



Minutes of June 25, 2024

A meeting of the Wausau Water Works Commission was called to order at 10:00 a.m. in City Hall on Tuesday, June 25, 2024. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on June 21, 2024.

Members Present: President Diny, Commissioners Robinson, Gehin, Watson

Excused Member: Force

Others Present: Scott Boers, Eric Lindman, Ben Brooks, Anne Jacobson, Tegan Troutner, MaryAnne Groat

1) Approve Minutes of June 4, 2024 Meetings.

Watson motioned to approve minutes. Seconded by Robinson.

Motion Carried 4-0.

2) Director's Report on Utility Operations.

Lindman highlighted the updates on the Lead Service Line Replacement with the current project and the funding application for 2025 and for the loan closing this year. Department of Natural Resources (DNR) wasn't ready to close on the loan earlier so we went through with CIP and started uploading our documents. We are up to the point now where we only need our financials uploaded. The quickest we could close might be in August but it may get pushed to September. Goal is to make the August City Council meeting with the financial assistance agreement for approval. Installations for the lead service line replacements began this week starting on the southeast side then will proceed to the other 2 census tracks with the plan to replace about 700 this year. Anyone have any questions?

Director's Report Placed on File.

3) Discussion and Possible Action Approving a Lead Service Line Replacement Ordinance.

Diny advised this had several iterations and the approach is to keep it as general as possible to give us flexibility moving forward not knowing all the details on grants, or timelines for funding moving forward. We are required as part of the grant application process and given points that allow us these grants to make it easier for the city to complete this task. I'd like to see us move this to council for consideration.

Gehin questioned if we could amend the draft to state meter instead of customer's meter? it was in the previous draft but didn't see it in this one. There should be verbiage explaining the lead service line to be replaced is from the curb box to the water meter and not the internal plumbing of the home, this should be made clear.

Robinson questioned if we wanted to have verbiage subject to council approval if we don't have funds on the private side and need to do special assessment, does the commission have permission to enforce special assessments? Looking at financing 13.66.080- page 6- Financing replacement, is there opportunities or special assessments?

Lindman replied, that's a special charge because it's the private side but the next paragraph says the city may establish a program to provide financial assistance to the property owners

which leaves that ability open and would need to be approved by council to set up a loan repayment or special charge. That would be a recommendation by the commission to council who would make the decision when it comes to financials just like other assessments and projects. If there's a program in place, the council will establish that program that includes the payback and terms associated with the cost.

Troutner reiterated that it would be the council who made the final decision if the city establishes a program to apply for financial assistance so it's not set in place right now because the city may or may not establish it.

Diny replied, it is the homeowner's responsibility. If you look at this year, we are looking at 2/3, 1/3, if we were charging, it would be \$1,500 over 5 years pay back, roughly \$300 year. But because we can't predict the next 3-5 years and funding availability and variables, this is the best language.

Lindman reiterated that the commission sets the priority for the projects but the council establishes the funding for it, if the commission wanted to do a project, like in our capital projects, and the council is not supportive for funding it, those projects don't happen, so ultimately the council determines the financial decisions during the budget process and any special projects.

Robinson stated he didn't see that in the ordinance.

Troutner advised while its not written in the statutes, that's how the procedures go. If you keep reading, ordinance refers to the council. Do you want subject to public funding added to the 2nd paragraph, city may establish a program to provide financial assistance?

Lindman replied, the language we chose saying the city may establish a program refers this back to the Council. The council is the decision maker for the financial portion. From legal standpoint, the city council makes the decision and changes for the special assessments. I have spoken with CIP at length and there will be the start of a broader public outreach campaign for the lead service lines to include health risks and education about the equiflow program and its association with the city. We were on tight deadlines so we focused on the first couple of census tracks but we need to reach out to the rest of the city. From year to year there will be potential complaints that some residences get their replacement for free and others may have to pay, this is in part to how the federal funding is being dispersed.

Gehin moved to approve lead service line replacement ordinance amending the customer's meter to generic water meter if that's still in this draft and a statement that this doesn't apply to internal plumbing, just the line from the curb to the water meter and not beyond that. Seconded by Watson.

Motion carried 4-0.

4) Discussion and Possible Action on the 2023 Public Service Commission (PSC) Report.

Lindman began Groat is here in case of any financial questions but over the last few years there have been items added by the PSC such as age of our water mains and inventory of service lines. The inventory continues to be a living document and will be updated as we go through the lead service line replacement projects. We have return on rate computation in the report and outline sale of water and calculated water loss. There is a lot of information in here.

Groat highlighted this is the first year of workday so there were many challenges to complete the report in the order the PSC wants to see it, next year will be better. Every year PSC adds additional information they want. Revenues were \$10.1 million vs the \$7.5 million the previous year so \$2.6 million increase in revenues. Operating expenses \$1.2 million increase, chemicals were a big part of that. Net income \$2.9 million vs \$1.4 million. You could see down on the report, misc. non-operating income \$1.1 million; this is contributions from the city for the projects so its not real cash. Page F7 is the balance sheet, cash continues to be a

struggle for the water utility. Operating cash was a deficit of \$147k, compared to \$923k at end of 2022. Investment in assets about \$800k worth of meters. Debt increased as the utility took out interim financing of \$17.5 million for GAC with loan closing this Thursday. There is a rate of return in here, page F23- 4.23% vs 3.02% of last year, hopefully, a full year this year of rate will help us gain our cash position back to a positive rate. We postponed payment back to the sewer utility to help with cash. The sewer's income is based on water usage so they need to pay for meter costs as well. The PSC governs the process to allocate meter costs to the sewer utility, they are paying a depreciation rate over a 20-year period and not looking at those upfront costs.

Lindman stated in 2018, we changed over meters from Neptune to Sensus, our goal was to increase meter exchanges throughout the city, we had old meters not reading so meter readings and usage are not accurate, we are losing revenue on an annual basis. When we started ordering those meters, they became hard to get, manufacturers shut down. We had about 8,000 meters on order and those orders just carried over year to year. Last year and going into this year we started getting those meters and that is why there is such a large cash outlay instead of over 5–6-year period.

Groat referred to W-07 for tax equivalent that the water utility pays the city based on an average plant and tax rates, the calculation came out to \$1.8 million, the city defrayed and allocated \$1.5 million. In August, Ehler's will go through financial projections to look at ways we could decrease that. I have my hands in both the Utility and City's pockets, if you take from one the other pocket is lighter. All parts of government are being affected by inflation.

Gehin questioned if there was a typo on the number of employees. Page1 of Schedule F06 says 31 employees. This report should not include the sewer.

Groat replied it could include sewer utility and the front counter.

Lindman replied 21 is not accurate either. Dvorak advised she had made a correction but not sure which part she corrected.

Gehin questioned the 17% water loss. Last year was under 10%.

Lindman replied that a lot of it had to do with the meters. One was just changed out from 1968. We have a lot of meters in the 2000s that are no longer reading. This year is the first year we are shutting off water to force residents to allow us to make meter changes. When the new meters go in, we'll start getting complaints because they haven't really been paying their appropriate water bills.

Boers stated, we've been working on trying to be more accurate in our water facility. Water meters at the new plant was tested after the first year and remain accurate. We started using more metering at our process water, so if we had running water line for freezing, we are putting a meter and getting more accurate reading. Our reporting has gotten better, there are only a couple of variables left and water meters were one of them. We have a lot of meters that were put in 2012-2013 that are reaching that 10-year lifespan. Last couple of months, we've been looking at the failure rates, there's a large failure rate meters that we are going through. We couldn't get meters for a couple of years, then we had the switch of meters, then covid, so we couldn't get into the homes. 2 years ago, we ordered 8,000 meters and last year and first part this year we finally got 2,500. We are holding onto those too because we don't want to go into people's homes for the lead service lines and not replace those meters. If they are getting a new service, we are changing out their meters at that time. Couplings and elbows are getting hard to find and we have those ordered too but just haven't received them. We are suspecting more loss through the meters and residence/homeowners than the distribution lines.

Robinson questioned if we should put the rain barrels under the water conservation program.

Boers referred to Lindman as he asked the PSC and they advised not to put it in the report.

Gehin questioned what the standard was and if it were 15% water loss?

Diny stated we'll have to weigh those out for the replacements, because if we asked the homeowners to bring their meters out of a pit, then later we go in and change their water service lines they may be paying twice, we want to make this as equitable as possible for the homeowners. We need to make every effort to get our water loss under 15%.

No Action Needed.

5) Update from Regulatory Affairs Seminar and Upcoming Regulations.

Lindman stated he attended the seminar and this year they focused on lead service line replacements. There's a lot of agencies we don't hear from that speak and attend this conference. Like the Association of State Drinking Water Administrators (ASDWA), they tell the DNR what to do. Hearing about what regulations might be coming down. There's going to be no shortage of additional regulations coming down which all deals with economics. The big push right now is Cyber Security and that would be additional costs to the utility both Water and Wastewater, those are happening and will be coming in the next 12-18 months, there could be requirements. The DNR/EPA is going to continue to look at the regulations whether it's the lead and copper rule, disinfection byproducts rule, or other emerging contaminants, all the municipalities that were there were pushing back stating this continued push is inundating users with costs that we can't keep up with.

Robinson questioned the pinch points relative to cyber security because we are automated.

Lindman replied, it's the remote access. The operators on call could remote access in with a tablet, some consultants provide updates remotely to our SCADA system and programming. A Cyber Security assessment will eventually be required, then a cyber security plan. The DNR says the EPA wants to regulate cyber security directly to utilities and they are not happy with that because the DNR regulates the utilities, there's friction there with the Feds and the State. DNR says they don't want to house these documents and it's an open record, so they don't want them to be accessed. They are not sure how they are going to regulate it, that's one of the holdups. As we know more, I will provide updates.

No Action Needed.

6) Discussion and Possible Action Establishing a Day and Time for the Monthly Wausau Water Works Commission Meeting.

Diny questioned what the commissioner's thoughts on dates/times were after sharing the availability of the Council Chambers and could do like 11 to 12:30 to be more accommodating.

Gehin preferred earlier in the week. Watson preferred around lunch hour.

Consensus reached to schedule meetings in the AM starting with August 6th to move from 1:30pm to 11:00am. 1st Tuesdays 11:00AM to 12:30PM.

All present agrees, no formal Action Taken.

7) Adjourn.

Watson motioned to adjourn. Seconded by Gehin.

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

Gina Vang, Recording Secretary

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