WAUSAU WATERWORKS
FOR YOU!

Minutes of May 7, 2024

A meeting of the Wausau Water Works Commission was called to order at 1:30 p.m. in City Hall on Tuesday, May 7, 2024. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on May 3, 2024.

Members Present: President Diny, Commissioners Robinson, Force, Gehin
Others Present: Scott Boers, Eric Lindman, Ben Brooks, Anne Jacobson, Tegan Troutner, Sean Agid/CIP, Eric Jones/CIP, Chad Henke/Solar Array Task Force Chair, Paul Svetlik/ Solar Array Task Force Vice Chair, Susan Woods, Jay Coldwell

1) **Approve Minutes of April 10th, 2024 Meetings.**
   *Robinson motioned to approve minutes as corrected. Seconded by Gehin.
   Motion Carried 4-0.

2) **Director's Report on Utility Operations.**
   Lindman highlighted the resin disposal scheduled next week costing about $124,000. We sold around 300 rain barrels, pick up is tonight and tomorrow night. We grabbed couple extra pallets because there were customers late in ordering so we'll sell them a la carte.
   Force questioned status of the Granular Activate Carbon (GAC) construction and if another resin disposal would be needed before the GAC was up and operating?
   Boers replied PFAS sampling was completed April 17th- PFOA 4.3ng/L and 4.6ng/L, no other PFAS detects. We were at low numbers and don't believe we have to have another exchange for another 6 months; GAC should be up and running by October. We tested effluent (post anion treatment) going into distribution, we haven't tested the wells which are the raw water.
   Gehin requested a copy of the article that Wastewater included in the packet.
   Brooks replied he had some magazines and would be happy to give Gehin a copy.
   Robinson requested the article be presented in in layman's term for the public as it was highly technical.
   Brooks questioned if he wanted that at the next commission meeting?
   Diny replied maybe at the next commission meeting.
   Director's Report Placed on File.

3) **Update on the Lead Service Line (LSL) Replacement Project from Community Infrastructure Partners (CIP).**
   Presentation by Sean Agid/CIP. View Presentation at 7 minutes, 45 seconds.
   Gehin questioned how many of the 440 verified would be full replacements and difference between projected observations in the field vs in our inventory?
   Agid replied they were all partial replacements. Full replacement cost $6,000 and partial replacements are $4,820. This seem less than CDM Smith's 2021 estimation of 8,000 private side and 4,400 public lines. We are seeing about 35% lead. It's hard to know about other tracts but there are whole blocks in Wausau we are not finding any lead at all.

Force requested a map with the tracts identified next time.

Agid replied the map is not zoomed in (refer to slide 3 page 30 of packet), gray- unverified, green- not lead or galvanized, red- lead, yellow- galvanized. We could share the maps of the 5 census tracts that were eligible and can share it via email if you'd like. The 2025 construction application is due end of June, we need to identify which areas to expand beyond the 5 census tracts and overlay that with the principal forgiveness priority areas based on Department of Natural Resources (DNR) criteria.

Gehin questioned percentage of galvanized?

Jones replied less than the lead, the 35% included the galvanized but we do have something separate I could give you because it would be easy to pull out.

Force questioned the connection inside the home with the copper to lead inside of home?

Agid replied that was the role of the third-party inspector (Clark-Dietz), they verify that everything is replaced correctly because they would need to sign off on that.

Jones reiterated we are doing copper into the home and we stop at the meter, water department connects from the meter to the internal plumbing.

Lindman replied that if we connect to something inside the home, there would be a dielectric fitting to mitigate galvanic reaction preventing corrosion by separating two different metals in the plumbing system.

Robinson questioned next year's financial impact if there were less of an impact this year as far as planning, capital improvement budget project perspective?

Agid replied overall to replace the LSL would cost less because there is less lead but what we don't know is the amount of money DNR would award Wausau. We submitted an intent to apply (ITA) for $15 million and intention was 1500 lines at $10,000/line. We know pricing is much better with the bid we received and are locked in for 2025. The option was to reduce that number below $15 million or increase 1500 replacement number to 2000 or above. We don't know the percentage of principal forgiveness awarded vs loans as certain census tracts and blocks qualify for a percentage. We don't know the principal forgiveness at the State level because we don't know how many other municipalities would be applying for it. We would overlay the map based on the 6 criteria and maximize the principal forgiveness but it's up to the city to determine the amount it is asking.

Robinson questioned if it paid to reevaluate that number in this 5-year window as we are in year 2 and have 3 years left only? How do we position ourselves to maximize principal forgiveness and put ourselves in the best terms?

Agid replied the best way was to include your disadvantage communities into every application and weigh the average of how many you expect to include in the application of the disadvantage to the non-disadvantage communities. There're ways to do the calculations based on how many replacements you want to do. We know what each census tract qualifies for in terms of principal forgiveness but we don't know if that would be awarded with the new numbers, we could calculate debt service over a 5-year period. We did that calculation before the award and bids; we could revise the projected 5-year schedule. It was 55% grant 45% principal forgiveness under $60 million that would go down and that could be revised but that principal forgiveness could go down or stay the same. We could revise that in terms of debt service and potential impacts associated with that debt service.

Diny questioned if there were enough homes in phase 1 census tract to get the 700 needed and if we didn't expend that, could it be rolled over to next year? How would that affect our application if we only used 3/4?

Agid replied there's about 700 homes we haven't been into yet that are unknown. Of the 700 if 35% are lead, you're looking at another 250, your right around that 700. If we don't spend that $5.7 million you have 2 years so it could be used in 2025.

No Action Needed.

4) **Discussion and Possible Action Approving 2025- 2029 Capital Projects.**

Lindman referred to the 11x17 sheets included in the packet for the proposed 5-year capital plan and total capital borrowing each year. You requested, for understanding, the annual capability of accepting debt and annual payments is shown in the beginning of the packet. If the utility accepted LSL proposed loan amounts and what the cumulative annual debt payment would be over 10 years and 20 years. The second not only included the LSL but included proposed capital plan and cost of adding staff over the next several years along with the annual expenditures. The rate structure we are in right now is good for the Wastewater and Drinking Water Utility but adding that proposed loan payments is a heavy strain on the drinking water division. For 2024, utility rates could not be used for that loan portion, that's included, the borrowing and loan service would be on a (Tax Increment District) TID or other funding options. Would there be anything from this information packet that this commission needs specifics on, understanding or clarification on something that doesn't make sense to you, there's a lot in here.

Robinson questioned the later presentation relative to the solar array panel's impact?

Lindman replied it was included in the debt service with all the other projects. That debt service would be about $1.7 million. Throughout the year, we are managing our conflicting priorities. We set a plan in June for our capital for the following year but we end up having projects that come to the forefront because of emergent situations or failures that we must address and then defer other projects. Our intent is to establish a capital plan moving forward and stay within those budgets that's approved/accepted by the Commission so whether we defer certain projects and equipment to fit in other projects or if bids come in high, we defer that project. We do that every year.

Diny reiterated the LSL is shown over 5 years and over 10 years. The thought process is if we could stay on this 5-year pace while the grant money is still high relative to the loan portion, we are at a 2/3 vs 1/3 and if we had to shift based on debt load to a 10 year, we could go to that but let's maximize grant money. It would make sense to target the lines on both city side and private side that would give us the most efficient use out of contractors and cost savings for the city. We are requesting action on this plan.

Lindman replied yes, the general capital plan for the drinking and wastewater. The LSL plan is evaluated annually and would come back this fall for further conversations and application to the DNR for where that potential funding might be that goes into our other items such as the LSL ordinance for user rates, there's a lot that must happen before the utility could take on that project from a financial standpoint.

Robinson questioned LSL factored into capital plan on the public side but sees zero for borrowing. You haven't factored that into the plan but you have it for the financing plan, it would be beneficial to see in both. I don't see the Solar Array in the capital plan if it's built in the finance, that leads to confusion. If we could wrap all those costs?

Lindman replied for the capital plan, it wasn't an intent to have the utility pay for the solar, we don't have approvals to pay, we would have a different path to take with the Public Service Commission (PSC) to use water rates. If that's what you want to see, we could do that but the Solar array would come out of the general obligation and other funding but if you want to see in the capital plan, we could put it in there.

Robinson replied his preference would be to include it and you could look at the funding source and footnote it or deal with it from a funding source. If we are incurring those capital associated with the operations of the utility related activities, it'd be nice to capture them. There was a discussion using American Rescue Plan Act (ARPA) funds and others to supplement solar array. For transparency, it'd be nice to see what we're doing from a utility perspective if it relies on safe drinking water loans, revenue bonds or GO bonds, those could be footnoted or clarified.

Lindman replied he could certainly add those.

Gehin questioned the excess revenue from Ehler's report as it may be for the benefit of everybody else.

Lindman explained that the excess revenue is at the end of our operational budget and our capital projects. That is the revenue under the current rate structure that the utility would have to do capital projects. Pay down debt service on an annual basis. For 2023, drinking water shows excess of $826,000 that's half going into 2024 because the new rates went in July 2023 and we didn't get a full half year of rates, so those are kind of the numbers we're comparing as we run into our capital debt service every year. Wastewater side is about $1.8 million that would be steady going through 2024 as well. Moving forward, the Drinking Water and Wastewater Utility's excess revenue is going to be close $1.6 million to $1.8 million a year available for capital project. That shows us our rate structure is good, we want to maintain that and do anything to prevent future rate cases and rate increases.

*Gehin motioned to accept the capital project plan but add the language to demonstrate the solar panel footnoted and LSL replacement showing but not part of the debt remembering that it's a plan and not firm so it's subject to change.

Robinson stated his experience with the county included all the projects in the CIP then it's broken down to funding source but you're listing all the projects whether it was ARPA, highway fund, federal grant. For transparency in communicating to the public and council, it's important that we show those.

Lindman replied he is happy to bring it back next month with updated sheets and if the commission was ok with what we were presenting.

*Robinson seconded Gehin's motion to accept 2025-2029 Capital Projects.

Force requested if there were better ways to improve this as it was very confusing. He recalled several years ago of receiving statements from accounting showing revenue and expenditures month by month vertical bar compared to prior years and that was helpful in determining the financial health of the utility. He would appreciate simplifying with summary sheets or graphic presentation. He also questioned user rates as money in hand that could be used for projects and that we were not talking about new user rates.

Lindman replied he would work on that for next month both narrative and graphic if it's done beforehand, he would share it with Force to see if that's the right path.

Diny reiterated this is treated as our CIP process, if the funding is not there, the list shrinks or it could grow.

Motion carried 4-0.

5) **Discussion and Update on a Lead Service Line (LSL) Replacement Ordinance.**

Diny explained this ordinance would have a major impact on funding, so we're going to need to give this a good kick today because we owe it to the utility and citizens to understand that we need a plan moving forward, this has been languishing here and we need to move on it.

Lindman brought some of the questions highlighted from the last meeting. One piece is the funding, there were questions if there's going to be a special assessment to the homeowners, and if there was, was it a percentage or flat rate if it was paid back over 5 years, or does it defer to other options. The city and utility have different options, we could detail those out in this ordinance or keep it more general to where private sides mandated as funding is available and structure the funding outside of the ordinance so if it changes from time to time the entire ordinance doesn't. I'm not sure where the commission is on the decision to move that forward.

Robinson questioned the proposed ordinance and CIP's work process, there seems to be disconnects relative to processes and timelines. As we go through 500, 700, 1500, 2000 a year, we build in there on the customer side, some process where we notify, they have 30 days to take two bids, we take the lower bids which is not the process that we are using. How will we reconcile the difference between our current plan and the ordinance? Do we need to somehow build some opportunities to move ahead with the ordinance that is not in its current form? Is there an off ramp?

Lindman replied we could put in either or. We could leave it more general. We could leave it like how we used to where the homeowner hired their own plumber, they are on their own or how we are doing it now and contract that work through the city and administer that and work with the homeowner. CIP is taking on the risk and all the responsibilities of the homeowner in making sure all that work is being done. We set an ordinance in place, if we get in too many details, we may have to come back year to year and constantly change it, we may want to generalize that and how the project is going to be delivered keeping in mind that the lead service line ordinance has evolved over the years and we've pulled in other municipalities and how they are doing it and we are on a path that no one else is doing. We want to try to do this more general if the city moves in one direction or another that the lead service line ordinance stays in place.

Robinson questioned the right of entrance as we've had three refusals, how do we deal with those, obviously there's a provision but we're moving down a different path and hope we have a tiered approach within the ordinance. If we go with a public and customer side city sponsored plan the following sections are not applicable, if we don't then you would have that there. I don't want to open us up to a potential criticism lawsuit or private party saying they have the right to 2 contracts and was imposed on or potential conflicts, maybe legal could work on that? The ordinance gives you a 7-year period to do the connection but we are in a 5-year plan, there's some reconciliation between the two. You got 3 years additional funding and the intent to apply (ITA) opportunities but you don't know what will happen, when planning just be aware of that 3-year window. I'm comfortable with that ordinance if we have that on/off ramp.

Lindman replied if Robinson was requesting provisions for both types of installation incorporated into the ordinance. We could work on that. How detailed do you want to get on the funding, it could be very general, as funding is available, there is already some language in the ordinance. We'll keep the funding piece general because that decision will be made year to year because we won't know the amount that would be awarded from DNR after submitting the Intent to Apply (ITA).

Diny stated if you looked at what our cost is going to be in the next 5 years and stay on that same trajectory, 1/3 of the installation for a homeowner could be $1,500 over 5 years. On a total $6,000 replacement, that's a pretty good deal. 300 a year if it's 5 years. The residents are going to want to know if that's the route we are going or if it's going to be funded. We can't keep them in the dark and if we keep this in the plan next year that we hit more city sides, we are not allowed to do partial replacements so how do we handle that. We are going to have more city side that we're going to have to complete line replaced.

Lindman questioned if Troutner had anything else to share as they've gone over this draft multiple times.

Troutner questioned bullet point three, we need an answer on who's responsible for setting the policy on how LSLs are to be paid. We talked about the council making the final decision on the ordinance but how the commission wanted this structured. Do you want a paragraph starting off with the history of funding, types of available funding as there were multiple different options and scenarios and requested direction.

Robinson stated he didn't know what he was looking for but will know when he saw it. Requesting a process, the ordinance lays down the framework under which we'd operate from a legal perspective but making sure we could deal with CIP's plan and our proposed mandatory ordinance. For the financing, maybe we say subject to the availability of funding and expand that to include special assessments as a tool for when we must deal with this on an annual basis. We'll need to look at CIP's plan for the year and see where that fits the funding based on resources available. We run risk of being inconsistent with application because 1 year we may have safe drinking water funds and loan forgiveness and other years we may not which will impact the cost. The question behind the ordinance is if we adopt it, will we put the customer's side on the rates? The only way to do that is if we had an ordinance and that may be for a different discussion but I don't know the deadline date on the provision but to address those as we encounter them?

Troutner stated the language Robinson wanted in the statute wasn't going to cover all the basis and was concerned that what he was requesting resulted in a super vague section in the ordinance about financing because that's all up in the air. She suggested sending multiple copies of what other jurisdictions were doing to Robinson to provide guidance on what he preferred and why. The one in here was similar to what Sheboygan and other municipalities that have this ordinance in place.

Robinson questioned if there could be a provision for a financing plan to be developed on an annual basis by the council subject to implementation under the ordinance and then look at the funding source as the trigger and have the plan be a perspective planning document that would be built into the ordinance to drive it so you wouldn't have to revisit the ordinance annually but through adoption of the plan.

Troutner replied we could make that work.

Diny questioned if we would be doing something different with the ordinance depending on the funding other than speeding up or slowing down the process or do something different mandate vs nonmandated? This needs to be done by October.

Robinson replied we would still have the mandatory connection ordinance; the question is when is it applicable? If we're doing the public side replacement, you have to do the private side within 5 years. The trigger mechanism would have that two-tier track and leave the current language in because there's no certainty of funding going forward but if we go with the capital improvement plan, it could be possible there's not impact financially to the customer. We could have that track where we could proceed down that CIP vs non-CIP process. If we could have the financing plan that can drive the ordinances and then within those have the available resources and have the plan be approved by the commission and council.

Agid replied 2026 ITA is due October this year for funds next year.

Force questioned if dispute resolution was covered adequately in this document? He didn't see anything related to an obstinate customer and wanted guidance.

Troutner replied the Public Service Commission (PSC) is going to require a section regarding discontinuation of water services if we are going to use rate paying funds. This was a starting point based on information received from previous meetings and discussions and this was like a soft discontinuation as opposed to a hard discontinuation. Giving the city an alternative to get compliance which is required by the PSC. I think its adequate but if you want something different, you can give me direction on what language to say.

Diny questioned if the wording could be done by the next meeting.

Troutner replied she would get it done by the next meeting.

No Action Needed.

6) **Discussion and Possible Action Approving Next Steps of a Proposed Solar Array for the Drinking Water Treatment Facility.**

Henke presented. View Discussion and [Presentation] beginning at 1 hour, 10 minutes, 8 seconds.

Henke presented that recommendation would be to go with slide 7, page 77 of the packet of the 720 kilowatts with the installation cost of $2.57 million stating that it uses the property for a green, ecofriendly purpose, uses the property to build resiliency into the water plant, that gives best return on our investment, leaves room for future expansion, and meets the surrounding community's concerns.

Lindman stated the next steps would be pursuing funding and working with WPS on interconnect agreements, designs, and layouts. Even with ARPA funding that would need to be obligated before end of 2024 maybe do a contract this year and do a late 2025-2026 timeframe. That would give us time to pursue Department of Energy (DOE) grants and inflation reduction act grants to help fund the project. This is more a long-term cost savings project for the utility and rate payers. We are not just looking at short term, this would help mitigate future rate increases as we move forward. We look at the payback but if this could be net neutral and over time it helps reduce our operation costs that's a win for all the users in the city.

Force reiterated the importance of demonstrating not only using the payback as a factor in determining this project but that it also demonstrated an ecologically and environmentally friendly project that puts this city on the map as supporting green energy.

*Robinson motioned to accept the recommendation of the solar array task force and direct appropriate staff to prepare the necessary presentations relative to the next steps of implementing the plan. Seconded by Gehin.

Motion carried 4-0.

7) **Discussion and Possible Action Approving a Budget for Additional Staffing as Recommended.**

Lindman outlined the budget item, what the impact would be as well as Ehler's information. Both the Water and Wastewater Utility have capacity to add staff and would like support from the commission on a budgetary standpoint and move this along to HR Committee for consideration and council. We are proposing adding 2 staff at Wastewater and 1 at Drinking Water facility this year.

Robinson stated this added about $700,000 annual cost adding all recommended staff at both water and wastewater. We're playing the excess revenue for capital projects and operations. We're factoring in all costs and impacts, in 2025, when you have that add on, can we absorb that without rate increases? Is this just for the 3 positions?

Lindman replied we are not adding all the staff recommended at once, this will be evaluated annually as operations continue. One of the biggest concerns were our user rates but after what Ehler's put together, I'm comfortable with moving this forward. We looked and based this as an absolute need to add additional staff. Brooks and Boers put together what hours we have available from staff and what hours we need and we don't have enough hours to complete our required work, not taking into account emergent situations that arise. A critical priority is to begin adding staff on a slow basis and evaluating how that effects our operations and improvements with efficiencies. The final approval goes to HR and Council, there's plenty of information here to support the request and the utility could support the 3 staff.

*Robinson motioned to approve this recommendation and move it to HR adding 1 staff for Water and 2 for Wastewater staff division. Seconded by Gehin.

Gehin stated adding these 3 employees puts us at 35 employees combined from both Water and Wastewater. He recalled there were over 50 employees.

Diny stated budget would be the driver here and we don't have an appetite for raising rates. The additional staff would be helpful to the utility as we have an increase in locates.

Motion carried 4-0.

Force questioned if it was worth our time to raise this issue of locates to legislature. Maybe drafting a letter to the legislature and pointing out the cost factor?

Boers replied it would help if we get some type of relief but it would take an act of legislature to appeal that. As a utility, we are required to maintain our items and make other companies aware of where our items are at while they are working around it. We don't have to do the work but we would be responsible if there were any damages.

Lindman stated next time he saw Snyder or any other legislature, he'd speak with them in trying to figure out how to generate revenue to cover costs with locating utilities. Force stated he was thinking that a formal request from a governing body may be beneficial.

8) **Discussion on Wastewater PFAS Sampling Results from March 2024.**

Brooks began that with March's testing, it concluded the 6 months the commission was requesting. The proposed effluent limits were highlighted at the top of the sheet. The bio solids are also below the limits of 16ng/g. The combination of PFOA/PFAS is 6.91ug/kg.

Diny advised this will roll into the Director's Report.

Robinson questioned the requirements for sampling with the new WPDES permits?

Brooks replied 1x a month for 2 years. We are not sure if there would be a Total Maximum Daily Limit (TMDL), meaning we discharge into the river or not because there hasn't been any firm talk on that yet.

No Action Needed.

9) **Discussion and Possible Action Approving the Purchase of a Truck Chassis That Will be Converted into Tanker Truck Used for Collection System Flushing Maintenance.**

Brooks began their flushing truck failed. We received Boer's old tanker and would like to purchase a truck chassis that would be used as a tanker truck with accessories to make this project complete. We are looking at around $27,000 for the truck and accessories.

*Force motioned to approve the expenditures for this truck. Seconded by Robinson who amended the motion to approve the purchase of a truck chassis not to exceed $27,000.

Motion carried 4-0.

10) **Adjourn.**

Gehin motioned to adjourn. Seconded by Robinson.

Link to view meeting in its entirety: ***https://tinyurl.com/wausaucitycouncil***
Gina Vang, Recording Secretary
S:\WaterWorks\Common\WaterCommission\2024\June\WWWC_20240507_Minutes.doc.