beneficial.

Robinson questioned if it was for the entire service area, a 1- or 2-year contract for $82,000, what sort of work product in time commitment would there be associated with providing all GIS information relative to current lines if that were a significant workload, if we'd be able to access the data at termination and import all the information they've collected during the terms of the contract?

Lindma replied it would be entire service area including Weston, Rib Mountain and Schofield at this point. They use satellite to take the imagery and analyze data and determine areas to focus on where they see potential leaks. This is a 2-year contract, with paying ½ the 1st year and paying ½ the 2nd year. We have that information we could provide through Dan up at GIS that would probably be an hour for him to put that information together to provide the line data and we'll have all the data information in our system post contract.

Robinson moved to approve the sole source contract with Asterra. Seconded by Gehin.

Motion carried 5-0.

Gehin questioned if the derailment of the railroad at industrial park impacted the water main on the south side of the tracks because it was marked but there was no reason.

Boers replied staff marked it upon request but we wouldn't have followed up on it.

Force questioned history of leak detection surveys in the past and if satellite approach was an improvement over listening to hydrants?

Boers replied we have a 6-year contract for every other year with a company that listens to our hydrants. One time takes them a week to run through and we're paying a little over $9,500 for that week, so every other year is $9,500 for that survey. This is new technology, with our water loss being high, it'd be worth trying this to see where we stand and if we had any major leaks which we probably don't but this morning we're chasing one that's probably 2500 galloons a minute but its' on the low-pressure zone, we aren't able to find it yet and it hasn't surfaced so have most of our staff trying to chase it down as we speak.

Diny stated, last year we were at 17% water loss and we can't necessarily pin it 100% on meters so I think there's some value to this.

4) Update on Operating and Capital Borrowing Financials for the Water and Sewer Utility.

Groat referenced page 32 and 33 in packet, as requested prior actuals were added to give you an idea of where trending was. The budgeting wasn't always accurate with no good picture of what's being spent but if you look at prior year actuals and current year actuals. We are trending identically to last year, our charges for the public services are up compared to prior year, last year at $8.4 million, this year were at $10.8 million mainly due to the rate increase. The state grants and proceeds from debt both reflect the activity this year for various projects we have going on, primarily the GAC project and street projects. On expense side, the main area- some fluctuations are professional services reflective of engineering work related to projects. In our debt redemption, we are reflecting the payoff of the interim financing of $17 million to People's State Bank that was borrowed upfront for the GAC project with the state process, we drew the fund so we didn't replace that with another $17 million, those project costs came in under our preliminary estimates so borrowed we borrowed less, there was a major component in the grant versus our loan forgiveness vs loan so that's why there's a difference there. The increase in the capital project this year for the water utility is not seeing huge changes from the prior year except for payment in lieu of taxes last year in November. Council made the determination of what they were going to allocate or forgive, this year that didn't happen until December so you'll see that transaction in December. For Sewer we're seeing a little dip in public charges and the proceeds from long-term debt reflects the projects taking place on the sewer side last year compared to this year. We have projects coming up that didn't start in 2024 as we thought, such as screening improvements and some of the lift stations so that's the reduction in proceeds from the expense side. We see little higher expense for salaries. Chemicals are down because we're expensing it when we're purchasing it. Capital outlay is similar to last year. We're focusing on getting the month of December closed with the loan closing for clean water and safe drinking water in the first quarter of 2025. We're going to continue looking at how we're going to fund these lead service line replacement initiative and look at revenue. PSC allows water utility to absorb cost on city side but not the resident's side. 2025 we'll be relying on grants from the state/feds to accomplish that and make sure the water utility could afford its share of those programs and we're focusing on getting that date to Ehlers, our financial advisors to evaluate how that fits into the rate structure.

No Action Taken.

5) Discussion and Possible Action Approving Budget Modification for Replacement of Water Main Under Railroad Bridge at Grand and Thomas.

Diny began pictures show condition of that line exposed under the bridge with a band clamp that's stopping a leak.

Lindman stated I was waiting on pricing from engineering estimating $80,000- $90,000 from a budget standpoint but nothing specific written up yet. A concern was if we had to dig back beyond the abutments of the bridge, engineering looked and it doesn't look like we have to because it's cast-iron pipe through the abutments so we would just be replacing the pipe that's hanging under the bridge at this point and tie back into the cast iron.

Gehin questioned if it were C900 and if we'd be putting in steel pipe or what's the intent and if would we be replacing that pipe throughout Grand Ave under the projects eventually?

Boers replied it's PVC not quite C900, it's the earlier version of the C900 wrapped with UV tape. There's no expansion joint on that pipe and under the Scott Street bridge, it's the same kind of pipe, it doesn't get the UV but still gets riddled and gets that snake expansion when it expands and contracts with warm and cold. The intent is to put in HDPE. Grand Ave is scheduled to be reconstructed in the next 10 years or so, hopefully, that HDPE would last until we could redo the whole piping configuration. It's a state bridge so we can't just go in on the approaches, we'd have to take out and replace the entire approach which would drive up cost on the project.

Lindman noted we'd propose replacing it with an 8" pipe because we don't use 6" pipe for mainlines anymore, it's the minimum and we'll need to replace the hangers as well.

Boers stated we'll look at 6" for temporary which would keep our velocities up because that pipe is not insulated so there's enough velocity to keep it from freezing, if we upsized the pipe, we might slow the water down that may have issues so we'll just keep the same put a new pipe in, then work on a full replacement in the 10 year time span.

Robinson questioned how we'll be paying for this and what funding it would come from.

Lindman replied it would have to come out of our capital budget so we might have to defer some projects unless we find we have additional revenue coming in as we get into this new year where we could afford it, but that's why this is here because it's a project that we didn't anticipate and would like approval to move this forward.

Diny stated it's an internal utility budget modification and we don't have the exact numbers but we could entertain a motion.

Lindman replied he'd like a budget about $90,000, if it comes over that, he'd bring it back. We're replacing it with PE pipe and don't have to go into the abutments, anticipation would be less than that but we'd still need to have expansion joints on each side and new brackets to hang the pipe.

Gehin motioned to approve this work project out of reallocating some of the other capital projects for the $90,000. Seconded by Robinson.

Motion carried 5-0.

Lindman noted he anticipates bringing the capital improvement plan back in March for any adjustments needed, we should have some estimates and bids on our projects for 2025, so we should be able to update and bring that back to you.

6) Discussion and Possible Action Approving Amendment#1 to the Master Partnership Agreement with Community Infrastructure Partners.

Lindman stated the original agreement was approved/signed by both the Wausau Waterworks Commission and City Council, it's coming back as an amendment because the DNR had an issue with some of the language on how the agreement was written on cost plus fixed base contract, this amendment establishes a fixed price not to exceed contract, the funding hasn't changed, cost to CIP has not changed, just the wording in the contract. The Key Performance Indicators (KPIs) were removed, Community Infrastructure Partners (CIP) is still held to those KPIs, with a workforce development plan in draft form, all KPI's were met for 2024. This will go to finance next week then to council January 28th.

Gehin motioned to approve amendment. Seconded by Watson.

Motion carried 5-0.

Force questioned if CIP was able to access other sources of funding.

Lindman replied they applied for other funding sources one being a HUD grant which the city recently accepted and we're working with Community Development because it was for finding lead inspections within homes, part of that funding covered the cost of the inspections in the home for the lead service lines, we haven't tapped into that funding with community development, I'm not sure where that project is at this point but that's a partnership with the County. We'll be requesting Money through Community Development Block Grant (CDBG) as well, the program with the city, some infrastructure that might be ongoing but they continue to look at other potential funding sources. They looked at Johnson & Johnson but no additional funding has come to fruition.

7) Discussion and Possible Action on Leachate Acceptance Pilot Project.

Brooks summarized the memo enclosed that included discussions with Marathon County Landfill and engineering firm Tetra Tech to figure a schedule moving forward with leachate acceptance, all parties involved thought it'd be a great idea to have the DNR involved with this decision and provide comment to seek solution, strategies moving forward as far as implications or any punitive damages that city may incur if we accepted. This meeting between DNR, landfill and Tetra Tech on December 11th concluded that DNR wasn't ready to offer any solutions to accepting the leachate and if we accepted it, we were liable for meeting compliance with our discharge permit. We were dumbfounded that DNR wasn't willing to offer any solution or work with us as a team. After that discussion, we had a follow up with the landfill and agreed the city would continue to work on a schedule for leachate acceptance and schedule for PFAS testing. Our DNR basin engineer, Nicholas Lindstrom, offered recommendations for reasonable potential and pollution minimization plan that may work and suggested holding off on leachate acceptance pending our discharge permit to be received in June. Nick stated within the first 2 years, we are going to be required to do PFAS testing on our effluent, not sure on biosolids yet, so we'll wait to see how it looks when we receive the discharge permit. The reasoning is that our numbers are looking good with PFAS, we know where we're at, if we accept leachate prior to required PFAS testing, the chances of contamination within the plant will be piping, tanks and digestors and am not sure how that will result in our testing during the first 2 years. Recommendation would be to do 1st year without leachate and the 2nd year with so there's 2 years of compiled data to be used for a P99 study where the DNR will calculate limits and define any reasonable potential to exceed those limits. If there is a potential to exceed, the pollutant minimization plan goes into effect right away where we'll start looking at source reduction. If we accept leachate prior to testing, we won't know if there's any sources of PFAS from our commercial, industrial, or regular customers that would identify it within the first year to take action on source reduction without the leachate first. Staff recommendation is to accept the recommendation by Nick and approve negotiations with the Marathon County Solid Waste after the 1st year of the PFAS testing, with careful planning, we can manage the project in a way that benefits both Wausau Water Works and Landfill.

Robinson requested deferral of any action on this for another month. We've got a systemic problem, PFAS in the waste stream ends up at landfills, therefore, leachate that comes here, the city wastewater treatment plant gets it in their influent into the plant, then discharged into the river through WPDES permit or attaches to the biosolids, we need to look at this wholistically. I'll put a call into the DNR, to set up meeting for better discussion on a systemic approach. Does the county say no on handling of the biosolids should there need to be reason to dispose of the biosolids at the landfill if we say no to the leachate, that's my concern? We need to approach this kind of holistically and get DNR management involved because we don't have biosolid standards, we have surface water or effluent standards, but we don't have the permits to carry those out. There are minimization plans required if you exceed the standards but there are many unknowns as there are knowns, it would be helpful to continue discussions with DNR and get a little guide if there are any opportunities for clean water funding for either plant or landfill or using innovation funds to work on joint approach on new dollars through the state. I request we delay this and give people a chance to talk through it a little more.

Force agreed with Robinson, we don't know much about PFAS in biosolids other than our biosolids seems to be free of that issue. Reading the environmental press regularly, there's an issue or growing concern about PFAS in biosolids but only Michigan and Maine have taken any action but I expect there'll be more attention so a cautious measure approach is appropriate.

Diny questioned if we were under any timeline.

Brooks replied we have time since we won't be receiving our WPDES permit until June adding that State of Wisconsin is anxiously awaiting the risk assessment release from the EPA on biosolids and effluent that may change the outlook as far as how the DNR is going to proceed with their PFAS rulings.

Diny replied without a motion or any objection, we'll put this off until February if anyone else had any comments.

Gehin questioned where the leachate from the landfill was going now?

Hagenbucher replied 4 loads to Plover, 2 to Steven's Point daily. Plover is 1 million gallon per day plant, to date, their numbers are looking ok, but they have some concerns as well so trying to balance that. He thanked Lindman and Brooks who've been collaborative over the last 6 months with numerous meetings and focused on finding a community solution. We're all being pulled different ways and it's been challenging working in silos not understanding the different possible implications these decisions are making. We're starting to see state level attention as I sit on Wisconsin DNR's External Advisory Committee for PFAS representing the solid waste industry and evaluating possible funding opportunities for some sort of pretreatment. We want to be able to keep the door open on accepting biosolids based on volumes, we believe we'll be able to handle the volumes produced by the treatment plant, if we have a relationship there, we'd like to keep that. Lastly, we are cutting costs and developed a plan to try and get it into Wausau, if DNR is wanting to test, maybe it is taking it right now so we could understand what's the worst-case scenario and if that would put us over that limit/level.

Diny replied it's a community solution driven by the DNR with different entities fighting in their own silos might not result in the right solution but we've got time.

No Action Taken.

8) Adjourn.

Next meeting is February 4th at 11am. Gehin motioned to adjourn. Seconded by Robinson. Motion carried 5-0.

Link to view meeting in its entirety: *https://tinyurl.com/wausaucitycouncil*
Gina Vang, Recording Secretary
S:\WaterWorks\Common\WaterCommission\2025\February\WWWC_20250107_Minutes.doc.