



Minutes of April 10, 2024

A meeting of the Wausau Water Works Commission was called to order at 10:33 a.m. in City Hall on Wednesday, April 10, 2024. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on April 5, 2024.

Members Present: President Rosenberg, Commissioners Herbst, Robinson, Force, Gehin

Others Present: Scott Boers, Eric Lindman, Ben Brooks, MaryAnne Groat, Susan Wojtkiewicz/Donohue, Gema Kite/Horsley Witten

Webex: Nick Cohen/Horsley Witten, Sarah Simon/Horsley Witten, Janet Cherry/Eastern Research Group (ERG)

1) Approve Minutes of February 5th, 2024 Meetings.

Herbst motioned to approve minutes. Seconded by Gehin.

Motion Carried 5-0.

2) Director's Report on Utility Operations.

Lindman asked if there were any questions on any of the items.

Robinson stated from last meeting we talked about the demands placed on staff relative to fiber installation and was wondering if there were any staffing plans or ability to recoup costs associated with locates?

Lindman replied we don't have the ability to recoup but we do charge a permit fee in engineering. The plan for now is just allocating the resources as they come in. We are working on developing a spreadsheet showing the work hours, demands, along with last couple of years with demands between what's happened the last couple of years and with new regulation demands that will be placed on the utility. We'll bring this back to the Commission so they can review and would be Additional data to support the staffing support for staffing increase at the utility. Possibly bringing in May no later than June. Fiber installations won't be just this year, it would be the next several years.

Gehin stated reduction in our 101 environmental fee speaks volume, it tells the quality and efficiency of the new facility, so thank you. Applicants turned down our offer? Did they take on other jobs and what rate were they offered?

Brooks replied the two candidates that declined were working at utilities in the local area in hopes we could capture them but we couldn't offer them enough as where we are at mid-market. They most likely stayed where they were at.

Rosenberg stated she didn't receive a request for higher wage approval.

Brooks replied she did not simply because it would put them above what existing employees were at and we offered close to \$28- \$29 per hour.

Force questioned why locates couldn't be charged to the requesters producing revenue for them and the status of the LSL Ordinance?

Lindman replied we own those lines and per State Statues it is our responsibility to locate. We have a draft LSL ordinance in place but there were several questions to the commission that were not answered. We could bring that back next month. We talked if it was feasible to get this

by end of June when we close on the loans but that did not seem practical with the number of unanswered questions, but we do plan to pursue an ordinance and you will see drafts as we move forward.

Rosenberg suggested talking with State legislator about changing the law as she will no longer be here but that's a start.

Director's Report Placed on File.

3) Presentation by Ehler's Related to Debt Service, Possible Projects, and New Staffing.

Lindman began hardcopies provided as this came in late this morning- see [packet](#) pages 33-39. This looks at Water and Sewer's debt capacity and current debt. The utility has capacity to complete these projects without adjusting any rates. Projects approved for 2024 Safe Drinking Water and Clean Water Fund for principal forgiveness and loans program are listed in the memo. Please see the spreadsheet from Ehlers attached. The only project not included is the Lead Service Line project which has a loan of \$2.1 million because the work is on the private side, we cannot use water rates to pay for that work. The loan with that project would have to come from some other source.

Robinson questioned cash flow and when debt services done to time future issues to minimize impact on rates. Do we have additional capital projects/needs not reflected in current borrowing that could impact our total debt service going forward? If we had the LSL Ordinance in place, does that change the dynamics relative to the private side lead replacement in using rate dollars for that? If so, we could use this as a factor to evaluate and change this, is our goal to maintain debt service we got in 3 years it will drop off? Could we structure debt to minimize future impacts and discuss this at a future meeting?

Lindman replied we would be able to use up to 50% rate dollars to pay 50% cost on private side if an ordinance was in place and the PSC approves the request. We certainly will continue to pursue the ordinance. We are preparing the 5-year capital plan right now and that's really what significantly impacts our debt as we look at our priority projects and priority conflicts; This will be a discussion with the commission on how we address those priority conflicts.

Force questioned the summary in appendix A & B, when we say we have enough borrowing capacity, what is that number?

Groat replied that as we focus on appendix A- water system revenues, comparing historic 2021-2022 financial results for the water utility as compared to what we are looking at today for 2023. We are still in the process of closing our 2023 financial records these are our best estimates. Because water rates were not implemented until July 1st, we had more than ½ year without those current rates in effect so Ehler's projecting that rate. At first, we thought that looked a little high, I calculated this morning too and feel it's a good rate. He's saying in 2024 if we had that full amount then it would be around \$12 million. Our operating expenses in 2023 was \$4.5 million and that leaves us net revenue available for debt service in 2023 at the \$5.5 million projected out next year given expenses have not shown any inflation would have \$7.8 million. Listed debt services maximum for each one of the existing issues and then the big water treatment plant construction \$2.8 million. Based on the projects expecting to issue debt, the \$13 million which is the GAC refinancing that we took out \$17.5 million so that's \$800,000 so the debt issuance is \$4.3 million, we are required to have 110% debt coverage we must have in reserves. This year we would have \$826,000 left but next year that would increase with the expense inflation unknown at this time. We will have new projects in 2025. 2022-2023 we financed most of our underground replacement projects with ARPA. Water looks good, impact of conservation, we don't know what impacts would take place. Sewer shows similar results, we planned future rate increases but we won't have to pull the trigger on those in the foreseeable future. \$11 million in revenue for sewer \$3.8 million in expenses leaving \$7.5 million for debt service. Maximum is \$5.2 million leaving us \$1.7 million

for reinvestment. We have several lift stations that need to be updated, so we are sitting in a good place.

Force questioned if it showed the PILOT expense?

Groat replied it does not show it.

No Action Taken.

4) Presentation by Horsley Witten (USEPA LSL Accelerator Program) on Funding Options and Overview.

Lindman advised Horsley has been working with us through the USEPA accelerator program and presented a couple months ago, this presentation will walk the commission through lead service line potential funding programs through the DNR, what is out there and what other communities are doing.

Kite began she is a senior environmental engineer with Horsley Witten group and other colleagues are joined via Webex. Horsley Witten group and ERG are contractors to the EPA and providing technical assistance to Wausau under EPA Lead service line accelerator program initiative. We are not employees of EPA but are technical support and assistance.

Presentation by Cherry. View [presentation](#) at 22 minutes, 49 seconds.

Lindman added in October of this year, we would need to be forward facing with the public on where our inventory is at. Dan and CIP have been working together on the inventory, not only city wide for lead service lines unknown but breaking it down to census tracts for different areas of the city. The inventory is updated in current time, it's not live yet but will be sometime late summer this year as part of the lead/copper rule with the EPA.

Robinson questioned if we had broken down where the lead service lines were in terms of census tracking in maximizing principal forgiveness? What would be helpful is if we could identify those costs on public side then look at the private side, and lingering issue of inspection in compliance, it would be good to identify the costs and with staffing so we could look at the capital costs. We are putting in the application this year for next year, we don't have a lot of rounds left, so the sooner we get that information the better like a multi-year projection, mapping it out going forward. Hypothetically, we could run into a situation with safe drinking water funding where we make assumptions relative to future eligibility, there's always some funding but we must be prepared for what if we stay beyond 2026 or go back to historic funding levels and what that might mean for ratepayers? Its all information we will need for that ordinance if we go with 5-year mandatory replacement and at one time we were talking about 10-15 years replacement. That's discussion that both this commission and the city council will need to have going forward.

Lindman replied as we move forward working with Horsley Witten, they will be breaking each of those down and run potential scenarios on maximizing potential principal forgiveness scoring for when we apply for the project in 2025. He questioned if Robinson was looking at 2025, 2026, 2027 for capital and debt potential broken out on what you would see in this track we are on and thanked Robinson on what he mentioned that would help with some of those questions we need answered going forward.

Rosenberg questioned Wausau was 2nd to Milwaukee in getting funding, they submitted multiple applications, what that looks like as a percentage to what the principal forgiveness we are getting and if that's something we should aspire to?

Force questioned if there is a deadline on spending the money received.

Kite replied the time frame depends on if you are using municipal contract or prequalified list of plumbers. If municipal contract, then it falls under the duration of the contract so if you secure a 5-year contract to do the work, that's when the funding would need to be spent by, if it's prequalified, the timeframe I believe is 3 years.

Cherry explained there is a timeframe but it's finding the contractors to do the work. Has that been an issue yet for Wausau just finding qualified contractors?

Linman replied yes, there's a lot of questions, we have some smaller contractors with a capacity of maybe 100 or so replacements per year and when we talk about 500-600 replacements in a year it may need to be multiple contractors. As we ramp this project up, we have some local contractors but we have some larger contractors as well. We could extend it year to year, it doesn't have to be spent in that year but it looks better when you go in the following year if you are already spending that money when the DNR reviews new applications.

Cohen confirmed with DNR, if qualified plumber is used, the funding required is 2 years but if it's municipal contract, then it's the life of the contract.

Cherry shared a spreadsheet also available on the DNR website. These are cities that submitted application for lead service line replacements order of score and ranks. Here is a [summary](#) at 58 min, 42 sec. View spreadsheet [SFY 24 CFWP Funding List](#).

Force questioned the largest category is unknown, how do we deal with it and if the commission could get a report from CIP regarding the lead service communication status.

Lindman replied for the inventory we must physically get eyes on them, for homeowners online, they could do their own inspection, take a photo and upload on the website for us to review, this self-inspection has been available online for about a month. Otherwise, we are setting appointments in the census tracts we are working to get eyes on. The city is older, there are areas where there used to be meters in pit, if those meters were brought up, then copper was used to bring those up that was tied into the lead, so it looks like copper coming through, but then we would have to go outside and hydro excavate. We have a list about 50 homes so far that we would have to excavate outside of the home to verify.

Gehin reiterated that we need to clarify, this was not changing the plumbing of the home. The service line from the water main to the property line/curb stop is the utility ownership. The line from the curb going into the home where the water meter would be what we are referring to and nothing else. I hope these resolves some of the questions I've received under the terminology to special assess private side or loan assessment.

Lindman replied if that was the decision by the commission for the homeowner to pay a portion of that the private side, there would be an assessment and a payment plan set up with them to pay with their real estate taxes. We have bids coming up with CIP, we will have something formal or updated at the next commission meeting in May.

Cohen stated the importance that each municipality need to look at how they want to approach the scoring for the funding strategically. The communication/ mitigation piece is an element we could support, if necessary, we don't want to duplicate effort going on but if it's helpful we could coordinate with CIP and help where needed as appropriate.

No Action Taken.

5) Discussion and Possible Action Deferring the 2024 Annual Loan Payment from the Water Utility to the Sewer Utility.

Groat began that one of the metrics that Moody looks at for bond rating, is available cash. The water utility was at a bit of disadvantage because they had to wait for the PSC to change rates. The cash of Sewer as shown for the projection for bond capacity test was better than the water. We thought of the annual payment of \$140,000, we are suggesting delaying the 2023 payment then consider that payment for 2024 to help with the cash position of the water utility, it would be a onetime deferral.

Robinson questioned if this was a function of the audit showing same revenues, continuing to carry obligations but no expense?

Groat replied yes, money would be transferred later, at year end it would show the transfer over for that payment. This would help with the cash position and no interest in the computation it's just letting water utility hold that cash till the end of the year for a better cash position.

Robinson moved to defer the 2024 annual loan payment from the sewer utility to the water. Seconded by Force.

Motion Carried 5-0.

6) Discussion and Possible Action Approving the Proposal and Service Agreement for the Renewal of the Cross Connection Program Through HydroCorp.

Boers began HydroCorp has been doing commercial/industrial sites since 2016, this is another 2-year contract, price is relatively stagnant from the last contract 2 years ago.

Gehin motioned to approve the proposal and service agreement for the renewal of the cross-connection program through HydroCorp. Seconded by Herbst.

Motion Carried 5-0

7) Discussion on the Wastewater PFAS Sampling Results from January & February 2024.

Brooks advised the spreadsheet on page 104 of the packet summarizes the results. For January- Influent PFOA: 6.11 ng/L, PFOS: 22.6ng/L, Effluent PFOA: 5.73 ng/L, PFOS 4.91 ng/L, Biosolids PFOA/PFOS combination 8.5ng/g below DNR standards, no further action required. February- Influent PFOA: 5.84 ng/L, PFOS: 6.03ng/L, Effluent PFOA: 7.39 ng/L, PFOS 5.41 ng/L, Biosolids PFOA/PFOS combination 6.3ng/g once again below DNR standards where no further action required. March samples sent out awaiting results, will review them with the commission. That would conclude the 6 months testing period agreed up. Please advise if further recommendation if further testing is wanted but this is the same testing upon issuance of our new discharge permit once received.

Robinson stated EPA came out with the maximum contaminant level this morning, not directly impacting these numbers but the effluent discharge numbers in the future. The number went down, State standard of 70ppt or DHS recommendation of 20ppt down to 4 PFOA/PFOS. There are standards for Perfluorononanoic Acid (PFNA) and Perfluorohexanesulfonic Acid (PFHxS) of 10, then the hazard index concept of cumulative impact. Have we begun to look at the issue of source from some of the industrial generators, there may be long term implications to our system and cost to the utility if the source isn't identified? We got the regulatory standards then we got the permit numbers, this is something we should keep an eye on to identify a point source to mitigate or reduce the numbers.

Brooks replied we been working with the City of Schofield, who discharges to Wausau Wastewater collection system. They been testing alongside with us for 3 months. We have those results; they are not extremely elevated but there will be some potentials to look into.

Lindman added that he and Brooks have started discussions to look at the basins in the city and have that broken up to take samples in those basins from lift stations and multiple areas and narrow down any areas that may have elevated levels, we'll compile those number as we move forward and bring it back to this commission as well.

Gehin questioned when the new permit would be issued?

Brooks replied sometime mid-Summer for a draft.

Force questioned we have Phosphorus limit based on the maximum contamination level based on the river water quality, will we see similar rules regarding PFAS, do we know what the PFAS content in the WI River?

Wojtkiewicz replied it's been a while since looking at it but the background testing the data is limited but its at that 10-20ish level, at this point I haven't heard specific discharge limits. I think there is nothing specific on the discharge limits from the DNR. The DNR process for

reissuing the WPDES permit is focusing on monitoring and source reduction at this point from the information we are seeing right now.

Rosenberg stated while the EPA noted the maximum contaminant level PFOA/PFAS 4ppt, they have set a non-enforceable mcl at 0.

No Action Taken.

8) Discussion and Possible Action Approving a Bi-annual Contract for Septic Hauler Dumping at the Wastewater Treatment Facility.

Brooks explained part of the NR281.49 code, there's verbiage permits required for haulers to dump at our wastewater facility, currently the city does not have any contracts with these haulers, so I propose we follow the code and implement a contract with each of these haulers that will allow us to have more enforcement and discipline, keep track of who's coming in. I had someone show up and was caught on camera and we've had a conversation with them. They can dump but are now being surcharged for it but it would help to have these contracts in place with these haulers.

Robinson motioned to approve biannual contract for septic hauler dumping. Seconded by Force.

Motion Carried 5-0.

9) Discussion and Possible Action Approving the Contract with IT Pipes for the Purchase of Sewer Televising Software in Conjunction with the new TV Van.

Brooks began the old software is not supported anymore, this new one will allow us to do more in depth tracking/trending and its cooperative pricing. 3-year contract, the first year is a little elevated due to implementation and transfer of old software into new software then less in the subsequent years, this will be invoiced annually.

Robinson questioned if we had access to the cloud after the contract period, as we will be using their cloud for storage? I would like to encourage that we have the terms of that transfer data spelled out, I'd hate to say we need to access that data and they say that's another \$50,000, if we could get clarity relative to the terms of transfer and minimize that exposure on the back end.

Dwelly advised IT Pipes will be storing and managing it and stated upon separation, we will get our information at that time and could convert it into a different company. It's a lot of storage when you're televising and will be needing to do a lot more for all the laterals in the future too. CCIT and Attorney's office reviewed the contract. IT Pipes would be good support on the backend, they seem like a solid company and answer phone calls, our current one doesn't really provide answers for a week or two. This will help track what we've done in the city. They have a local representative based near Milwaukee. This will help with asset management going forward.

Herbst motioned to approve the contract with IT Pipes for the purchase of Sewer Televising Software in conjunction with the new TV van. Seconded by Robinson.

Motion Carried 5-0.

10) Adjourn.

Rosenberg stated it has been a privilege to serve this commission the last 4 years and thanked alder Herbst for her dedication to this cause, it's been hard work, we did it!

Herbst motioned to adjourn. Seconded by Gehin.

Link to view meeting in its entirety: <https://tinyurl.com/wausaucitycouncil>

Gina Vang, Recording Secretary

S:\WaterWorks\Common\WaterCommission\2024\May\WWWC_20240410_Minutes.doc.