

**RESPONSES TO QUESTIONS POSED BY PEWAUKEE ALDERMAN AND COMMITTEE
 MEMBER H. ROGER HATHAWAY**

Question	Response
What will be the cost of a proper study of integration of the City and Village water system infrastructure?	A proper sewer and water utility study in connection with any Pewaukee consolidation proposal will cost \$59,000.
What will be the cost of obtaining a new certificate of authority if the two Pewaukee water utilities were to be merged?	<p>Initial discussion with Wisconsin Public Service Commission staff relative to this matter indicates the following:</p> <ul style="list-style-type: none"> • In municipal consolidation situations where both consolidating entities operate a public water utility, the PSC will require the formation of a single water utility. This PSC position would seem to effectively eliminate a contested case situation, although any rate increases would be subject to public hearings. • The City and Village would have to submit a brief letter application requesting consolidation of the water utilities. • A full water rate application would not be required, merely an appropriate justification of new "blended" rate. • All indications are that the merger of the Pewaukee water utilities would follow a "perfunctory" process, perhaps not even requiring a public hearing. • Given the foregoing, any costs associated with this matter would be expected to be minimal and within the ability of the normal water utility budgets to accommodate.
What difficulties might be expected upon a consolidation with respect to the existing debt of both the City and the Village?	Discussions with both financial counsel (Todd Taves, Ehlers & Associates) and legal counsel (Brian Lanser, Quarles and Brady) indicate that, by Wisconsin law, municipal consolidation will not affect the preexisting rights or liabilities of any municipality or affect actions on those rights or liabilities (Wisconsin Stats 66.0229(1)). In the event consolidation would occur, existing debt obligations by law would become obligations of the successor municipality and payment of the bonds would not be accelerated.
What will be the cost to seek consolidation legislation in Madison?	The cost of attempting to secure desirable district consolidation legislation is expected not to exceed \$48,000.
What costs might be associated with such areas as: title to properties, land rights, contracts and assignment of contracts, insurance, and retirement plans?	As may be necessary, each of these items will be addressed in Phase IV of the Pewaukee consolidation study should the study proceed to that point.
What costs might be associated with the following items which need to be blended should consolidation occur: vehicles, contractors, business partners, suppliers, outsourced engineering?	All of these items, and no doubt others, will need to be addressed in post-consolidation work efforts. It is anticipated that all such work efforts can be accommodated within the administrative staff capabilities of the consolidated municipality.

Question	Response												
<p>What will it take to identify the "correct equalized value" of properties in the City and the Village?</p>	<p>Equalized property values are determined neither by the City Assessor nor the Village Assessor and it makes no difference if that assessor is a full-time employee or an outsourced vendor. Equalized values attendant to all property in Wisconsin are determined only by the Wisconsin Department of Revenue. Upon any consolidation effort, whoever is responsible for assessing in the new municipality from that day forward will bear the responsibility for insuring fair and proper assessment of all parcels in the new municipality.</p> <p>For the record, here are the State-established 2008 assessment ratios by major property class:</p> <table border="1" data-bbox="812 619 1429 724"> <thead> <tr> <th></th> <th><u>Residential</u></th> <th><u>Commercial</u></th> <th><u>Industrial</u></th> </tr> </thead> <tbody> <tr> <td>Village</td> <td>.9505</td> <td>.8721</td> <td>.9372</td> </tr> <tr> <td>City</td> <td>.9933</td> <td>.9486</td> <td>.9280</td> </tr> </tbody> </table> <p>Property class differences between assessment ratios routinely exist in communities. The WDOR will require re-valuation efforts when ratios exceed acceptable tolerance limits. Neither the City nor the Village is presently under a State order to do a property re-valuation.</p>		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	Village	.9505	.8721	.9372	City	.9933	.9486	.9280
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>										
Village	.9505	.8721	.9372										
City	.9933	.9486	.9280										
<p>What about the transaction costs for the consolidation activity itself?</p>	<p>Transaction costs attendant to the consolidation effort will be estimated in Phase IV of the study should the study proceed to that point.</p>												
<p>What about operational impacts of separating the water/sewer operations from overall public works budgets?</p>	<p>In the Village of Pewaukee public works employees are currently assigned to all public works functions including sewer and water utilities. The payroll burdens of those employees are spread to the general fund and the utility funds based upon actual time spent on each function. In the City of Pewaukee workers do not cross over between the utility and the general public works functions. How to staff these various functions in a consolidated municipality can only be determined by the governing body of that municipality. This is one of a number of such issues that will need be raised, and to the extent possible, addressed with recommendations in Phase IV of the study should the study proceed to that point.</p>												