

**VILLAGE OF GRAFTON**  
**BOARD OF PUBLIC WORKS MEETING MINUTES**

**AUGUST 10, 2009**

The Board of Public Works meeting was called to order at 6:00 p.m. by Chairman Ron LaPean.

Members present: Ron LaPean, Pat Murray, and Richard Rieck.

Members absent: Edwin Dietrich and Scott Volkert.

Staff Present: Director of Public Works/Village Engineer Dave Murphy, Utility Director Tom Krueger, Utility Superintendent Tim Nennig, and Administrative Assistant Melissa Depies.

Others Presents: John Mayer – Utility Rate Consultant, Ken Sedmak – Donohue & Associates, and Bill Hass – resident.

**HEAR PERSONS REQUESTING TO BE HEARD**

None

**MINUTES**

Motion by Pat Murray, seconded by Trustee Rieck, to approve the July 13, 2009 Board of Public Works meeting and the July 20, 2009 Special Board of Public Works meeting minutes. Approved unanimously.

**WATER & WASTE WATER**

Update on water/sewer rate study and recommended rate increases

Utility Director Krueger introduced John Mayer – Utility Rate Consultant who completed the water and sewer rate studies.

Mr. Mayer stated that current and historical financial data are used when doing this type of study. He explained that utility revenues should pay all operating expenses, debt service principal and interest, and ordinary or typical capital expenditures for an average year. The current level of capital expenditures is approximately \$612,000 per year. As is the case with most water and wastewater utilities, Grafton has seen a decrease in usage. Residential, industrial and public authority usages are down; however commercial usage is up - for a combined overall decrease in usage of 6.1 percent. Since 2000, total water sales have decreased 15.4 percent. This decrease in usage results in less revenue for the Utility, however expenses have not decreased, resulting in the need for a rate increase.

Mr. Mayer recommended an increase of \$180,800 which represents a 16.4 percent rate increase. This proposed rate increase would add approximately \$7.07 per quarter, or \$2.36 per month, to the typical residential customer water bill. It is also recommended that the Utility apply for inflationary rate bumps at least annually or whenever eligible via the Simplified Rate Case (SRC) procedure. The SRC application process allows for small, periodic rate increases that are more acceptable to customers and more beneficial to the Utility.

Mr. Mayer stated that a similar procedure is used to analyze sewer rates and revenue requirements. There are some large wastewater capital projects coming up that will require borrowing and additional debt service costs. He recommended to increase revenues \$322,900 or 19.2 percent. The average residential customer bill would see an increase of \$12.82 per quarter or \$4.27 per month for sewer.

Mr. Mayer stated that Grafton's proposed water rates would still be lower than a barometer group of neighboring communities and lower than the average of all Class AB water utilities. With these proposed increases a typical residential water/sewer bill will increase \$19.89 per quarter or \$6.63 per month.

Mr. Mayer emphasized the importance of doing regular maintenance, rehabilitation and upgrade projects to keep the treatment plant current and compliant with regulations. The worse scenario for any municipality is when the plant falls to such a state of disrepair and then a totally new or reconstructed plant is required.

Mr. Mayer stated that the submittal process to the Public Service Commission (PSC) takes 3 to 4 months; therefore the Village can expect to have a hearing in late November, early December. However he needs authorization at this time to file the report and application for a water rate increase. Mr. Mayer noted that the sewer rates are not approved by the PSC; therefore the Village Board can implement new sewer rates at its discretion.

Trustee LaPean questioned if the Village has enough water capacity for the long term that would enable it to sell water to other municipalities.

Utility Director Krueger responded that because the Village uses wells and does not have an unlimited supply of water, selling water on a wholesale basis could put a limit on future development unless the Village invests in expansion of its water supply.

Trustee LaPean questioned if the rates should be increased annually from this point forward to avoid the double digit increases. Mr. Mayer responded that the PSC has to approve the Simplified Rate Case which allows for small periodic rate increases. Assuming that new rates are implemented in January 2010, the soonest that Grafton could apply for a SRC increase would be in April 2011.

Trustee Rieck commented that approximately 4 years ago the Village applied for a simplified rate increase and was denied; what can be done to avoid denial. Mr. Krueger explained that the Utility was not at full staff at that time and consequently had depressed expenses which inflated Utility income that exceeded the PSC authorized rate-of-return. This was a fluke period of time and the Utility was not eligible for the SRC based on the prior year's financial reporting.

Mr. Krueger stated that the PSC will require a public hearing before approving the rates. He would like to see some articles in the paper and get some information out to the public before the increase percentage becomes public.

Utility Superintendent Nennig was concerned that unaccounted for water was not taken into consideration when determining these rate increases. He stated that the Utility is reporting 20 to 25 percent unaccounted for water and if we were receiving revenues for this water then we may not need such a large rate increase.

Mr. Murphy responded that unaccounted for water will only increase revenue if someone is receiving water without paying for it. The Utility has very little expenses with unaccounted for water such as the electricity to pump the water and the chemicals to treat it.

Mr. Krueger stated that the Utility has been diligently trying to reduce the amount of unaccounted for water. The Utility will continue to budget for further investigations.

Motion by Pat Murray, seconded by Trustee Rieck, to recommend the Village Board approve submittal to the Public Service Commission of the application to increase water rates per the results of the August 2009 Water Rate Study. Approved unanimously.

Motion by Pat Murray, seconded by Trustee Rieck, to recommend the Village Board accept the results of the August 2009 Sewer Rate Study with rate increases to be implemented with the effective date of proposed water rate increases. Approved unanimously.

#### Plant heating evaluation study

Utility Director Krueger explained that the Utility completed an evaluation of plant heating requirements for building heat and sludge digester heating for the next 20 years. The objective of the study was to review technologies and alternatives for, improvements to/or replacement of, plant heating equipment in order to maximize energy efficiency and to maximize reuse of methane gas produced by the sludge digestion process.

Ken Sedmak of Donohue and Associates explained that the building heating system boiler is 25 years old and in need of significant repairs or replacement. The digester gas fired combination boiler/heat exchanger is also 25 years old and there are concerns regarding its remaining life as well as efficiency. Also Utility staff would like to use the methane gas from the digesters to provide building heat and a means of reducing natural gas costs.

Mr. Sedmak had four recommendations:

- Installation of a digester gas fired combination boiler/heat exchanger and natural gas condensing boiler.
- Installation of a digester gas fired water boiler, a natural gas condensing boiler, and remote sludge to water heat exchangers.
- Installation of a digester gas fired steam boiler, a natural gas fired steam boiler, and direct steam injection for digester heating.
- Installation of a digester gas fired steam boiler, a natural gas condensing boiler, and direct steam injection for digester heating.

Referring to a diagram, Mr. Sedmak explained each alternative system and how they would work.

The digester gas fired combination boiler/heat exchanger and natural gas condensing boiler has the lowest installed cost. The project would cost approximately \$619,481 and could be done in phases. Phase one would include a new 1,000,000 Btu/Hr condensing boiler, two boiler pumps, two primary circulating pumps, controls and piping to allow the new building system to receive heat from the existing combo unit for an estimated cost of \$228,445. Phase two would include installation of the digester gas combo boiler for an estimated \$391,036.

Director of Public Works/Village Engineer questioned if any calculations were done on how much energy would be saved by only doing phase one. Mr. Sedmak responded that the Utility would save between \$2,000 and \$5,000 depending on the weather.

Trustee LaPean questioned the life expectancy of the new proposed units. Mr. Sedmak responded that they should last 20 years depending on care and maintenance.

Trustee Rieck questioned if Mr. Krueger was comfortable with phasing this project. Mr. Krueger indicated that this was a good approach for this equipment.

Motion by Trustee Rieck, seconded by Pat Murray, to recommend the Village Board accept the report by Donohue & Associates entitled "Wastewater Treatment Plan Heating Evaluation" dated August 2009. Approved unanimously.

Digester project change order #6

Utility Director Krueger stated that this is a good change order. The contract had an allowance of \$40,000 for structural repair of digester covers and tankage. However there were no structural defects in the covers or the tanks, therefore the contract price can be reduced by \$40,000.

Motion by Trustee Rieck, seconded by Pat Murray, to recommend the Village Board approve change order #6 which provides a total contract credit of \$40,000 as originally allowed for cover and tank structural defects. Approved unanimously.

Preliminary assessment resolution – North Green Bay Road properties sewer extension

Utility Director Krueger requested that this matter be tabled. The design engineer notified him late this afternoon that the current design was not possible as there is insufficient ground cover over the sewer.

Motion by Trustee Rieck, seconded by Pat Murray, to table approval of the preliminary resolution. Approved unanimously.

Utility Projects Update

The Board reviewed the projects update.

Well #3 Building/Façade Improvements: The power vent, roof hatch, and re-installation of the windows need to be completed. Mr. Krueger recently met with the contractor to discuss installation of the new windows in a manner acceptable to the Village.

Grafton Avenue Water Main Loop: Project was awarded to Vinton Construction. Vinton has requested to complete this project once they are finished with a job in Cedarburg. It is estimated that this project will take 10 days to 2 weeks to complete and will be done during the month of September.

Report of Benchmark Measurements – Water & Wastewater Utility

The benchmark report was reviewed by Board members.

Tim Nennig highlighted the benchmarks indicating what crews will be working on. He noted that the Utility has experienced nine water main breaks already this year, and most of them have been since April. This defies the theory that water main breaks happen during extreme cold temperatures

**PUBLIC WORKS**

Security system for Municipal Services Facility and residential yard waste drop off site  
Director of Public Works/Village Engineer Murphy explained that a security system is necessary for the new Municipal Services Facility and the residential yard waste drop off site.

Four bids were received with S-O-S Electronics being the lowest responsible bidder with a base bid of \$49,439. In addition to the base bid, Mr. Murphy is requesting to purchase a larger monitor for the Police Department, which will allow them to monitor both facilities at all times, for an additional cost of \$1,284. Their current monitor will then be used at the Municipal Services Facility. Mr. Murphy is also recommending that we include telecommunication equipment at the gates for both facilities. This will allow residents, at either gate, to contact the Public Works Department or the Police Department for an additional cost of \$8,908.

Motion by Trustee Rieck, seconded by Pat Murray, to recommend the Village Board approve a contract with S-O-S Electronics Corporation, Glendale, WI for installation of the security system at the Municipal Services Facility and the residential yard waste drop off site for \$59,631. Approved unanimously.

#### Radio / Paging system for Municipal Services Facility

Director of Public Works/Village Engineer Murphy explained that with the construction of the new Municipal Services Facility a two-way radio/paging system will need to be installed.

Mr. Murphy noted that he only received one quote, from Carpenter Technology, as the Village currently uses them for installation of the radios in the vehicles and maintenance of our aging system. They are most familiar with our system and have been very responsive to our needs and cooperative in keeping costs to a minimum.

The cost to re-install the system with all required new additional equipment at the new facility is \$8,094.95.

Trustee Rieck questioned if a Nextel system would be more beneficial to the Village than this aging two-way radio system. Mr. Murphy stated that the Nextel system requires a monthly fee per staff member that is on the system. Our current system is for the most part paid for and does not require any monthly fees.

Utility Superintendent Nennig suggested using cell phones and possibly partially subsidizing the employee expenditure.

Motion by Pat Murray, seconded by Trustee Rieck, to recommend the Village Board approve a contract with Carpenter Technology, Butler, WI for installation of the two-way radio/paging equipment for \$8,094.95. Approved unanimously.

#### Purchase office furniture for Municipal Services Facility

Director of Public Works/Village Engineer Murphy explained that he and Melissa recently went to see some office furniture that was being sold by a law firm in Chicago.

The furniture is a high quality Cherry wood that would fit well in most offices of the new facility at a very reasonable price.

Motion by Trustee Rieck, seconded by Pat Murray, to recommend the Village Board approve the purchase of refurbished office furniture from Office Furniture Resources, Milwaukee, WI for an amount not to exceed \$22,901.57. Approved unanimously.

### Major projects update

The Board reviewed the projects update.

First Avenue Repaving: The water main on First Avenue has been installed, storm sewer work and concrete work is under construction. Water main on West Highland Drive began Friday, August 7, sewer and concrete work will follow.

Municipal Services Facility: Additional saturated soils needed to be removed at the pond location to get to stable ground for the building. This additional excavation is anticipated to add approximately \$90,000 to the project.

Residential Yard Waste and Drop off Site: Footings and foundation for the building are complete. Construction of the building walls will follow.

Village Hall Remodeling Project: Inside work is moving along nicely, however the outside work is at standstill, the excavation contractor was let go and they are contracting with another firm.

Multi modal path on STH 60 from First Avenue to Canary Court: Project will proceed once the millings from the First Avenue project are delivered.

Ozaukee County Fish Passage: Pursuant to a teleconference Ozaukee County and NOAA have agreed to allow some additional time for a decision on the dam removal. Bonestroo will be providing a proposal for Village Board approval that will include surveying the river bed to allow an accurate depiction of what the river will look like if the dam is removed. The proposal will include completion of 3-dimensional drawings that will provide a visual of what the river will look like if the dam is removed. Their plan will include the anticipated amenities, such as the extended river walk under the bridge, an ice skating area, as well as the effect the dam removal will have on private properties.

Trustee LaPean stated that it was his understanding that the property owners along the river that benefit from the dam, are responsible for the maintenance and/or removal cost. It is his understanding that the property owners are responsible from the edge of the water to the middle of the river. If this is true, he would like to address those property owners and explain how they could be personally affected by this decision as any future projects could be special assessed.

Report of benchmark measurements – Public Works Department  
The benchmarks report was reviewed by Board members.

**OLD BUSINESS**

None

**NEW BUSINESS**

Director of Public Works/Village Engineer Murphy stated that Thermoset is a new business on the corner of 10th Avenue and Hickory Street. Thermoset has indicated that they would like to remove some of the asphalt in front of the building; however they have requested that the Village install the curb. Mr. Murphy stated this would be more eye pleasing than what is currently there and would cost less than \$5,000 to complete. It was the consensus of the board to approve the work.

Utility Director Krueger stated that he will be unavailable for the September 14 meeting. At this time he does not feel there is a need to change the meeting date.

**ADJOURN**

Motion by Trustee Rieck, seconded by Pat Murray, to adjourn the meeting at 7:34 p.m. Approved unanimously.