

Village of Egg Harbor
Utility Committee Meeting Notice and Agenda
January 19, 2021 11:00 AM

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Meeting ID: 927 1884 0733

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Phone Number: 312 626 6799 Meeting ID: 927 1884 0733

John Heller, Chair, Present
Mack Bonk, Member, Present
Tom Prohl, Member, Present

TC Johnson, Member, Present
Paul Zeller, Member, Present
Bert Sawyer, Operator, Present

Audience present: Mike Simon, Andy Schmidt, Tom Kispert, Brian Roemer, Alyssa Rasmusson, Lauren Schar

Staff present: Tom Strong, Lydia Semo

1. Call to order and approval of the agenda
 - a. John Heller called the Utility Committee meeting to order.
 - b. **John Heller moved to approve the Agenda.**
 - c. **Seconded by Tom Prohl.**
 - d. **Motion unanimously carried.**

2. Approve December 15, 2020 Meeting Minutes
 - a. **John Heller moved to approve the December 15, 2020 Meeting Minutes.**
 - b. **Seconded by Tom Prohl.**
 - c. Tom Prohl: Noted one typo on the second page, second bullet point, change to “funded”
 - d. **Motion unanimously carried.**

3. Open Session (Limited to Ten Minutes)
 - a. TC Johnson: Will we be discussing the email from the Schar’s?
 - b. Tom Strong: You can discuss it in this meeting but cannot take action until next month.
 - c. Lauren Schar: I did not intend for my letter to be addressed today; I am just here to listen.
 - d. *Mack Bonk read the correspondence from Lauren Schar/The Fireside Restaurant*
 - e. John Heller: I will talk to Bert, and we can come in and talk with Lauren about the situation in the short-term period.
 - f. Tom Prohl: We need to address all these issues in the spirit of community cooperation.
 - g. Paul Zeller: Before we get to Agenda item 4, I just want to go back to where we were in Nov./Dec. and try to define the issue that we are discussing. I see the REU issue as a 2-part problem, there is a calculation of an REU and what that REU will cost; and then there is the determination of how many REUs are assigned to each property and how they are distributed. I do not see why we need

to do a \$5,000 study when it is in our code. There are not that many REUs in the Village to spread a \$5,000 project cost over, I do have a bias against this spending of money – the property taxes went up in 2020, the Village portion went up 9.2%.

- h. Mack Bonk: Paul, are you referring to Table 1 in our existing ordinances?
 - i. Paul Zeller: I am referring to 51.063 User Charge Methodology, it is based on variable costs from our budget and then there are total annual OM&R costs. There are several criteria that are spelled out and derivable from the budget.
 - j. Mack Bonk: I think the issue is if some numbers are accurate and up to date.
 - k. Paul Zeller: That should have been done every single year following the passing of the sewer utility budget. Someone at the Village should be calculating the cost of one REU, and then that cost should be charged on the next quarterly utility bill following the passage of the budget. The Village code has not been followed.
 - l. John Heller: I think a lot of this will be discussed in Agenda item 8.
4. Ehlers Rate Study Proposal
- a. Brian Roemer: We have been talking about the upcoming Clean Water Fund loan and being able to service the debt going into the future. It seems that there is confusion on how the user rates are determined. When you take out the CWF loan, you need to show that you have an updated User Charge System. I think one of the true desired outcomes of this rate study proposal was to understand how rates are performing. The goal of phase 1 of the study was a long-range cash flow analysis that not only includes existing debt but also proposed debt. In terms of the rate study, we were hoping to get this information from you guys to determine how to move forward.
 - b. John Heller: Where are we at with the approval of the CWF loan?
 - c. Tom Kispert: Everything is moving forward, there is nothing that they are waiting for. We are just waiting for the closing.
 - d. Brian Roemer: The DNR assigns a project management specific representative that will handle closing the resolution documents provided by Bond Council, which is required on an EIF loan. Anything you would need from us would be any sort of financial projections.
 - e. John Heller: Who is responsible for contacting Bond Council?
 - f. Tom Kispert: You are going to be contracting directly with Bond Council and working with them to establish a loan closing date and paperwork. It will get directly worked out with the folks at CWF.
 - g. Brian Roemer: What is the timeline for adopting a resolution?
 - h. Tom Kispert: Dawn said she is only looking for the attorney letter regarding ownership of the land, and the financial statements. I think Greg sent a 7-week schedule for when the documents are uploaded.
 - i. *John Heller went through his questions about the rate study proposal, please refer to the video recording for more information.*
 - j. Brian Roemer: Keep in mind, when looking to apply cash to these loans, do so towards the end of the project since the disbursements received have to go to a zero-interest bearing account and taken out within 3 days. It is a construction draw loan, meaning as you need it you request it.

- k. John Heller: If we use our reserves to finance our early end costs, will we get reimbursed?
 - l. Brian Roemer: If you have already expended money, you can get reimbursed for it. But when you close on the loan, are you using their funds or your funds? You are building the principal amount, so if you were to spend cash but still request funds, I do not see the purpose of that. Our strategy should be to just use the cash at the end because you could earn the interest on that. You cannot prepay this loan; the benefit of a very low interest rate comes with a AAA credit rating from the State. I would strongly recommend against paying cash then asking for reimbursement.
 - m. *The Committee discussed the proposal.*
 - n. TC Johnson: When is the last time we did a rate study like this?
 - o. John Heller: It goes back about 7 or 8 years.
 - p. Paul Zeller: In the ordinance itself, there are notes at the end of Section 51.063, the Ordinance was amended May 2012 and then again March 2014.
 - q. Tom Kispert: I am not sure if the ordinance would have been in the scope previously, it would have been mostly crunching numbers. Typically, increased rates are not addressed in ordinances, it gets tweaked periodically in the background.
 - r. *The Committee continued discussion.*
 - s. TC Johnson: I think we should go ahead with this study.
 - t. Tom Kispert: Looking through the recommended plan for the beach lift station update, I do not see a line item for land. However, in the application for the CWF, I think Dawn put it in there. Just over \$2,028,800, I think that we stuck a placeholder in the application for when we would find out if the land were eligible.
5. Wastewater Treatment Plant Improvement Project Update
- a. *Tom Kispert provided an update on the project. Please, refer to the video recording for detailed information.*
 - b. John Heller: So, the first two categories, submittals, and approval, are on schedule?
 - c. Tom Kispert: Yes, there is a sophisticated program that they use to track documents and know who is responsible for which documents.
 - d. Bert Sawyer: I will give the haulers a week notice before we are closed.
6. Church Street Sewer Main
- a. John Heller: This was brought up at the PPW Committee, the question is if we bury sewer mains under Church Street to either utilize or not utilize until future needs. I thought it was a good idea, but after seeing the cost I am having some reservations.
 - b. Andy Schmidt: The force main from the beach to the treatment plant has a maximum capacity of 850 gpm. When we did the facilities plan, we basically laid out the future full development of Village properties at 1420 gpm by the beach lift station, so we would have to relay that force main all the way up. In the ultimate build out, we could take enough off the beach lift station to keep it at 850 gpm, so

we came up with four sections of sewer intersect Church Street that head down the hill to 42 and back to the beach lift station. We would connect sewer along Church Street to connect these 4 lines proposed in a specific location to pump into the WWTP. So, the question remains when we will need these Church Street connections.

- c. John Heller: You will remember in the past that we have talked about possibly moving the beach lift station, since it is nearing the end of its useful life. We also discussed burying the pipe under Church Street at this point and having it available if we needed to put another lift station in. Just the Church Street portion itself is estimated to be \$150,000. Looking at the project we have on the board, and the cost of those of projects, I think we should reconsider. What is the life expectancy of the asphalt surface on Church Street?
 - d. Mike Simon: For asphalt, you could do a series of maintenance, the current issue we have with the location of the sanitary sewer is that it is close to the proposed curb and gutter, so if you replace it in the future you are also taking out the curb and gutter and a portion of the asphalt. There will be some maintenance within 20 years.
 - e. John Heller: Could we abandon the existing?
 - f. Andy Schmidt: The green on the map is existing pipe, the orange is proposed new connections.
 - g. John Heller: It costs \$150,000 now, how much will it cost in 15-20 years?
 - h. Mike Simon: A wild guess – I would say double that.
 - i. *The committee discussed the potential of the project and compared costs now vs. 20 years into the future. Please refer to video recording for detailed information.*
 - j. **John Heller moved to not place an 8-inch sewer line the full length of Church Street to be utilized at a later date.**
 - k. **Seconded by TC Johnson.**
 - l. **Motion unanimously carried.**
7. Wastewater Treatment Plant Manager Report
- a. *Bert Sawyer went over the report provided in the packet. The December numbers are up from last year, probably due to people working from home. Please, refer to the video recording for more information.*
 - b. John Heller: What was the total for the year?
 - c. Bert Sawyer: The Village combined was 53,996,300 gallons including haulers and drainage from reed beds, haulers were 16,251,547 gallons.
8. Ordinance Review Update
- a. *Mack Bonk went over his recommendations and reasonings for the ordinance updates as provided in the packet. Please, refer to video recording for additional information.*
 - b. Mack Bonk: This might be something that the other committee members should spend more time reading and developing their own thoughts an opinions on the ordinance. We mentioned back in November meeting at the Kress and going through this together on the Great Hall screen.

- c. Bert Sawyer: In letter b, where it says, “Charges for Sewer Service Connection,” that is in place if you have a duplex and you connect to sewer, your sewer service connection should be 2 times the 1,800. If you build a 40-unit condo, each unit would be 1 REU and it would be 40 times 1,800. That is how I interpret it, at least.
 - d. Mack Bonk: Where can I find the amendments to these ordinances?
 - e. Tom Strong: They are in a file here at the office.
 - f. *The Committee discussed the ordinances and how to go about updating. Please refer to video recording for detailed information.*
 - g. John Heller: I suggest we start from scratch. I will read Ephraim’s code, too. We should set up a Zoom meeting with Cecil.
 - h. Bert Sawyer: When you deal with ordinances that describe charges, do changes have to be reviewed by an attorney?
 - i. Tom Strong: Yes, I think that would be best. We would also need to keep the Clean Water Fund loan in mind, any changes would have to be reviewed by them as well.
9. Open Session (Limited to Ten Minutes)
- a. Mack Bonk: To address Paul’s concern with the user charges, where can we get those numbers? The two things are if we are charging enough and if we are appropriating the correct percentage of those charges to the correct places.
 - b. Tom Strong: You can get the budget numbers off the website. I looked at this a couple years ago, and the formulas might look ominous, they are not actually that bad. The problem is understanding what parts the budget would be considered or where to park them under the OM&R. You can get a more detailed breakdown from Lynn.
 - c. Tom Kispert: My guess is that, once upon a time, most things at the treatment plant were sized based off flow. There were not many parameters in the 80s.
10. Next Meeting Time and Date
- a. Tuesday, February 16th at 11am.
11. Adjourn
- a. **John Heller moved to adjourn the meeting.**
 - b. **Seconded by Mack Bonk.**
 - c. **Motion unanimously carried.**
 - d. Meeting adjourned at 1:09 PM.

Minutes completed by Lydia Semo on January 26, 2021.