

**Utilities Committee**

Wednesday, September 4, 2019

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1 The Meeting of the Utilities Committee was called to order at 7:00 p.m. on Wednesday,  
2 September 4, 2019. 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. Dan Stevens, Ald. Jim Olson,  
6 Ald. Kim Smith, Village of Holmen Trustee Micah Wyss, Village of West Salem Trustee Leroy  
7 Brown

8  
9 Also Present: City Administrator Eric Rindfleisch, Mayor Joe Chilsen, Financial Services  
10 Director/Treasurer Fred Buehler, City Engineer Jarrod Holter

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

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

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17 On voice vote, motion carried.

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

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

23  
24 **Consideration and possible action on the following items:**

25  
26 **Item 4 – MASS TRANSIT**

27  
28 a. Shared Ride Transit:

29  
30 1. Financials (Justin Running or Jeff Burckhardt/Fred Buehler)

31  
32 Fred reported the July 2019 statistics:

- 33  
34
- 35 • **West Salem Trips:** 552 (a decrease of 94 from July 2018)
  - 36 • **Holmen Trips:** 1,009 (a decrease of 215 from July 2018)
  - 37 • **Onalaska Trips:** 2,655 (a decrease of 117 from July 2018)
  - 38 • **Total Trips:** 4,216 (a decrease of 426, or 9.18 percent, from July 2018)
  - 39 • **MTU Passes:** 591 (an increase of 35 from July 2018)
  - 40 • **Agency Trips:** 1,042 (an increase of 88 from July 2018)
  - 41 • **Year-to-Date Trips:** 31,582 (a decrease of 2,125 from July 2018)
  - **Revenue:** \$128,402 (an increase of \$13,561, or 11.81 percent, from July 2018)

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42

43 Motion by Ald. K. Smith, second by Leroy, to accept the Shared Ride Transit Financials and  
44 place them on file.

45

46 On voice vote, motion carried.

47

48 Fred told committee members the new vehicles were ordered in mid-August. The State of  
49 Wisconsin had the incorrect number of vehicles that were to be purchased, and this error had to  
50 be corrected with the award bidder. Fred also reported the price of the new vehicles had  
51 increased to \$37,949 apiece (the original price was approximately \$34,200 apiece). Fred said,  
52 “We’re going to be a little short to being [able] to buy a full six vehicles” due to the price  
53 increase when calculating the price per vehicle (\$37,949) multiplied by six vehicles at 80  
54 percent. However, Fred also said, “I feel that if we continue, we will modify it for this year with  
55 the new price. But also with the vehicles that we have sold, I think we’ll be just fine.” Fred also  
56 noted he had spoken with a Federal Transit Administration Region 5 official, who told him the  
57 city could receive federal assistance, if necessary.

58

59 Ald. Stevens asked Fred to clarify what he means when he says the city will be “just fine,” also  
60 asking if he will be able to mitigate the shortfall through the sale of the vehicles.

61

62 Fred said the city should be able to purchase all six vehicles and not five with the grant funding,  
63 or purchase six vehicles with more of the city’s costs than the previous one, which is a situation  
64 he said he is attempting to prevent.

65

### 66 2. 2020 Shared Ride Transit System Draft Budget

67

68 Fred referred to the budget document included in committee members’ packets and noted the  
69 total operating cost budgeted for 2019 (\$854,888) is calculated by multiplying the hourly rate  
70 (\$27.05) by the number of service hours (31,604). Fred said the Wisconsin Department of  
71 Transportation implements an increase and noted he has estimated it to be 2 percent at this time  
72 because he is not certain what the actual figure will be. Fred told committee members he will be  
73 able to tell them the exact figure at the October 2 Utilities Committee meeting. Fred said the  
74 proposed total operating budget for 2020 is \$874,454, which is based on an hourly rate of \$27.59  
75 (2019 rate of \$27.05 multiplied by 2 percent for modified WisDOT rates) multiplied by 31,604  
76 hours, and then adding a \$2,500 management cost. The remainder of the costs are broken down  
77 as follows:

78

- 79 • \$22,769 for total capital costs. Fred said he wants to modify this sum as the city needs to  
80 purchase three vehicles instead of one.
- 81 • \$214,000 for ridership revenue.
- 82 • \$660,454 for the net project cost of operating.
- 83 • \$271,000 for the federal share of operating.

Reviewed 9/9/19 by Fred Buehler

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- 84 • \$18,215 for the STP Urban Funding Capital.
- 85 • \$192,300 for the state share of operating.
- 86 • \$197,154 for the local share of operating. The city must cover at least 20 percent of the
- 87 operating.
- 88 • \$4,554 for the local share capital
- 89 • \$56,000 for MTU contract base.

90

91 Fred said operating costs are based on June, July, and August ridership. The Village of  
92 Holmen's contribution for 2020 is \$51,112 (25.3398 percent of ridership), and the Village of  
93 West Salem's contribution is \$26,898 (13.3343 percent of ridership). Fred said the anticipated  
94 revenue from state and federal is approximately 53 percent. Fred also reminded committee  
95 members Shared Ride Transit is paid for hours worked, which means the city pays a lesser  
96 amount if Shared Ride works fewer than 31,604 hours a year. However, the city pays Shared  
97 Ride for 31,604 hours even if it exceeds that number of hours worked.

98

99 Micah noted the number of trips per month has consistently decreased since 2018, and he asked  
100 if the budget figures have taken into account whether or not that trend will continue.

101

102 Fred said he had taken under consideration last year the fact ridership will continue to decline,  
103 which is why there was a rate increase. Fred pointed out that while ridership has decreased,  
104 revenue has increased by more than \$13,500. Fred also referred to the history of the rate  
105 increases that are shown on the budget sheet and said the city attempts to raise rates every two  
106 years.

107

108 Ald. Stevens inquired about the 25-cent rate increases.

109

110 Fred said the next rate increase, which would be at least 25 cents, will be taken under  
111 consideration for 2021. Fred also referred to the \$214,000 budgeted for ridership revenue and  
112 said he does not feel comfortable increasing that amount based on the decrease in ridership.

113

114 Motion by Ald. K. Smith, second by Micah, to accept the 2020 Shared Ride Transit System Draft  
115 Budget.

116

117 On voice vote, motion carried.

118

119 3. Request for funding by La Crosse County in the amount of \$7,500 for the Scenic  
120 Mississippi Regional Transit (S.M.R.T.) Commuter Bus Service

121

122 Charlie Handy, La Crosse County Planner, told committee members the City of Prairie du Chien  
123 started the S.M.R.T. Commuter Bus Service in late 2011, and La Crosse County had taken over  
124 administration this past January. La Crosse County has since expanded service to Monroe

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125 County. Charlie noted committee members had copies of a balance sheet that shows the  
126 contributors, which are split between blue (public funding) and white, to the local match. La  
127 Crosse, Monroe, Vernon, and Crawford counties have contributed to the program in 2019.  
128 Charlie said the areas shaded in green are areas that are being prospected for an additional local  
129 match. Charlie noted the total local match for 2019 is \$164,250 (\$99,250 in public funds,  
130 \$65,000 from private donors). The program's total operating budget is \$440,000, and the total  
131 capital budget is \$200,000. There are two buses, and the match is 80-20. Charlie said two grants  
132 (one federal totaling \$205,616, one WisDOT totaling \$49,867) assist S.M.R.T. with the \$440,000  
133 in operating costs, and there is \$45,000 in fairbox revenue. The 2019 local match minimum  
134 needed is \$169,517, which means there is an anticipated shortfall of \$5,267. Charlie said  
135 commuters are a significant portion of the program's ridership (approximately 60 percent),  
136 noting S.M.R.T.'s schedules are made for commuters. The largest portion of commuters are  
137 employed by the healthcare industry, which Charlie said informs its employees about this  
138 service. Charlie said S.M.R.T. is working on a marketing plan to increase its ridership among  
139 other individuals, and he also said S.M.R.T. wishes to increase the regional transit service.  
140 Charlie noted S.M.R.T. is one of four regional transit services in the state. Running, Inc., is  
141 S.M.R.T.'s current provider, and it has a two-year contract and three one-year extensions.  
142 Charlie said Running, Inc., has been the provider since 2011, but he also noted the bidding  
143 process has been "very competitive" each time.

144  
145 Charlie said, "This is being run at a very frugal rate for the number of hours that we provide  
146 every year. And we feel our approval rating, which is above 99 percent from our riders, is one of  
147 the best I've ever seen as a public servant. Our riders like this service. What we would really  
148 like to do is we would like to have some sort of support from each community that has a stop.  
149 The stop in the City of Onalaska is at the Gundersen campus out on Highway 16. That's on the  
150 Green Route that starts in Tomah and ends in La Crosse. It is a morning, midday, and evening  
151 route. Starting October 1, it will actually go both ways, starting in La Crosse, ending in Tomah,  
152 and passing each other in the middle. We expect that ridership to significantly increase once we  
153 get that service up to its full 100 percent potential. We just received two additional buses; that is  
154 part of that capital budget. To make that feasible where there are two buses starting October 1,  
155 those buses right now are being fitted with their printed materials, marketing materials, free Wi-  
156 Fi, and the bike racks that go on the S.M.R.T. bus.

157  
158 What I would like for you to take a look at is comparable municipalities to the City of Onalaska,  
159 to the number of bus stops, and to the provision of service. You are on this end of the La Crosse  
160 end of the Green Route. You are also on the La Crosse end of the Yellow Route, the Blue Route,  
161 and the Red Routes going to Prairie du Chien and Viroqua. There is potential service for  
162 residents of the City of Onalaska to many different areas through this regional transit service.  
163 We have a wonderful relationship with the Veterans Administration, and provide service to both  
164 healthcare and workforce for them. We truly believe that Onalaska is comparable with Sparta,  
165 with Tomah. That's where I proposed the number of \$7,500 in your budget for 2020." Charlie  
166 concluded by saying he welcomes questions from committee members.

Reviewed 9/9/19 by Fred Buehler

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167

168 City Administrator Rindfleisch told Charlie he is not seeing the routes to the Gundersen campus  
169 on the schedule.

170

171 Charlie referred to the map included in committee members' packets and noted it shows the  
172 route going from the City of Sparta on Interstate 90. Charlie said S.M.R.T began taking the State  
173 Trunk Highway 16 route beginning May 1, and he noted the Gundersen stop was added once the  
174 route was changed as it passes the Gundersen campus. Charlie described the change as being  
175 very successful and said S.M.R.T. has a strong relationship with Gundersen Health System,  
176 which he said educates its employees. Charlie noted S.M.R.T. immediately gained two  
177 consistent riders once the stop was added.

178

179 City Administrator Rindfleisch asked if the route goes directly to the Gundersen campus.

180

181 Charlie said it does.

182

183 City Administrator Rindfleisch asked if the Blue, Yellow, and Red routes also end at that  
184 location.

185

186 Charlie said he might have misspoken and noted the Red Route does not. However, the Yellow,  
187 Blue, and Green routes do, and Charlie noted there is free transfer. Charlie also noted someone  
188 could ride from the VA Hospital in the City of Tomah – S.M.R.T.'s farthest east stop – to  
189 downtown Prairie du Chien for \$3. Charlie added there are programs that allow a reduction to  
190 that one-way route rate.

191

192 Ald. Stevens asked if someone would need to transfer from the Green Route to either the Blue or  
193 Yellow route, and then to the Red Route.

194

195 Charlie noted the Green Route goes to the Gundersen campus and said it is hidden behind the  
196 Blue and Yellow routes. Charlie told Ald. Stevens he believes one could transfer directly onto  
197 the Red Route bus at that point at the Gundersen campus on the south side of the City of La  
198 Crosse. Charlie added S.M.R.T. has transfers to both MTU and Shared Ride Taxi.

199

200 Ald. Stevens asked Charlie if he has data pertaining to the number of daily riders.

201

202 Charlie said that while that information was not included in the packets, he told Ald. Stevens that  
203 S.M.R.T. averages approximately 25,000 one-way rides per year. Charlie noted S.M.R.T. has  
204 contracts with Mayo Health System, Gundersen Health System, UW-La Crosse, Western  
205 Technical College, and he said he is aware of how many students and employees ride.

206

207 Ald. Olson told Charlie he has passed S.M.R.T.'s vehicles on the road and said he can attest the  
208 vehicles are being utilized and are very successful. Ald. Olson said he would support providing

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209 funding for the program if it is possible.

210

211 Ald. K. Smith said she sees this as an exciting opportunity for the City of Onalaska as it gives  
212 citizens additional choices and increases the utilization of mass transit. Ald. K. Smith suggested  
213 that the city continue discussions regarding adding funding of the S.M.R.T. program to the 2020  
214 budget, adding she believes any specific concerns or questions can be addressed as the budget  
215 develops.

216

217 Motion by Ald. K. Smith, second by Ald. Olson, to include funding to the 2020 budget for the  
218 S.M.R.T. Commuter Bus Service.

219

220 City Administrator Rindfleisch asked Charlie if he has considered adding stops to the north –  
221 perhaps to Ashley Furniture in the City of Arcadia – stating he believes there are other areas in  
222 the city that could be better serviced, including the downtown district.

223

224 Charlie noted routes for expansion were studied in 2016, including the Tomah route and the  
225 Arcadia route. Charlie explained the Arcadia route is completely dependent upon Ashley  
226 Furniture, and he said the meetings that were held with Ashley Furniture representatives “very  
227 fruitful.” However, Charlie also said, “From a regional transit standpoint, they have a different  
228 shift on Monday, a different shift on Tuesday, a different shift on Wednesday, a different shift on  
229 Thursday, and then Friday is one of the others. It doesn’t work really well with regional transit.  
230 They were not willing to change their shifts, which would have been significantly important for  
231 us, and what they figured out was they could do it themselves. We lost potential ridership when  
232 they created their own bus line, which basically made our studies show that a north route was not  
233 feasible at this time. We had significant interest from Golden Plump. We’ve had numerous calls  
234 from the people in the Holmen area who are interested in some sort of ridership to downtown La  
235 Crosse. And you start to ask those people who are interested, what is your schedule, [and] would  
236 it work if you were on this commuter? [They have answered] no. The style of development and  
237 land use from Onalaska north is not conducive to transit. It’s not transit-oriented development in  
238 any way, shape, or form.”

239

240 Micah asked if funding for S.M.R.T. is approved in the 2020 budget would be shared across  
241 Shared Ride in the normal percentages, or if only the City of Onalaska would be approving the  
242 funding.

243

244 Fred said he assumes it would be treated very similar to MTU, meaning the City of Onalaska  
245 would provide the funding.

246

247 Leroy asked if S.M.R.T. stops in West Salem, which is along the Green Route.

248

249 Charlie said there is a stop, which is the middle of the route, at Hansen’s IGA, which also is the  
250 location at which the drivers turn around.

Reviewed 9/9/19 by Fred Buehler

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251  
252 Micah asked if perhaps the Green Route could be extended further into Onalaska or Holmen  
253 without continuing on to Arcadia.

254  
255 Charlie told Micah that had been examined and said, “The real issue with our routes is to keep  
256 them under an hour so that people are interested and people ride. Right now, that Green Route is  
257 about an hour and 10 minutes. I think we would get too lengthy if we did. Our opinion as far as  
258 administration is, no, there is not a way to do it. But we continue to have talks with Gundersen.  
259 They have a significant number of employees who ride from Holmen and north. If we can  
260 justify a specific number, we can get there. We believe this will look like a hub and spoke with  
261 La Crosse and Onalaska being that hub. We might get to Caledonia. We might get to Winona.  
262 We’re going to keep trying to expand and keep trying to provide the service to more, if possible.  
263 But we do want to make it financially feasible, and also something that people will ride.”

264  
265 City Administrator Rindfleisch urged Charlie to pursue a northern route, noted the committee  
266 will later be discussing additional funding for MTU as well as creating new routes. City  
267 Administrator Rindfleisch said perhaps there could be an alternative to the MTU funding in  
268 being more aggressive about including Onalaska and the Village of Holmen. City Administrator  
269 Rindfleisch noted the Green Route touches Onalaska at Gundersen, reaching citizens in the rest  
270 of Onalaska as well as Holmen is a challenge, and he suggested perhaps adding a short segment  
271 that would come through Onalaska from Holmen.

272  
273 Fred asked Charlie if he has the number of riders from Gundersen and West Salem.

274  
275 Charlie said he does and is willing to provide those statistics to Fred via email on Thursday.

276  
277 Ald. K. Smith restated her motion, which Ald. Olson seconded:

278  
279 To approve creating a placeholder in the 2020 budget to fund a portion of the Scenic Mississippi  
280 Regional Transit Commuter Bus Service.

281  
282 On voice vote, motion carried, 3-0, with two abstentions (Micah, Leroy).

283  
284 b. MTU Transit Financials (Adam Lorentz)

285  
286 Fred noted he had distributed the first and quarter statistics for the City of Onalaska from MTU  
287 Transit Manager Adam Lorentz.

288  
289 Motion by Ald. K. Smith, second by Ald. Olson, to accept the MTU Transit Financials and place  
290 them on file.

291  
292 On voice vote, motion carried.

Reviewed 9/9/19 by Fred Buehler

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c. MTU 2020 Draft Budget

Fred referred to the memo from Adam that he had distributed to committee members, in which Adam states he has not yet received his final draft numbers for his budget. Fred said that per Adam's memo, Adam seeks an additional \$27,062 to fill the gap. Adam also states in his memo that Fred can estimate the current service to be between \$55,109 and \$57,841. Fred noted he has inserted a placeholder figure of \$56,000 in his budget for MTU.

Ald. K. Smith asked Fred if Adam had given him any detail pertaining to "fill the gap."

Fred told Ald. K. Smith that Adam had not, noting Adam had emailed him today at 2:43 p.m. Fred also noted he had requested the information he needed from Adam on August 28.

Ald. K. Smith said, "I am not going to make a motion to accept that."

Ald. Stevens asked Fred how the committee should proceed.

Fred reiterated he has inserted a placeholder sum of \$56,000 for MTU, and he said, "As [Adam] gets closer to October 1, which is their deadline date to providing this information, if we don't have it by October 1, by the contract that we have with MTU, then it is the same rate that it was in 2019. As time goes on, once I receive it on or before October 1, then I will present the budget to the City Administrator and the figure that is presented at that point or prior to that date."

Ald. K. Smith said, "That doesn't even give us an opportunity to consider expanding service."

Fred told Ald. K. Smith expanding MTU service is something that the committee might want to consider at the budget hearing. Fred explained that the \$27,062 is the share and noted Adam has excluded both the federal and the state share.

Ald. K. Smith said, "I understand you know this already, but I'm just saying for the record it makes it very difficult to talk to members of our community and our constituents about the facts of the costs that would be required to expand services when we don't even have that information. In fact, we don't even have reliable information about our current level of service."

Ald. Stevens said he is not sure if it is appropriate for the committee to table this item, or not to accept what has been presented and wait.

Fred explained he already has allocated \$56,000 through the budget process, and also that as October 1 approaches it either will be last year's rate or the modified rate once Adam presents his budget. Fred told committee members they will see it at that time and explained the committee already has accepted the \$56,000 earlier this evening. Fred said, "It's a matter of

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335 whether or not you want to even consider that additional service.”

336

337 Ald. Stevens said it is his understanding the committee potentially could take no action on this  
338 item, and the \$56,000 is satisfactory if Adam does not submit his figures.

339

340 Fred told Ald. Stevens he is correct.

341

342 Motion by Ald. Stevens, second by Ald. K. Smith, to take no action on the 2020 MTU Draft  
343 Budget.

344

345 Fred addressed Ald. Stevens and said, “Just to clarify, what you’re stating is the expanded  
346 service – hours for that donut hole.”

347

348 Ald. K. Smith said the committee is taking no action on the MTU budget.

349

350 City Administrator Rindfleisch said no motion is necessary for this item and the committee may  
351 move on to the next agenda item.

352

353 On voice vote, motion carried, 4-0, with one abstention (Leroy).

354

355 d. Holmen Transit Input (Holmen Rep.)

356

357 No report.

358

359 e. West Salem Transit Input (West Salem Rep.)

360

361 Leroy asked if the Shared Ride vans had been relocated.

362

363 Fred said a temporary location has been found in Brice Prairie, and he told Leroy there have been  
364 discussions about purchasing land either in Onalaska, Holmen, or West Salem on which a facility  
365 would be constructed.

366

367 Leroy said he understands Shared Ride cannot service the La Crosse Regional Airport unless the  
368 Town of Campbell provided some financing. Leroy said he understands that while the Town of  
369 Campbell likely is not willing to contribute financially so that Shared Ride may service the  
370 airport, he also asked if Steve Doyle, who serves the 94<sup>th</sup> District in the Wisconsin State  
371 Assembly, could be contacted and asked if Shared Ride services could be extended to what he  
372 described as “unreasonable areas” so that access to transit could be improved.

373

374 Fred reminded Leroy the committee had gone on record to contact each town, city, and village in  
375 the abutted area, which Fred said he had done, to see if they would be interested in participating  
376 in joint service with Onalaska, Holmen, and West Salem. Fred noted no one came forward and

Reviewed 9/9/19 by Fred Buehler

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377 said the city had gone out for bids with the number of hours to operate the service (31,604) in  
378 Onalaska, Holmen, and West Salem. Fred said in order to modify that within the next five years  
379 would not be an acceptable practice in the eyes of WisDOT. Fred explained the city would have  
380 to go out for bids once again because someone wishes to join. Fred reiterated, “We gave them  
381 the opportunity and no one came forward.” Fred said citizens have expressed frustration over  
382 seeing Shared Ride vehicles going to Brice Prairie and right by them, and he said, “They had the  
383 opportunity, and they chose not to. I don’t think it would be a good idea for the city to stop the  
384 process in the middle of our five-year window. Believe it or not, I do feel that when we go out  
385 [for bid] for the next five years [we should] invite each and every one of those communities  
386 again to see if they wish to participate.”

387

388 Ald. Stevens asked if La Crosse County manages the La Crosse Regional Airport.

389

390 Ald. Stevens was told the City of La Crosse manages the airport.

391

392 Fred said he assumes Valley View Mall is the connection point for MTU in the City of Onalaska,  
393 and also that he assumes MTU has a route that goes to the airport.

394

395 Leroy said the route to the airport is from the Clinton Street transfer point.

396

397 Ald. Stevens said a S.M.R.T. bus might be a viable option for individuals from Tomah or Prairie  
398 du Chien who wanted to fly out of the La Crosse Regional Airport.

399

400 Leroy told committee members he recently had ridden on a Shared Ride vehicle and described  
401 the experience as being positive. Leroy said it appears tablets are being utilized to assign rides  
402 and drivers, noting this practice is being introduced in the areas Running, Inc. services. Leroy  
403 said he was told Onalaska, Holmen, and West Salem were last on the list as they were the largest  
404 operation, and also due to jurisdictional complications. Leroy next addressed the S.M.R.T.  
405 program and expressed a desire to see greater cooperation between the local transit services in  
406 some form.

407

408 Ald. K. Smith said she believes that just as riders may transfer between Shared Ride and MTU,  
409 they may also transfer to a S.M.R.T. bus.

410

411 f. Onalaska Transit Input (Onalaska Rep.)

412

413 No report.

414

415 Micah and Leroy excused themselves from the meeting.

416

417 **Item 5 – UTILITIES**

418

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- 419 a. City of Onalaska Storm Water:  
420 1. 2019 Storm Water Financials

421  
422 Fred and Jarrod shared the following data:

- 423
- 424 • Revenues through late August totaled \$436,374.99, and expenditures totaled \$346,359.24  
425 for a surplus of \$90,015.75.
  - 426 • Revenue is based on Equivalent Runoff Unit (ERUs), which are regulated by the  
427 residential, commercial, and industrial accounts, among others, and does not vary much  
428 for any one of the four billings. The exception to this is if a credit is extended or a new  
429 facility is constructed.
  - 430 • Every single residential parcel in the city is charge a single ERU, whereas all industrial,  
431 commercial, multifamily residential, and institutional parcels are charged based upon  
432 their actual impervious area.
  - 433 • Expenditures are through July.
- 434

435 Motion by Ald. K. Smith, second by Ald. Olson, to accept the 2019 Storm Water Financials and  
436 place them on file.

437  
438 On voice vote, motion carried.

- 439  
440 2. 2020 Storm Water Budget

441  
442 Fred said HABCO was hired in 2018 because the city was moving into doing Mortgage Revenue  
443 Bonds for Water, Sewer, and Storm Water. The city's rates needed to be compliance under the  
444 Mortgage Revenue Bond covenants, which state a municipality must have 125 percent of funds  
445 to make principal and interest payments in the area of funding. Fred said Jarrod must modify  
446 yearly for the ERU.

447  
448 Jarrod shared the following information from both the memo and the graph included in  
449 committee members' packets:

- 450
- 451 • The Storm Water Utility was created in 2010, and the storm water lift station located on  
452 Main Street was constructed. The city incurred a significant amount of debt service at  
453 that time, but has not had a large amount of debt service since that time, so the ERU rate  
454 has remained relatively steady.
  - 455 • The ERU rate for 2019 was \$68.96. Jarrod said he had projected a rate of \$82.80 for  
456 2020.
  - 457 • The following items have increased from the 2019 budget: Capital Projects – Mortgage  
458 Revenue Bonding (\$148,000); Employee wage & benefits – City Attorney staffing (new)  
459 (\$8,400); Employee wage & benefits – IT staffing (new) (\$6,200); Employee wage &

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460 benefits – City mechanic (larger percentage of duties) (\$4,500); and Increase in  
461 equipment maintenance due to age of sweepers (\$3,500).

462  
463 Jarrod noted that there were 12,119 ERUs as of July 1, 2019, and he said 12,173 ERUs were  
464 projected. Jarrod noted there were developments that had not yet been constructed during the  
465 2019 budget process, but are now coming on. Jarrod said 12,203 ERUs are being projected for  
466 2020.

467  
468 Fred referred to the data prepared by Monica Hauser of HABCO and said Monica had projected  
469 an annual rate of \$84.56, compared to Jarrod’s projection of \$82.80. Fred also noted Monica had  
470 projected a quarterly rate of \$21.14, compared to Jarrod’s quarterly projection of \$20.70.

471  
472 Jarrod noted HABCO has more depreciation in its analysis and said he takes the debt service and  
473 the expenses in a more simplistic view so there is sufficient revenue coming in. Jarrod noted  
474 HABCO’s depreciation increased by \$70,000 from 2019 as more assets have been put into  
475 service through mortgage revenue bonding process. Jarrod said that is the difference between  
476 the two calculations.

477  
478 Ald. Stevens referred to a recent discussion about a decrease in interest rates and asked if that has  
479 been reflected in the figures before the committee.

480  
481 Fred said the funds that were borrowed occurred in March, April, and May, and he described  
482 them as “concrete numbers.” Fred referred to when Brad Viegut of Robert W. Baird had  
483 addressed the Finance and Personnel Committee and said, “It was based on the sale of those  
484 Mortgage Revenue Bonds. This is the actual principal and interest payments that were used in  
485 these projections.”

486  
487 Jarrod explained that the debt cannot be refinanced and said the city had received favorable  
488 interest rates that have been locked in. Jarrod also noted the callback for the loans is 10 years.

489  
490 Motion by Ald. K. Smith, second by Ald. Olson, to accept the 2020 Storm Water Budget.

491  
492 On voice vote, motion carried.

493  
494 3. Establish 2020 ERU Rate

495  
496 Jarrod said the committee must choose between his projected ERU rate and Monica Hauser’s  
497 projected ERU rate.

498  
499 Motion by Ald. K. Smith, second by Ald. Olson, to establish the 2020 ERU Rate at \$84.56, as  
500 proposed by HABCO.

501  
502 On voice vote, motion carried.

Reviewed 9/9/19 by Fred Buehler

## Utilities Committee

Wednesday, September 4, 2019

13

503

504

### b. City of Onalaska Sewer:

505

#### 1. 2018 Sewer Financials

506

507

Fred reported the following:

508

509

- Revenues totaled \$1,089,016.32, and expenditures totaled \$1,144,487.35 for a deficit of \$55,471.03.

510

511

- The Sewer Utility rate is calculated April 1 based on the consumption during the winter months (January, February, March). When the sewer rate was established prior to 2019, it was the rate charged for both treatment and transmission for the next three billings thereafter (July, October, January). Both the Utilities Committee and the Common Council voted to change the methodology so that instead of all the billings being the same as the April billing, the July billing was to stand on its own and based on consumption as well. The consumption on the October and January billings would revert to the April consumption.

512

513

514

515

516

517

518

- Fred said the city speculated it would pick up approximately \$94,000 as a result. However, there has been above-normal precipitation in 2020, and thus consumption was less than anticipated. Fred said that despite that, the city had earned more additional revenue than anticipated in opposite quarters. Revenue was estimated to be \$1,908,900, and Fred said he is speculating revenue will be \$1,920,825.

519

520

521

522

523

- A treatment rate and a transmission rate are utilized. The treatment rate is based on the La Crosse Contractual Charges account. Fred noted \$936,850 was budgeted for 2019, and \$1,078,560 has been budgeted for 2020.

524

525

526

527

Fred noted there is a typo on the agenda and said these are the 2019 Sewer Financials and not the 2018 Sewer Financials.

528

529

530

Motion by Ald. K. Smith, second by Ald. Olson, to accept the 2019 Sewer Financials.

531

532

On voice vote, motion carried.

533

534

#### 2. 2020 Sewer Budget

535

536

Fred said revenues are not seen under the Sewer Utility because only half of 2020 is in, so staff has speculated what will occur in October, which will contain the sewer fixed costs. Fred said those costs are anticipated to approximately \$446,000 for the third quarter and \$447,000 for the fourth quarter, which would generate the \$1,920,825.

537

538

539

540

541

Jarrod said the City of Onalaska treatment rate is strictly for paying its treatment charges as the La Crosse Wastewater Treatment Facility. For every 1 million gallons that goes through the city's meter pit, the city is charged a cost for that. The La Crosse Wastewater Treatment facility

542

543

544

Reviewed 9/9/19 by Fred Buehler

## Utilities Committee

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14

545 has outlined \$50 million in upgrades, and Jarrod said the upgrades are consistent with  
546 engineering practices. Jarrod noted the plant was constructed in 1936, and has been upgraded  
547 twice (1952, 1972). Jarrod also noted the plant still is utilizing apparatus from the 1952 upgrade.  
548 Approximately \$10 million is designated for increased phosphorus treatment; \$20 million is  
549 designated for handling solids; and \$20 million is designated for plant upgrades. Jarrod said over  
550 the next three years La Crosse is proposing increasing the wholesaler rate for treatment of  
551 sanitary sewer by 48 percent. Jarrod said an 18-percent increase in that number has been  
552 included in this budget, and he told committee members not to focus too much on the actual  
553 budgeted number because what through the metering system is close to what is sent through the  
554 meter pit. Jarrod said, "If we get a large user, that goes up and we'll be over budget. But we'll  
555 compensate it with revenue from the treatment rate. ... The treatment part of it really has no  
556 bearing on what the cost is with our staff, our collection system. It's totally based upon what La  
557 Crosse charges as a wholesale user."

558

559 Fred noted Jarrod had received a memo speculating that the increase would exceed 18 percent  
560 and said he believes there still is sufficient funding.

561

562 Jarrod said an increase of slightly more than 20 percent is projected and noted the figures still are  
563 being finalized. The financial figures will be analyzed at an upcoming meeting September 19.  
564 Jarrod said the entire process will last three years and predicting there will be "some smoothing"  
565 of those figures over time, adding, "Two percent is a large number, but I think they're trying to  
566 be at a budgetary level right now where it's planning estimated. They want get things going and  
567 start bringing in that revenue because they're going to apply for clean water loans. They have to  
568 show they have part of the revenue coming in and what their plan is for those loans to be able to  
569 get those. I think with what we projected we will be fine next year."

570

571 Fred referred to the "Estimated Sewer Cash Flow" handout from HABCO, noting the city's  
572 current treatment rate is \$1.51 and that Monica is projecting that the city should increase that rate  
573 to \$1.76. Increasing the rate by 25 cents will produce the necessary funding to pay the  
574 expenditure line item.

575

576 Jarrod told committee members the rate of \$1.76 is for 2020 and said he anticipates there will be  
577 another 25-cent increase to \$2.01 in 2021, and another 25-cent increase to \$2.26 in 2022.

578

579 3. Changes to the Treatment rate for 2020

580

581 Motion by Ald. K. Smith, second by Ald. Olson, to approve increasing the Treatment rate for  
582 2020 from \$1.51 per 100 cubic feet to \$1.76 per 100 cubic feet.

583

584 On voice vote, motion carried.

585

586 4. Changes to the Transmission rate for 2020

Reviewed 9/9/19 by Fred Buehler

**Utilities Committee**

Wednesday, September 4, 2019

15

587  
588 Jarrod noted the city experienced an operating loss both in 2017 and 2018 and said the reserve  
589 funds have been utilized to forego those expenses. Jarrod said Monica has pointed that out  
590 during the March 2019 cycle of meeting, and he directed committee members' attention to the  
591 "Estimate 2020 for rate increase column" on HABCO's "Estimated Sewer Cash Flow" handout.  
592 Jarrod said, "If we do nothing in the expense side right now, we'd be over \$600,000 in the  
593 negative." Jarrod referred to the bottom of the column and told committee members the city  
594 would collect \$456,574 in revenue over two years if the rate adjustment is approved through the  
595 budget process. Jarrod said a majority of the changes in the budget are debt service, noting the  
596 city had a large mortgage revenue bonding in that time. Jarrod also said employee costs are  
597 among the few line items that have been changed in the budget. Jarrod said, "We are proposing  
598 through the Sewer and Water Budget to add Utility billing assistance in our Utility billing area.  
599 The Water and Sewer Utility did fund an IT position previously, and now we're going to backfill  
600 that with an actual water and sewer system operator. Those are the only large changes you see  
601 within the budget, and the majority of that is the debt service and the fact we've been so far  
602 behind that we actually would be going back to the positive and trying to build up our reserve  
603 again."

604  
605 Fred told committee members that when the city did the Mortgage Revenue Bond for Water and  
606 Sewer, the goal was to do two years, meaning 2019 and 2020. Staff examined all the different  
607 projects within the Water and Sewer Utility, and the city borrowed approximately \$8.6 million  
608 and did a Water and Sewer Mortgage Revenue Bond issue. Fred reminded committee members  
609 there must be sufficient incoming funds so the rate of return is 1.25 percent. Fred noted the  
610 city's current transition rate is \$1.40 per 100 cubic feet, and he said Monica's projections state  
611 the city will need to increase that amount 50 cents to \$1.90 per 100 cubic feet in 2020, and  
612 another 50 cents to \$2.40 per 100 cubic feet in 2021. Fred noted the average user in the city  
613 utilizes 1,500 cubic feet per quarter, and the change in customers' bills would be as follows:

614

<b>Average user (1,500 CF/qtr).</b>	<b>2019 bill</b>	<b>2020 bill</b>	<b>Increase</b>
615 Transmission charge	\$21.00	\$28.50	\$7.50
616 Treatment charge	\$22.65	\$26.38	\$3.73
617 Base charge	\$6.50	\$6.50	--
618 <b>Total bill</b>	<b>\$50.15</b>	<b>\$61.38</b>	<b>\$11.23 (22 percent)</b>

619  
620  
621 Motion by Ald. K. Smith, second by Ald. Olson, to approve to approve increasing the  
622 Transmission rate for 2020 from \$1.40 per 100 cubic feet to \$1.90 per 100 cubic feet.

623  
624 Jarrod noted the city is replacing two of the city's seven lift stations and purchasing equipment  
625 with mortgage revenue bonding. Jarrod also noted the Transmission budget includes staffing,  
626 and he said he would put the City of Onalaska's infrastructure up against that of any other  
627 municipality. Jarrod noted other municipalities are experiencing difficulties with their  
628 infrastructure, and he said his department has had support in keeping up the city's infrastructure,

## Utilities Committee

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16

629 which he said will benefit citizens for the next 20 to 50 years. Jarrod said, “It may look like a  
630 large impact in the short term, but I really believe in the long term this is prudent asset  
631 management of our infrastructure in the sewer system.”

632

633 Ald. Stevens said that while homeowners and customers might not agree with a 22-percent rate  
634 increase, it is his understanding it will help the city become more financially sound, will protect  
635 the city’s credit rating, and helps keep the infrastructure from deteriorating as it is in other  
636 municipalities.

637

638 City Administrator Rindfleisch said the Mortgage Revenue Bond also allows the city’s system to  
639 experience healthy growth in the future.

640

641 On voice vote, motion carried.

642

643 Ald. Stevens said the committee will now return to Item 5(b)(2).

644

645 Motion by Ald. K. Smith, second by Ald. Olson, to approve the 2020 Sewer Budget, with the  
646 changes to the Treatment and the Transition rates, as approved earlier.

647

648 Fred said he will take the new rates, base them on consumption, and show the new additional  
649 anticipated revenue to the Common Council when it addresses the 2020 Administrative Budget  
650 in November. Fred added he will do the same for the Storm Water Utility.

651

652 On voice vote, motion carried.

653

654 c. City of Onalaska Water:

655 1. 2019 Water Financials

656

657 Fred reported the following:

658

- 659 • Revenues totaled \$843,825.01, and expenditures totaled \$935,444.92 for a deficit of  
660 \$91,619.91.
- 661 • Each quarter stands on its own. Any consumption brought in is taken and multiplied by  
662 the rates established by the Public Service Commission. The city performed a two-stage  
663 modification to the PSC rate in 2015 and 2016.
- 664 • The Common Council in October 2018 voted to approve a 3-percent increase of what the  
665 PSC accepted. The city must now pursue a full-fledged water rate increase due to the  
666 borrowing that has occurred and the infrastructure modifications the Engineering  
667 Department wishes to complete, including a reservoir.
- 668 • There are a few “concrete numbers” the analyst requires from the PSC, one of which is  
669 the reservoir. Fred said Monica was going to find out whether or not the PSC analysts  
670 could utilize the figures from the engineer’s estimate to the projected cost of the project

Reviewed 9/9/19 by Fred Buehler

## Utilities Committee

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17

671 versus going out for bids, or if it will be necessary to go out for bids to perform an  
672 analysis. If the analyst requests the latter, the city will immediately proceed with what it  
673 has, modify the rates, and the rates could have to be modified again when Jarrod goes out  
674 for bids in the spring of 2020. It is possible there will be sufficient funding to do a  
675 percentage increase to cover the costs, if that is allowable.  
676

677 Ald. K. Smith asked if the city would be allowed to do a 3-percent increase again.  
678

679 Fred said no, telling Ald. K. Smith the city is in the process of a full-fledged water rate increase  
680 and that it is a matter of whether or not the figures for the reservoir will be accepted. Fred said  
681 the analyst will share which figures he finds acceptable – the engineer’s estimate or going out for  
682 bids.  
683

684 City Administrator Rindfleisch said based on past experience, he believes the engineer’s estimate  
685 will be accepted even though the PSC has since changed members. City Administrator  
686 Rindfleisch said the PSC’s goal is to establish rates to cover all known expenses, and he noted  
687 this is a known expense.  
688

689 Jarrod said the process will take a minimum of nine months and told committee members he  
690 does not envision getting any rate adjustment back from the PSC until between July and  
691 September 2020.  
692

693 Fred noted both the Utilities Committee and the Common Council had voted earlier in 2019 to  
694 remove a small component off the General Fund called “Public Fire Protection” based on an  
695 earlier rate (either 2010 or 2013) compared to what it is today (approximately \$48,000). Those  
696 funds would be applied as a flat charge on the Water Utility. Fred said the goal was to treat this  
697 separately from the water rate increase because the process may be speeded up compared to  
698 when a full-fledged water rate increase is being done. The PSC accepted the city’s request, and a  
699 hearing will be held 10 a.m. on Tuesday, October 1, in Room 112 at City Hall. Fred said he had  
700 originally speculated there would be a \$2 increase on the flat meter size, and he told committee  
701 members he believes the increase will be \$1.47.  
702

703 Motion by Ald. K. Smith, second by Ald. Olson, to approve the 2019 Water Financials.  
704

705 On voice vote, motion carried.  
706

### 707 2. 2020 Water Budget 708

709 Fred noted the budget for the Interest on the Mortgage Revenue Bond and Safe Drinking Water  
710 Loan was \$80,504 in 2019, and \$258,647 is being budgeted for 2020. This is because the city  
711 borrowed \$8.6 million split between Water and Sewer. Fred noted \$2,580,631 was budgeted in  
712 2019, and \$2,821,718 is budgeted for 2020.

Reviewed 9/9/19 by Fred Buehler

**Utilities Committee**

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18

713

714 Jarrod said debt service, backfilling half of an operator position, and part of the funding for the  
715 Utility clerk is the difference between what was budgeted in 2019 and what is being budgeted for  
716 2020.

717

718 Motion by Ald. K. Smith, second by Ald. Olson, to approve the 2020 Water Budget.

719

720 On voice vote, motion carried.

721

722 **Adjournment**

723

724 Motion by Ald. K. Smith, second by Ald. Olson, to adjourn at 8:32p.m.

725

726 On voice vote, motion carried.

727

728

729 Recorded by:

730

731 Kirk Bey