

Utilities Committee

Wednesday, October 3, 2018

1

1 The Meeting of the Utilities Committee was called to order at 7:00 p.m. on Wednesday, October
2 3, 2018. It was noted that the meeting had been announced and a notice posted at City Hall.

3
4 Roll call was taken, with the following members present: Ald. Jerry Every, Ald. Jim Olson, Ald.
5 Kim Smith, Village of Holmen Trustee Brandon Cain, Village of West Salem Trustee Leroy
6 Brown

7
8 Also Present: Mayor Joe Chilsen, Financial Services Director/Treasurer Fred Buehler, Deputy
9 Finance Director Kim Isensee, City Engineer Jarrod Holter, Ald. Diane Wulf, City Administrator
10 Eric Rindfleisch

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

13
14 Motion by Ald. Olson, second by Ald. Smith, 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. Every called for anyone wishing to provide public input.

22
23 **Diane Wulf, Second District Alderperson**
24 **910 Orchid Place**
25 **Onalaska**

26
27 “I about a month or two ago, I needed to take Shared Ride. I know there have been some plusses
28 and minuses, and some people have allegedly had some issues with the drivers. I just wanted to
29 report to this committee that my experience was nothing but 100 percent positive. I had a
30 wonderful driver who showed up on time, was very respectful, and I had a very positive
31 experience. I think being one of six elected officials of the City of Onalaska, I myself wanted to
32 experience it for myself again. I have taken Shared Ride for a number of years to the [La Crosse
33 Regional] Airport. They don’t go to the airport anymore; that’s why I hadn’t taken them for a
34 while. But I wanted to experience it for myself to determine for myself and have my own
35 experience – not to take away from other people’s possibly negative experiences. I just wanted
36 to report to this committee that I had nothing but a positive experience. Thank you.”

37
38 Ald. Every called three times for anyone else wishing to provide public input and closed that
39 portion of the meeting.

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

42
Reviewed 10/8/18 by Fred Buehler

Utilities Committee

Wednesday, October 3, 2018

2

43 **Item 4 – MASS TRANSIT**

44
45 a. Shared Ride Transit:

- 46
47 1. **Public Hearing: Approximately 7:00 P.M. (or immediately following Public**
48 **Input)** – Proposed Disadvantage Business Enterprise (DBE) plan/goal for the City of
49 Onalaska-Village of Holmen-Village of West Salem

50
51 Ald. Every read the following public notice: “*The City of Onalaska Shared Ride Program, in*
52 *accordance with regulations of the U.S. Department of Transportation, intends to submit to the*
53 *Federal Transit Authority a program goal of .019 percent for DBE participation in Shared Ride*
54 *contract activities for the fiscal year 2016-2018. This notice is to afford the general public and*
55 *the contracting community an opportunity to comment. The Shared Ride DBE program goal and*
56 *its rationale may be reviewed from 8 a.m. to 5 p.m. Monday through Friday at the office, 415*
57 *Main Street, Onalaska, Wisconsin, 54650 for 30 days following the date of notice. Written*
58 *comments regarding the goal and the methodology used for developing it will be accepted. For*
59 *more information, please contact Fred Buehler, Finance Director-DEBLO for Shared Ride*
60 *Program, 415 Main Street, Onalaska, Wisconsin, 54650; (608) 781-9530; [by] fax [at] (608)*
61 *781-9534; [or by] email at fbuehler@cityofonalaska.com.”*

62
63 Fred noted the City of Onalaska had had its triennial review earlier in 2018, and he said one of
64 the deficiencies was the city needed a DBE plan and goal for 2016, 2017, and 2018. Fred said a
65 goal and a plan had been created, and both had been introduced at a previous Utilities Committee
66 meeting. Notices were sent to all the providers within the State of Wisconsin, and they were
67 informed of tonight’s public hearing. Fred said he also had sent the DBE plan and goal to La
68 Crosse County representative Tom Faella as well as Jackie Eastwood. Fred said both individuals
69 stated their approval of the DBE plan and goal, adding he had not received a written response.

70
71 Fred introduced Adam Lorentz, the new Transit Manager for La Crosse MTU.

72
73 Ald. Every opened the public hearing, called three times for anyone wishing to provide input
74 regarding the Proposed Disadvantage Business Enterprise (DBE) plan/goal for the City of
75 Onalaska-Village of Holmen-Village of West Salem, and closed the public hearing.

- 76
77 a. Approval of DBE plan/goal, with modifications

78
79 Fred said this item was included on this evening’s agenda because he was not certain if anyone
80 would want to make modifications to the DBE plan/goal. Fred said Deputy Finance Director
81 Kim Isensee had been instrumental in working with the State of Wisconsin and producing the
82 program goal of .019 percent, and he told committee members that Kim is willing to discuss the
83 plan with them, if they wish. Fred expressed confidence that the DBE plan/goal will receive
84 FTA approval.

Reviewed 10/8/18 by Fred Buehler

Utilities Committee

Wednesday, October 3, 2018

3

85

86 Ald. Smith asked if the DBE plan/goal will return to the State of Wisconsin after the city
87 approves it.

88

89 Fred told Ald. Smith the state was assisting the city and said this is an FTA requirement. Fred
90 explained he will submit the 500-page document to Region V, which is based in Chicago. The
91 document will show that the city had held a public hearing and no one was in attendance.
92 Region V representatives will analyze how the city arrived at its goal and then possibly provide
93 feedback. Fred noted the city had bid out the Shared Ride Program in 2015 for 2016, and he
94 explained that is what should have triggered the goal and the plan. Fred said there are one-year
95 increments with Shared Ride for the next three years, and thus the city will not be seeking
96 additional Requests for Proposals (RFPs). Fred said, "If we're not, what we're going to be
97 requesting is, if at all possible, the Federal Transit Authority would consider a waiver.
98 Otherwise, you will see us again next month to do a public hearing producing a goal for the years
99 of 2019, 2020, and 2021."

100

101 Motion by Ald. Smith, second by Brandon, to approve the DBE plan/goal for the City of
102 Onalaska-Village of Holmen-Village of West Salem.

103

104 On voice vote, motion carried.

105

106 2. Financials (Justin Running or Jeff Burckhardt/Fred Buehler)

107

108 Jeff Burckhardt of Running, Inc. reported the August 2018 Shared Ride statistics:

109

- 110 • **West Salem Trips:** 662 (an increase of 230 from August 2017)
- 111 • **Holmen Trips:** 1,216 (an increase of 249 from August 2017)
- 112 • **Onalaska Trips:** 2,916 (a decrease of 528 from August 2017)
- 113 • **Total Trips:** 4,794 (a decrease of 49, or 1.01 percent, from August 2017)
- 114 • **MTU Passes:** 638 (a decrease of 85 from August 2017)
- 115 • **Agency Trips:** 922 (a decrease of 31 from August 2017)
- 116 • **Year-to-Date Trips:** 38,501 (a decrease of 713 from August 2017)
- 117 • **Revenue:** \$130,577 (a decrease of \$5,944, or 4.35 percent, from August 2017)

118

119 Motion by Ald. Smith, second by Ald. Olson, to accept the Shared Ride Transit Financials and
120 place them on file.

121

122 On voice vote, motion carried.

123

124 3. Federal Transit Authority 2018 Triennial Review:

125

Utilities Committee

Wednesday, October 3, 2018

4

126 a. Future guidelines for Procurement Procedures/Practices

127

128 Fred noted this is the second of three deficiencies the City of Onalaska had for its triennial
129 review. The Federal Transit Authority requested a policy and a procedure as it relates to
130 procurement. Fred told committee members the document was created with assistance from the
131 State of Wisconsin, and he said, “We feel very comfortable that we’ve covered all directions.
132 This also will be submitted to Region V once this committee approves it.” Fred noted the
133 document is approximately 500 pages, and he said, “What the FTA is looking for from us is
134 when we go out for procurement, we’re looking into all these different areas. Even though I buy
135 under the state contract, that does not wash with the Federal Transit Authority. I need to see
136 those documents – 100-plus pages – and have it on file. We were doing a vast majority of the
137 things, but we didn’t have it written as a procedure policy.”

138

139 Kim highlighted the following points from the document:

140

- 141 • Section 1.1 is the procurement statement, which describes what the city will do when it
142 does its procurement. It lists the different manuals that will be utilized when the city
143 purchases vehicles from the State of Wisconsin. It also lists the websites the city utilizes
144 to locate forms, obtain guidance when purchases are made, and master agreements from
145 the FTA and the Wisconsin Department of Transportation.

146

147 Fred said Kim had designed the document so that if the procedures or the documents change,
148 they automatically will change with this document.

149

- 150 • Section 1.2 is the WisDOT website.
- 151 • Section 1.3 is the Vehicle Purchase Guide. It includes a reference on how the
152 procurements are done.
- 153 • Section 1.4 is the Human Service Vehicle documents the city utilizes. There are six or
154 seven different documents available for the city to use through the procurement process.
- 155 • Section 1.5 is the Shared Ride Taxi tool kit.
- 156 • Section 1.6 references the FTA’s best practices.
- 157 • Section 1.7 is the WisDOT procurement manual.

158

159 Kim told committee members state officials thought it would be prudent for the city to reference
160 its DBE program in the manual. The document now mentions the city has a program on file as
161 well as a goal that may be referenced.

162

163 Motion by Ald. Smith, second by Leroy, to accept the City of Onalaska’s Procurement Policy, as
164 updated on October 1, 2018.

165

166 On voice vote, motion carried.

Utilities Committee

Wednesday, October 3, 2018

5

167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208

b. MTU Transit financials (Adam Lorentz)

Adam told committee members the financials before them this evening were prepared by MTU's Operations Manager. Adam noted he had begun his role as MTU's Transit Manager on August 10 after working 11 years in the private sector for United Parcel Service.

The 2018 MTU ridership statistics are as follows:

- **1st Quarter:** 16,790
- **2nd Quarter:** 17,015
- **3rd Quarter:** 10,781

Adam said MTU will be increasing first-time ridership, and there also will be an open house at the transit center in November.

Ald. Every inquired about the decrease in ridership.

Adam said it is typical to see a decrease in ridership during the warm-weather months because people ride their bicycles and walk rather than utilize public transportation. Adam said if first-time ridership increases by spring 2019, he hopes it will offset the regular riders who do not utilize public transportation during the summer.

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

On voice vote, motion carried.

c. Holmen Transit Input (Holmen Rep.)

No report.

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

No report.

e. Onalaska Transit Input (Onalaska Rep.)

No report.

Item 5 – UTILITIES

Utilities Committee

Wednesday, October 3, 2018

6

- 209 a. Rate impacts for water, sewer, and storm water utilities – including presentation by
210 Hawkins Ash CPAs, including option regarding rate adjustments

211
212 Monica Hauser of Hawkins Ash CPAs began her presentation with the Storm Water Utility,
213 noting she had shown the 2016 and 2017 actual numbers, and she had estimated 2018 by
214 utilizing seven months of true data. Monica said she also had calculated projections both for
215 2019 and 2020 based on the city’s capital projects in the initial Capital Improvement Projects
216 budget as well as the borrowing data Hawkins Ash CPAs had obtained from Baird Public
217 Finance. Monica directed committee members’ attention to the 2020 estimate for rate increase
218 column and said she had removed anomalies such as the years when large capital projects occur
219 and the city is borrowing the debt. Monica said that while they do not cancel each other out,
220 they offset each other and the debt payments are added. These are the additional costs the city
221 will need to recover. Monica said, “When we’re looking at the overall for all three utilities,
222 when we’re talking about the capital projects, it’s important to note that if we’re looking at
223 cutting capital projects, that’s not a dollar-for-dollar effect on these cash flow statements. When
224 we borrow the debt, we’re borrowing over 20 years. If we say, ‘We’re \$100,000 short, so we’ll
225 [cut] \$100,000 from the capital projects,’ it’s not quite that simple.”

226
227 Monica addressed the 2020 Storm Water Utility estimate and said she is projecting a \$160,616
228 annual loss. This is the cash flow the city will need to generate via a rate increase. Monica
229 referred to the 2019 and 2020 columns and noted the city used \$141,539 of its Storm Water
230 Utility funds to help finance the project. Monica said the plan is to recover the funds over five
231 years and noted she had inserted \$29,000 for a rate increase in the 2020 estimate. Monica said
232 the \$29,000 is the amount the city wants to recoup so it is able to pay itself back for the funds it
233 utilized for the initial project. Monica reiterated the city is facing a \$160,616 deficit on an
234 annual basis, or approximately a 19 percent increase. Monica reminded committee members the
235 city had approved an increase for 2019, and noted the additional increase in ERU would be \$3.32
236 per quarter.

237
238 Ald. Every inquired about the statistics through July.

239
240 Monica said, “It’s not specifically on here. It’s in that 2018 estimate column.”

241
242 Ald. Every noted Monica had said she had seven months of true data, and he asked, “What was
243 that revenue figure?”

244
245 Monica told Ald. Every she does not recall the actual figure, noting only half of the year had
246 been utilized because the city bills quarterly. Monica said. “It’s about half of what’s in that
247 revenue estimate for 2018.”

248
249 Ald. Every asked Monica if the \$817,016 estimated operating revenue for 2018 is based on what
250 she believes it will be.

Utilities Committee

Wednesday, October 3, 2018

7

251
252 Monica told Ald. Every she had obtained the actual numbers through July and taken half of the
253 revenues and doubled them to obtain the full year. Monica also said, "The expenses, a lot of
254 them I took what we were looking at for budget, or I took 7/12 of it an annualized it."
255
256 Fred noted the Storm Water and Sewer utilities billings before the committee this evening were
257 for the April and July billing cycles. October and January are the second half of the two billings.
258 Fred noted there is very little deviation, also noting the Sewer Utility is a fixed rate based on
259 winter usage. Fred noted the Storm Water Utility is based on the ERUs and that it changes only
260 if there are new additions.
261
262 Ald. Every said, "The figure you gave us at the last Utilities meeting, we did not have this
263 quarter that we just completed."
264
265 Fred said it has not been included in the data that is before the committee this evening.
266
267 Ald. Every noted there is one more quarter to go.
268
269 Fred said, "This is roughly about \$400,000, and then doubling it puts it at [\$817,016]."
270
271 Monica next addressed the Sewer Utility and directed committee members' attention to the
272 estimate 2020 for rate increase column, noting there will be an estimated deficit of \$700,001.
273 Monica referred to the 2019 and 2020 projection column and noted \$1,212,221 was utilized to
274 begin the project. Monica said \$50,000 was the amount determined to utilize yearly in order to
275 pay back the fund balance. Monica pointed out the city has experienced yearly losses in the
276 Sewer Utility, and she said the 36 percent increase is not all for capital projects. Monica said
277 21.4 percent comes from normal operations. Monica said, "The operations piece, over the years
278 obviously costs have gone up. We've done some extra maintenance things. We haven't
279 increased our Sewer [Utility] rates to reflect those increases. That's why we have a 21 percent
280 increase due to operations cost. Thirty-six [percent] is the total." Monica noted the City of
281 Onalaska has very little input regarding the treatment charge to the City of La Crosse, noting the
282 city back-charges this cost to customers.
283
284 Ald. Every asked Monica where on the Sewer Utilities document it shows \$1,212,221 had been
285 taken out of the cash balance.
286
287 Monica told Ald. Every the cash flow needed under the 2020 estimate is \$700,001, and
288 \$1,212,221 is the projection listed next to the \$700,001.
289
290 Ald. Every asked if it had taken out of the cash balance ending December 31, 2017.
291
292 Monica said the cash balance ending December 31, 2017 totals \$3,023,778 and stated, "We used
Reviewed 10/8/18 by Fred Buehler

Utilities Committee

Wednesday, October 3, 2018

8

293 about \$128,000 in 2017.” The beginning balance as of January 1, 2017 was \$3,152,000.

294

295 Monica referred to the second page of the Sewer Utilities document and said the average user
296 (2,300 cubic feet per quarter) would see an increase of \$25.76 per quarter.

297

298 Fred said the city has utilized 2,300 cubic feet because it was the rate the Public Service
299 Commission had used in its statistics when the city executed its water rate increase in 2015.

300

301 Jarrod referred to comments he had made at the October 2 Board of Public Works meeting
302 regarding the rate increase, noting his family (himself, his wife and two children) utilizes an
303 average of 1,500 cubic feet per quarter. Therefore, the Holter’s bill would increase by
304 approximately \$17 per quarter. By comparison, Jarrod said his mother, who lives alone,
305 averages 550 cubic feet per quarter and would see a quarterly increase of approximately \$6.

306

307 Monica said an average family of four utilizes approximately half of the 2,300 cubic feet per
308 quarter.

309

310 Monica next addressed the Water Utility, noting the water rates are regulated by the Public
311 Service Commission. Monica said the calculations still had been performed and noted the city
312 may do a simplified rate increase, which would not require PSC hearings and would be a flat 3
313 percent. Monica said it is possible to do a 3-percent increase for 2019, and it likely could take
314 effect early in 2019. A full rate increase, if necessary, would occur in 2020. Monica said she
315 had calculated a \$237,685 deficit for 2020, and \$456,788 had been utilized for the project
316 between 2018, 2019, and 2020. If a simplified rate increase occurred in 2019, 10-percent
317 increase would be necessary to recover cash flow for 2020. Monica noted the PSC also has a
318 rate of return it wants the utilities to be receiving, and she said the current rate of return is 4.5.
319 Monica said she had calculated that the city would need an additional \$500,000 to get the
320 authorized rate of return. This means the rate will increase an additional 21 percent. Monica
321 said she is of the opinion the full-blown rate increase will be necessary, and she also said the
322 authorized rate of return may be lowered. Monica said, “The \$500,000 gets us to 4.25 percent.
323 Maybe we’re going to come down to 2½ percent. That’s something we’ll look at when we do
324 the application to the PSC.”

325

326 Monica referred to the second page of the Water Utilities document and said the average user
327 (2,300 cubic feet per quarter) would see a \$1.65 increase per quarter under the 3 percent
328 simplified rate increase. Monica noted the average user (2,300 cubic feet per quarter) would see
329 a \$20.24 quarterly increase (38 percent) after an increase in 2020. Monica noted the front of the
330 document states there would be a 31 percent increase and said, “When we look at everything in
331 total, we have lower irrigation rates and lower non-residential rates. That means that the
332 residential is going to pick up a higher percentage of that overall increase.”

333

334 Ald. Every asked Jarrod why the irrigation rates are lower than the rates for residential users.

Reviewed 10/8/18 by Fred Buehler

Utilities Committee

Wednesday, October 3, 2018

9

335

336 Jarrod told Ald. Every the PSC had determined in the city's last rate tariff case that the city
337 should have an irrigation rate. Jarrod said part of the irrigation rate is to recoup the increased
338 demand at that time of year.

339

340 Fred said he believes the irrigation rate was producing more revenue for the Water Utility
341 because there previously had been three tiers (15,000, 30,000, and 45,000).

342

343 Jarrod said the city had gone to a flat rate system as part of the previous rate adjustment,
344 meaning each class had a flat rate. Previously, a descending rate was utilized to calculate water
345 usage. Jarrod said the flat rate system had been figured into the irrigation rate.

346

347 Ald. Every noted he had examined the irrigation income statistics and said it is less than the
348 residential.

349

350 Fred said the irrigation is strictly for individuals who have an irrigation system, which could be a
351 combination of commercial and residential.

352

353 Jarrod noted there are several irrigation meters in commercial and industrial complexes. Jarrod
354 also said the Onalaska High School soccer field might be one of the top three users in the
355 municipality. Jarrod said, "They're getting the irrigation rate because that's what the water is
356 used for. That was the rate set by the Public Service Commission."

357

358 Ald. Every asked Jarrod if the city's hydrant rate, flat fee, and the Storm Water Utility fee will
359 increase again.

360

361 Jarrod said, "Everything from how much you get charged for us to come and read your meter if
362 you're doing a move-out, the hydrant rental, the flat fees – all of those rates get figured by the
363 Public Service Commission. They take all of that into their rate case study to look at that as a
364 combination. If they think your flat fee is getting too low to cover your fixed costs, they will
365 increase your flat fee and not raise the usage fee as far. Those are all figured by the Public
366 Service Commission. Sometimes each rate adjustor is a little bit different in what they will
367 facilitate with that rate adjustment."

368

369 Ald. Every said, "Those things are not included in what we're talking about here. Those are
370 separate fees – the hydrant fee and things like that."

371

372 Jarrod told Ald. Every he is correct and said the hydrant fee would be separate because it is paid
373 back from the city. Jarrod said, "I'm sure when we do a regular rate increase or adjustment that
374 will get adjusted up to cover fixed costs. I think what Monica is trying to do here is a very
375 complicated thing in a simplified way and trying to get as close as she can. I think it's difficult
376 to try and mirror the exact rate increase plus ... Right now, the Public Service Commission

Utilities Committee

Wednesday, October 3, 2018

10

377 [says] it takes them ... It's supposed to take 180 days for a rate adjustment. They're saying it's
378 closer to 240 days right now because they have so many coming in. There is so much that goes
379 into it. Also, if someone intervenes in the public, it could take even longer. It takes multiple
380 months for the auditing firm just to get the application ready, working with Fred and Kim, asking
381 us which projects are coming ... A lot of work goes into a water rate adjustment."

382
383 Ald. Every noted the City of La Crosse has asked for a 21-percent increase and said an
384 intervenor is challenging the increase.

385
386 Jarrod said the PSC has a website that includes a "residential dashboard" that allows one to input
387 any city in the State of Wisconsin. Jarrod said based on 1,500 cubic feet of consumption and
388 comparing the City of Onalaska to every municipality in the state, its rate is \$31.74. By
389 comparison, the minimum rate is \$12.95, and the maximum rate is \$172.95. Jarrod said he then
390 added a 37 percent rate increase, and the city's rate increased to \$43.48. Jarrod said, "We're still
391 in the bottom third even with this. Some of that is because of our geology here. Some of it is
392 because of our water treatment. We don't have things like radium. We're not treating surface
393 water from Lake Michigan. We're fortunate that we don't have a lot of these processes that are
394 very expensive. We have a relatively larger system that we can spread those costs over. ...
395 Those are all things that are benefitting us. I do truly feel that with our water rates you're getting
396 a very good deal."

397
398 Fred said the revenues Monica has compiled is based on all levels of revenues – everything
399 ranging from the fixed rate to consumption. Fred next addressed sewer treatment, noting Jarrod
400 had built in a 5 percent increase for the City of La Crosse charges. Fred said another 5 percent
401 increase has been calculated for upcoming years, adding this has been accounted for on the
402 Sewer Utility's side of the rate structure. Fred also said it is important to keep the process
403 moving regarding the simplified rate, adding, "If we move on the simplified rate and get it in
404 place, we will get 12 months' worth of revenue based on the consumption for 2019."

405
406 Motion by Ald. Smith, second by Ald. Olson, to approve beginning the process of proceeding
407 with a simplified, 3 percent Water Utility rate increase for 2019.

408
409 On voice vote, motion carried, 2-1 (Ald. Every).

410
411 **Adjournment**

412
413 Motion by Ald. Smith, second by Ald. Olson, to adjourn.

414
415 On voice vote, motion carried.

416
417
418 Recorded by:

419
Reviewed 10/8/18 by Fred Buehler

Utilities Committee

Wednesday, October 3, 2018

11

420 Kirk Bey