

Summary Notes

Meeting of the Pewaukee Merger Advisory Committee

Wednesday, August 19, 2009

6:00 p.m., Pewaukee City Hall

Roll Call

In attendance at the sixth meeting of the Pewaukee Merger Advisory Committee were, representing the Village of Pewaukee, President Jeff Knutson, Trustee Paul Evert, citizen member Mark Muehl, citizen member Tom Houck, and Administrator Scott Gosse. Representing the City of Pewaukee were Mayor Scott Klein, Alderperson Roger Hathaway, citizen member Dave Swan, citizen member Dan Sanford, and Administrator Tammy LaBorde. SEWRPC Advisor Phil Evenson chaired the meeting. Also in attendance at the meeting were the following members of the consultant team assisting the Committee: William J. Mielke, Christine Cramer, Daniel R. Butler, and Anthony D. Petersen, from Ruckert & Mielke, Inc. Included among those in the audience was Jeff Weigel, the City of Pewaukee Director of Public Works.

Summary Notes of Prior Meeting

Mr. Evenson referred to the summary notes of the Advisory Committee's meeting of April 22, 2009. On a motion by Mr. Swan, seconded by Mr. Houck, and carried unanimously, the summary notes of the meeting of April 22, 2009, were approved. Mr. Evenson then commented that a merger study website was recently created and can be accessed at www.sewrpc.org/pewaukee-merger/. He also noted that he had distributed to all Committee members copies of feedback comments from the website received through August 19, 2009.

Report on Legislative Effort

Mr. Evenson called upon Mr. Mielke to update the Committee on the efforts being made by the consultant team relative to legislation that would allow the creation of municipal consolidation districts. With the aid of a handout dated August 18, 2009, Mr. Mielke then reviewed with the Committee the various activities that have taken place to both get the desired bill drafted and readied for introduction and to solicit support for the proposed bill from local government organizations and others involved with local government law. The proposal has been discussed and reviewed extensively with the State's Legislative Council staff and a number of suggestions made by that staff have been taken into account and will be reflected in the forthcoming bill. At the present time, the bill is being drafted formally by attorneys in the Legislative Reference Bureau staff and is expected to be completed and ready for introduction in the next 2-3 weeks.

No significant issues have been raised by the legal staffs employed by the State of Wisconsin and charged with responsibility for developing legislation.

Discussions have also been held with the League of Municipalities, the Alliance of Cities, and the Local Government Institute, as well as with key State departmental staff, including George Hall who recently retired as the head of the State's processes involving incorporation, consolidation, and annexation matters. All of these parties have been very supportive of the proposal, and it is expected that these groups and individuals will help lobby the Legislature in a very positive way upon introduction of the bill.

In a brief discussion that ensued, it was indicated that the intent is to ready the bill for introduction and consolidation during a legislative floor period this coming fall. In order for this matter to move forward, Mr. Mielke noted, it will be necessary to have the Common Council of the City of Pewaukee authorize an additional expenditure of \$12,000 as envisioned in the original work effort proposal submitted by the consultant team. The companion additional \$12,000 from the Village of Pewaukee has already been authorized.

At the conclusion of this discussion, and at the suggestion of Mr. Sanford, it was agreed that the consultant team would, once the Legislative Reference Bureau had completed a draft bill, provide copies of that draft bill prior to its circulation among legislators to the appropriate City and Village officials with a view toward insuring that neither the City nor the Village have any significant problems with the bill as drafted. It was further agreed that as soon as possible, members of the Committee would be provided copies of the draft bill. It was also agreed that the Administrators of the two Pewaukee communities would work expeditiously with Mr. Mielke in this respect so as not to delay the bill introduction process.

It was then moved by Mr. Sanford and seconded by Mr. Muehl to encourage the Common Council of the City of Pewaukee to release the remaining \$12,000 in funds to enable the study consultants to move forward expeditiously with the legislative initiative given the positive report on those efforts to date. Mr. Hathaway stated that because of budget shortfalls in the City, it could be difficult for the Common Council to now make those funds available. Mayor Klein responded by indicating that the Council's prior action to hold back the necessary funds was predicated upon a desire by the Council to be informed about the initial reception in Madison on the legislative proposal. Given the positive feedback reported at this meeting, Mayor Klein believed that the Council would be in a position to consider releasing the remaining funds. The intent would be to bring this matter to the Council at its forthcoming meeting on September 8.

The motion was approved, 7 ayes, 1 nay, with Mr. Hathaway voting no and explaining his position by indicating he believed it inappropriate for the Merger Study Committee to take any action that would be directed at “encouraging” the Common Council to take a position.

Report on Utility Studies

Mr. Evenson then called on Ms. Cramer to review with the Committee three study reports provided in advance to Committee members and dealing, respectively, with sanitary sewer utility consolidation, water utility consolidation, and a comprehensive utility consolidation funding analysis. Ms. Cramer then briefed the Committee members on the findings and conclusions emanating from the three interrelated studies with the aid of a PowerPoint presentation. She concluded her presentation with a summary of the key findings and conclusions, noting that consolidation of the City and Village would yield significant capital cost savings of about \$6.7 million in the case of water utilities; that consolidation of the sewer utilities would ensure the avoidance of an as yet undetermined capital cost investment by the City should the City and the Village be unable in the future years to agree upon any desirable cooperative interconnection of sewers to be provided in particular to serve the northwest portion of the City; and that consolidation would bring about future utility rate savings for both Village and City property owners, with larger savings for City property owners than for Village property owners. In addition, the studies indicated that it should be possible to withdraw about \$4.7 million from Village utility reserves that could be used to facilitate a consolidation under existing legislation should the sought-after consolidation district legislation not be put into place. Ms. Cramer concluded her presentation by noting that, with the findings with respect to utility rate matters made and presented at the meeting, consolidation of the two Pewaukee governments would be possible under either the consolidation district legislation approach or the utility reserve reduction funding approach previously discussed.

Committee members raised numerous questions relative to the findings of the consultant team as regards the utility studies both during and after Ms. Cramer’s presentation. It was noted that the utility studies had been reviewed by the public works directors of both the City and the Village and that their comments had been taken into account and reflected in the final reports. The following important points came out during this lengthy discussion:

1. That portion of the City of Pewaukee lying south of IH-94 and west of the Waukesha City limits is intended to be served, if at all, by Waukesha-based sewerage and water supply systems. Hence, whether or not the City of Waukesha is successful in its quest to obtain Lake Michigan water will

not have an effect on the provision of sanitary sewer or water supply services to this portion of the City of Pewaukee.

2. The major savings in water utility capital costs brought out in the present study relate to those major water supply infrastructure components that are typically funded not by developer contributions, but rather from utility reserves. It is understood, however, that some portion of these costs could be covered by connection fees paid in the development process.
3. The utility rate analyses presented by the consultant team take into account to the extent possible the need to replace, over time, deteriorating infrastructure.
4. All costs set forth in the consultant's reports are presented in constant 2009 dollars and have not been adjusted for any assumed inflation.
5. The land use development assumptions that were relied upon by the consultant team in conducting the utility analyses were drawn from the SEWRPC regional land use plan, which plan in turn incorporates local development plans in both Pewaukee communities.
6. A possible future subject for engineering analysis relative to potential cost savings through cooperation or consolidation of the two Pewaukee governments relates to the requirements for storm water management set forth in Chapter NR 216 of the Wisconsin Administrative Code. The consultant team will discuss this matter with the two Pewaukee Public Works Directors and may choose to include additional cost-savings analyses in the fourth and final phase of the merger study work program.
7. The results of the suite of utility studies presented makes it clear that even if the consolidation district legislation cannot be obtained, the use of Village of Pewaukee utility reserve funds provides an alternate path to the achievement of a consolidation scenario where anticipated consolidation cost savings can be fairly shared among all property owners concerned.
8. Given the multiple studies that have been completed to date concerning this matter, there appears to be a path available to insure that all property owners in the City and the Village, whether those property owners are sewer and/or water utility ratepayers or not, can receive a financial benefit

from a consolidation of the two governments. Or, as Mr. Sanford more simply put it, “there is something for everyone.”

Next Meeting Date

A discussion then ensued relative to the next steps in this matter. It was agreed that the Committee would meet the following month to discuss the results of all of the materials submitted to date relative to a possible consolidation of the two Pewaukee governments and their attendant utilities, with a view toward taking action that would advise the Common Council of the City of Pewaukee and the Village Board of the Village of Pewaukee that the Committee believes there is a sufficient basis for moving forward with the preparation of a definitive consolidation plan that would meet the expressed desire of the Common Council and Village Board that a consolidation provide tangible benefits for residents in both local communities. It was further agreed that under an assumption that the Committee would make such a finding at its next meeting, Mr. Evenson would work with the consultant team to prepare and ready for Committee consideration at that meeting, a proposed scope of work and budget for the previously outlined final phase of the merger study work effort. The meeting was scheduled for 6:00 p.m. on Wednesday, September 23, 2009, at the City of Pewaukee Common Council Chambers.

Public Comments

Mr. Evenson then invited members of the general public in the audience to make any comments that they may have. Several individuals did comment and raised issues and/or concerns relative to replacement of deteriorated infrastructure, the cost of the merger effort, how a merged community may choose to accommodate up-the-driveway trash collection, and the need to insure that the property owners and residents of both communities become fully informed and knowledgeable about any proposed consolidation. These questions and issues were addressed by Committee members.

Adjournment

On a motion by Mr. Evert and seconded by Mr. Swan, the meeting was adjourned at 8:40 p.m.

Submitted by Philip C. Evenson