

Utilities Committee

Wednesday, September 2, 2020

1

1 The Meeting of the Utilities Committee was called to order at 6:45 p.m. on Wednesday,
2 September 2, 2020. It was noted that the meeting had been announced and a notice posted at
3 City Hall.

4
5 Roll call was taken, with the following members present: Ald. Jim Olson, Ald. Diane Wulf, Ald.
6 Dan Stevens. Village of Holmen Trustee Brandon Cain and Village of West Salem Trustee
7 Leroy Brown joined the meeting in progress.

8
9 Also Present: City Administrator Eric Rindfleisch, Mayor Kim Smith, Financial Services
10 Director/Treasurer Fred Buehler, City Engineer Jarrod Holter, Paul Woodward of Running, Inc.

11
12 **Item 2 – Approval of minutes from the previous meeting**

13
14 Motion by Ald. Wulf, second by Ald. Stevens, to approve the minutes from the previous meeting
15 as printed and on file in the City Clerk’s Office.

16
17 On voice vote, motion carried.

18
19 **Item 3 – Public Input (limited to 3 minutes/individual)**

20
21 Ald. Olson called three times for anyone wishing to provide public input and closed that portion
22 of the meeting.

23
24 Ald. Olson noted he had not called on Brandon or Leroy, and he asked if they were present.

25
26 Jarrod told Ald. Olson he does not see them on the Zoom call this evening.

27
28 Ald. Stevens asked if Brandon and Leroy were made aware that the starting time of the Utilities
29 Committee meeting had been changed from 7 p.m. to 6:45 p.m.

30
31 Fred said both Brandon and Leroy had received copies of the documents.

32
33 Ald. Wulf asked if they had been told about the new starting time of the meeting.

34
35 Fred said he is not certain and suggested to Ald. Olson that the committee next address Item 5
36 and then return to Item 4 when Brandon and Leroy join the meeting.

37
38 The committee next addressed Item 5.

39
40 **Consideration and possible action on the following items:**

41
42 **Item 5 – UTILITIES**

Reviewed 09/04/2020 by Fred Buehler

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43

44 a. City of Onalaska Storm Water:

45 1. 2021 Storm Water Budget

46

47 Fred explained that Storm Water is one Enterprise Fund where the Equipment Runoff Unit
48 (ERU) and the number of units during the course of a year does not fluctuate much. Fred noted
49 that the activity through the first two quarters of 2020 is on target with what was budgeted for the
50 year in residential, commercial, industrial, governmental, and multifamily.

51

52 Jarrod told committee members the proposed 2021 Storm Water Budget is very similar to the
53 2020 budget. Jarrod directed committee members' attention to a graph showing the city's ERU
54 rate since 2010, and he said city staff is proposing an ERU rate of \$84.68 for 2021. The ERU
55 rate for 2020 was \$82.80. The ERU rate increased from \$68.96 in 2019 to \$82.80 in 2020
56 because the city had the mortgage revenue bonding. Jarrod then directed committee members'
57 attention to a memo dated August 25 and lists the following items that have increased from the
58 2020 budget:

59

- 60 • A \$7,000 increase in employee wage & benefits
- 61 • A \$3,500 increase in employee wage & benefits – additional part time staff hours
- 62 • A \$13,500 increase in IT consulting services – not previously charged
- 63 • A \$1,600 increase in leaf pick up contractual charges
- 64 • A \$4,700 increase in additional ½ pass for fall leaf pickup – contractual charges
- 65 • A \$4,400 increase in additional insurance costs
- 66 • A \$4,400 decrease in debt service

67

68 Fred told committee members the proposed \$84.68 ERU rate for 2021 is a \$1.88 increase over 12
69 months. This means the ERU rate for residential customers would increase 47 cents quarterly.

70

71 Ald. Wulf inquired about the \$4,700 increase for an additional half pass for fall leaf pickup.

72

73 Jarrod said the city has been authorizing another half a pass through the years, noting there has
74 not been an early snowfall over the last five years that would warrant ending the leaf pickup.

75 Jarrod told Ald. Wulf he believed it would be prudent to budget for the half pass as it has been
76 authorized every year. Jarrod also said staff alerts the Board of Public Works that the half pass
77 has occurred, and he told committee members he believes citizens expect the service.

78

79 Ald. Stevens asked if the city will receive a credit if there is an early winter and Harter's does not
80 complete the extra pass.

81

82 Jarrod said yes, noting the city's contract with Harter's is for four passes. Harter's would only
83 be compensated for four passes if there is an early winter. Jarrod noted the city must authorize

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84 the half pass.

85

86 Fred told committee members an additional \$12,200 will be generated in 2021 with an ERU rate
87 of \$84.68.

88

89 Motion by Ald. Stevens, second by Ald. Wulf, to approve the 2021 Storm Water Budget.

90

91 On voice vote, motion carried.

92

93 2. Establish 2021 ERU Rate

94

95 Motion by Ald. Olson, second by Ald. Stevens, to establish a 2021 ERU rate of \$84.68.

96

97 On voice vote, motion carried.

98

99 3. 2020 Storm Water Financials

100

101 Motion by Ald. Stevens, second by Ald. Olson, to approve the 2020 Storm Water Financials.

102

103 On voice vote, motion carried.

104

105 b. City of Onalaska Sewer:

106 1. 2021 Sewer Budget

107

108 Fred noted that in 2019 the Common Council had authorized an analysis to determine the city's
109 treatment and transmission rates. The outcome was that the Sewer Utility needed to modify the
110 rates to reach a break-even point. Year one rates increased by 50 cents to \$1.90 in 2020. There
111 will be another 50-cent increase in 2021 to increase the amount of income in the Sewer Utility.

112

113 Fred directed committee members to the Sewer Utility Budget Worksheet and noted \$2,246,797
114 had been budgeted for 2020 (\$1,336,500 for residential, \$526,490 for commercial, \$20,021 for
115 industrial, \$31,686 for governmental, \$245,300 for multifamily). Fred explained that the April
116 invoice is based on winter usage, the sewer rate would change in the July billing based on
117 consumption, and the October and January bills would return to the April billing. Fred told
118 committee members the 50-cent increase will lead to the city collecting an additional \$240,000
119 more than anticipated. Fred said if the city continues to do that moving forward into 2021, it will
120 collect an additional \$309,200. Fred told committee members he, City Administrator
121 Rindfleisch and Jarrod had spoken to Moody's representatives Monday regarding how the city
122 was handling the utility rates in the Water, Sewer, and Storm Water utilities. Fred said he
123 believes that Moody's representatives are very pleased that the city is taking the necessary steps
124 to turn the Enterprise Funds into funds the city needs to have so that it functions properly.

125

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126 Ald. Stevens said it is his understanding there were utilities that had been defunded at a budget
127 process in the past, and he asked if the city is making up for that.

128
129 Fred told Ald. Stevens there had been an ample cash balance within the Sewer Utility, and the
130 Common Council in the mid-2000s had decided to do an abatement for no Sewer Utility for
131 approximately 12 to 18 months. Fred said that action had utilized a significant amount of funds
132 that the city is now attempting to rebuild.

133
134 Ald. Stevens asked Fred if he anticipates any potential future rate increases in 50-cent increments
135 once the current increases are finished.

136
137 Fred told Ald. Stevens that will not happen unless the city does something significant in the area
138 of the Sewer Utility. Fred explained that the Sewer Utility has two components: a treatment rate,
139 and a transmission rate (the city's operational). Fred referred to the 2021 budgeted amount of
140 \$1,083,500 for La Crosse Contractual Charges and told committee members the City of
141 Onalaska must generate a treatment rate that is large enough to have that figure balance out.
142 Fred told committee members both he and Jarrod feel very comfortable that the city does not
143 need to modify the treatment rate for 2021.

144
145 Jarrod told committee members the City of La Crosse will be performing treatment work and
146 holding the rate steady for 2021. However, there will be an increase for residents in the
147 treatment charges both in 2022 and 2023 to pay for the treatment upgrades. Jarrod said the
148 increase from \$1,078,560 in 2020 to \$1,083,500 in 2021 accounts for new flow entering the
149 system.

150
151 Motion by Ald. Stevens, second by Ald. Wulf, to approve the 2021 Sewer Budget.

152
153 On voice vote, motion carried.

154
155 2. Changes to the Treatment Rate for 2021

156
157 Fred said city staff members wish to go on record to state that they believe the Treatment Rate is
158 adequate for 2021.

159
160 3. Changes to the Transmission Rate for 2021

161
162 Motion by Ald. Stevens, second by Ald. Wulf, to approve the current Treatment Rate for 2021,
163 and to approve an increase in the Transmission Rate for 2021 from \$1.90 to \$2.40 per 100 cubic
164 feet.

165
166 On voice vote, motion carried.

167
Reviewed 09/04/2020 by Fred Buehler

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168 4. 2020 Sewer Financials

169
170 Motion by Ald. Olson, second by Ald. Wulf, to approve the 2020 Sewer Financials.

171
172 On voice vote, motion carried.

173
174 The committee next addressed Item 4.

175 Item 4 – MASS TRANSIT

176 a. Shared Ride Transit:

177 1. Financials (Justin Running or Paul Woodward/Fred Buehler)

178
179 Paul reported the July 2020 statistics:

- 180 • **West Salem Trips:** 420 (a decrease of 132 from July 2019)
- 181 • **Holmen Trips:** 646 (a decrease of 363 from July 2019)
- 182 • **Onalaska Trips:** 1,593 (a decrease of 1,062 from July 2019)
- 183 • **Total Trips:** 2,659 (a decrease of 1,557, or 36.93 percent, from July 2019)
- 184 • **MTU Passes:** 274 (a decrease of 317 from July 2019)
- 185 • **Agency Trips:** 617 (a decrease of 425 from July 2019)
- 186 • **Year-to-Date Trips:** 22,207 (a decrease of 9,375 from July 2019)
- 187 • **Revenue:** \$96,349 (a decrease of \$32,052, or 24.96 percent, from July 2019)

188
189 Fred referred to the 2020 Onalaska/Holmen/West Salem Shared Ride Recap document included
190 in committee members' packets and noted the \$96,349 represents seven months of revenue.
191 Anticipated revenue for 2020 is \$165,170.16, and \$214,000 was budgeted for 2020. The
192 anticipated shortfall in revenue is \$48,829.84. Fred noted that Shared Ride's hours through July
193 totaled 16,050.67 hours, which divided by seven (months) equals 2,292.95, which multiplied by
194 12 (months in the year) equals 27,515.4 hours. Fred said Running, Inc. has been budgeted for
195 31,604 hours. The anticipated shortage will equal 4,088.6 hours. Fred attributed the deficits to
196 the COVID-19 pandemic, and he said the city was attempting to recoup some of the financial
197 losses via the CARES Act. However, Fred said the legal counsel from Region V has informed
198 him the city is unable to assist Running, Inc. in recouping lost revenue. Fred multiplying the
199 4,088.6 shortage in hours by Running, Inc.'s hourly rate of \$27.51, Running, Inc. will receive
200 \$112,477 less from the City of Onalaska. Fred said the City of Onalaska, the Village of Holmen,
201 and the Village of West Salem may have to look at the \$48,829.84 shortfall.

202
203 Ald. Stevens noted the figure is being annualized after being divided by seven and then
204 multiplied by 12, and he also noted it appears "things have been pretty steady" from April
205

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209 through July. Ald. Stevens asked if it appears that ridership will be increasing, or if the
210 projection is that it will remain level for the remainder of the year. Ald. Stevens said what Fred
211 has presented appears to be the worst-case scenario, and perhaps the likely scenario. Ald.
212 Stevens asked Paul if the situation potentially could improve.

213
214 Paul told Ald. Stevens the situation potentially could improve, noting that Running, Inc. has
215 started noticing a gradual increase in some of its other systems. Paul noted Running, Inc.
216 operates in 35 different cities across the state, and therefore has a significant amount of data to
217 utilize regarding trends. Paul said there has been “a slow ramping up,” and he told Ald. Stevens
218 he does not anticipate a return to normal during the 2020 calendar year.

219
220 Fred told Ald. Stevens taking \$214,000 in revenue and dividing it by 12 (months) is an average
221 of \$17,833 per month. Fred noted revenue totaled \$20,890.75 in January, and \$18,205.25 in
222 February before the COVID-19 pandemic became widespread.

223
224 Ald. Stevens said the projection might be aggressive if revenue is averaging \$17,833 per month.

225
226 Fred told Ald. Stevens the situation was positive based on the revenue in January and February.

227
228 Motion by Ald. Olson, second by Leroy, to accept the July 2020 Shared Ride financials.

229
230 On voice vote, motion carried.

231
232 2. Third Amendment to the 2017-18 Shared Ride Taxi Agreement between the City of
233 Onalaska and Running, Inc.

234
235 Fred said 2021 is the last of the five years, and he told committee members the city will be going
236 out for Requests for Proposals (RFPs) either in April or May of 2021 for the next five years
237 (2022-2026).

238
239 Motion by Ald. Olson, second by Brandon, to accept the Third Amendment to the 2017-18
240 Shared Ride Taxi Agreement between the City of Onalaska and Running, Inc.

241
242 On voice vote, motion carried.

243
244 3. 2021 Budget for Onalaska-Holmen-West Salem Shared Ride Program

245
246 Fred explained that the first two years of the city’s contract with Running, Inc. were bid out, and
247 for the following three years, each year independently is based on the Wisconsin Department of
248 Transportation Cost of Living Adjustment. The modification in 2020 was 1.7 percent, meaning
249 the rate increased from \$27.05 to \$27.51. Fred said he is estimating a 1.5 percent modification
250 for 2021, which would increase Running, Inc.’s hourly rate to \$27.92. The hourly rate of \$27.92

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251 multiplied by 31,604 anticipated hours equals \$882,384. There will be an additional \$2,500 in
252 management costs, bringing the total to \$884,884. Fred noted the Utilities Committee has been
253 very consistent with modifying rates every two years, and he said he is utilizing assumptions that
254 the committee will go on record approving a 25-cent increase in all categories beginning January
255 1, 2021. Fred reiterated that \$214,000 in revenue had been anticipated for 2020, and \$200,000 in
256 revenue is anticipated for 2021 if there is a 25-cent fare increase and customers start returning.
257 Fred noted operational costs would total \$684,884.

258
259 Fred told committee members funding from the CARES Grant for the Shared Ride Program
260 allows the city to purchase four Shared Ride vehicles. The city will receive two vehicles via STP
261 Urban Funding. Fred said he is attempting to purchase two CARES vehicles from the FTA
262 funds, and two vehicles with STP Urban Funding. Two more vehicles will be purchased in 2021
263 to close out the CARES Grant, which is non-matching. Fred said the city will not have to budget
264 for any capital in 2021 due to the incoming vehicles, and he told committee members the
265 vehicles he is waiting to receive were budgeted for 2020.

266
267 Fred directed committee members' attention to the ridership statistics and told them ridership is
268 based on the number of rides in June, July, and August. Fred noted he has not yet inputted the
269 number of rides for August, so he had utilized the number of rides in August 2019 with the
270 number of rides both from June 2020 and July 2020. Fred noted the percentages for the City of
271 Onalaska, the Village of Holmen, and the Village of West Salem do not change very much. Fred
272 noted the Village of Holmen's share for 2021 will be \$52,575, and the Village of West Salem's
273 share will be \$30,109. Fred pointed out the City of Onalaska faces challenges such as adding a
274 \$7,500 contribution to the S.M.R.T. Program, and also accounting for MTU. Fred noted he had
275 budgeted \$52,284 for the City of Onalaska's share of MTU, and the cost had come in at \$58,400.
276 Fred told committee members MTU had informed him that due to the impact COVID-19 had had
277 on its partnering communities, the City of La Crosse MTU had proposed freezing the cost for the
278 contracted service at the 2020 rates for 2021. This means the City of Onalaska would have an
279 MTU cost of \$52,564.

280
281 Motion by Ald. Olson, second by Ald. Stevens, to establish a 6:45 p.m. public hearing at the
282 November 4, 2020 Utilities Committee meeting regarding a proposed 25-cent fare increase for
283 the Onalaska-Holmen-West Salem Shared Ride Program.

284
285 On voice vote, motion carried.

286
287 Motion by Leroy, second by Ald. Stevens, to approve the 2021 Budget for Onalaska-Holmen-
288 West Salem Shared Ride Program.

289
290 On voice vote, motion carried.

291
292 b. MTU:

Reviewed 09/04/2020 by Fred Buehler

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293 1. Transit Financials/2021 Budget (Adam Lorentz)

294

295 No report.

296

297 c. Holmen Transit Input (Holmen Rep.)

298

299 No report.

300

301 d. West Salem Transit Input (West Salem Rep.)

302

303 Leroy noted Shared Ride had posted COVID-19 information on its website.

304

305 e. Onalaska Transit Input (Onalaska Rep.)

306

307 No report.

308

309 The committee returned to complete Item 5.

310

311 **Item 5 – UTILITIES**

312

313 c. City of Onalaska Water:

314

315 1. 2021 Water Budget

316

317 Jarrod referred to the memo that lists the additional yearly costs that have been included in the
318 2021 Water Utility Budget:

319

- 320 • A \$9,000 increase to Fuel & Power
- 321 • A \$15,000 increase for the addition of phosphates for water treatment (chemical cost)
- 322 (This might be reduced)
- 323 • A \$26,000 increase for IT consulting services
- 324 • \$10,000 for new yearly cleaning of filter at Well #9 (chemical costs)
- 325 • A \$5,000 increase for miscellaneous water treatment supplies and equipment
- 326 • A \$2,000 increase for mobile hot spots for staff for GIS connection in field
- 327 • A \$50,000 increase for contractual services – corrosion study consulting & lab testing
- 328 • A \$1,250 increase for cleaning supplies – COVID19 increase cleaning
- 329 • \$5,000 for additional auditing and PSC charges
- 330 • A \$5,000 increase for Water, Sewer and Storm Water Utility cost increases

331

332 Jarrod told committee members city staff wanted to better reflect where the Water Utility was
333 with its costs. Jarrod also noted the Public Service Commission had caught many of these items

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334 during the city's water rate adjustment. Jarrod said the auditor who had conducted the review
335 had told him the city was exceeding its budgeted amounts, and he told committee members he
336 believes the items needed to be put into perspective and had budgeted amounts that were closer
337 to reality. Jarrod also said the items have been accounted for within the PSC water rate increase
338 that is forthcoming.

339
340 Jarrod next addressed a memo that states the Public Works Department is proposing the addition
341 of a full-time Lab Assistant to assist the current Lab Technician with performance of duties that
342 include testing and water quality investigation of the water system, which has been increasing for
343 several years to due to Wisconsin Department of Natural Resources mandates and water quality
344 needs. The Lab Assistant would be a full-time water operator assigned to assist with lab duties
345 and field work. Currently the Public Works Manager assists with water quality testing along
346 with two part time positions. The filling of this position would include the elimination of two
347 part time positions and increased time for management duties performed by the Public Works
348 Manager. Jarrod said, "We are cognizant of the current conditions. But we thought it was
349 prudent to at least bring it forward and have it as stated in the budget for review."

350
351 Fred noted the Common Council had granted authorization to perform a water rate application.
352 Fred referred to the analysis HABCO had performed and noted it has shown an approximately
353 40.66 increase in rates. Fred told committee members the city will be very close to that 40.66
354 percent increase in water rates.

355
356 Jarrod told committee members the PSC has a rate meter that shows the City of Onalaska is at a
357 little bit less than the middle of the rates for the state.

358
359 Fred told committee members there will be a two-step process in the water rate application,
360 noting there is a hearing date forthcoming within the next four weeks. Fred said he expects a
361 water rate hearing to occur in November, and also that he hopes the new rates will go into effect
362 January 1, 2021.

363
364 Jarrod said the Step 1 increase likely would be approximately 30 percent, and it would cover a
365 majority of the projects done, the debt service for the Mortgage Revenue Bonding, and the
366 operational costs and the rate of return for the utility to regain cash reserves. The Step 2 increase
367 would be approximately 8 percent, and it would go into effect approximately one year later. It
368 also would be after both the Green Coulee Reservoir and Crestwood Booster Station go into
369 service. Jarrod said the PSC does not believe the city should be recouping its costs yet because
370 those facilities are not yet in service.

371
372 Fred told committee members Step 1 would generate \$746,951, and Step 2 would generate
373 \$164,711 for a total of \$911,662.

374
375 Jarrod said Step 2 either would be implemented in the fourth quarter of 2021 or January 1, 2022.

Reviewed 09/04/2020 by Fred Buehler

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376

377 Motion by Ald. Stevens, second by Ald. Olson, to approve the 2021 Water Budget.

378

379 Ald. Wulf inquired about the proposed new Lab Assistant position.

380

381 Jarrod explained that the Lab Assistant position would replace two part-time position, and he
382 noted part of that position already is being funded. Jarrod said there was an individual who had
383 retired approximately three years ago who has been employed part-time. There also is another
384 part-time employee who was hired eight to 12 months ago. Jarrod said, "This would not impact
385 the budget in a full position. We would release those two part-time positions."

386

387 On voice vote, motion carried.

388

389 2. 2020 Water Financials

390

391 Jarrod noted the city typically runs 1.5 million to 2 million gallons per day in the winter. The
392 city has been running 4 million to 5 million gallons per day during what has been a dry summer.
393 Jarrod noted the city had peaked at 7.5 million gallons per day in the past.

394

395 Motion by Ald. Wulf, second by Ald. Stevens, to approve the 2020 Water Financials.

396

397 On voice vote, motion carried.

398

399 **Adjournment**

400

401 Motion by Ald. Stevens, second by Ald. Wulf, to adjourn at 7:52 p.m.

402

403 On voice vote, motion carried.

404

405

406 Recorded by:

407

408 Kirk Bey