

To: Pewaukee Merger Study Committee

From: Phil Evenson, Chair

Subject: Followup Water Study Questions/Issues

Date: October 1, 2009

At the conclusion of our meeting on September 23, 2009, Alderperson Roger Hathaway notified us that he desired to meet with the consultant team and municipal staff to seek further clarification as to certain matters pertaining to the water utility consolidation study. That meeting was held on September 25. In attendance were Mr. Hathaway, Christine Cramer and Dan Butler from the consultant team, Jeff Weigel and Maggie Wagner from City staff, and Dave White from Village staff. So that I would be in a position to summarize for all Committee members the results of that meeting, I asked for and received reports and comments from Ms. Cramer and the two municipal Administrators. What follows is my understanding of the principal matters and issues discussed.

City Hall Tank Issue

In the consultant's report presented to the Committee two meetings ago, it was indicated that if consolidation did not occur, the City would be required to repaint the existing City Hall tank at a cost of \$405,000. If consolidation did occur, that tank could be abandoned and that cost avoided, although about \$135,000 would be required to dismantle the tank. The net difference was part of the estimated savings of \$6.7 million that consolidation would bring.

Two important points attendant to this issue were brought out at the meeting. First, City staff reported that a very recent inspection report on the tank has led to a conclusion that the tank will need to be replaced instead of repainted and that the replacement should take place soon. Indeed, the staff – based on past planning—has received Federal Aviation Agency approval for a new tank on a new site that will cost \$2.0 million. Second, the staff will seek a City commitment to this project in 2010 given an 18-month timeline for getting it online. City staff agrees that a merger of the two water systems would avoid the need for this \$2.0 million expenditure, but cautions that the time window for this avoidance is rapidly closing.

From the foregoing, I conclude the following: 1) The previously reported estimate of water utility cost savings that merger would bring about is too low by about \$1.5 million; and 2) if the consolidation question is not put to the electorates as early next year as possible, the opportunity to save this additional amount will be lost.

City East-West Transmission Main

The consultant's report found that, with merger, a relatively costly (\$3.1 million) east-west water transmission main to serve the City would not be necessary. Mr. Hathaway apparently remained unconvinced of this conclusion, even to the point of maintaining that such a main would obviate the need for an emergency interconnection with the City of Waukesha water system.

During discussion of this matter, City and Village staff were in full agreement with the consultant's conclusion that merger would eliminate the need for this expenditure by the City. Moreover, the Waukesha emergency interconnection represents sound practice with or without a merger.

Transmission Mains for Developing City Areas

The consultant's report maps identify new transmission mains for the developing northeast and northwest portions of the City. With the exception of an interconnecting transmission main through the Village under the separate utilities scenario, no costs were included in the study report for these facilities because they will be required whether or not merger takes place. Discussion during the meeting led to an understanding that these costs will be borne largely by developers and special assessments on benefitted properties. Accordingly, these costs should not significantly impact the future water utility rates reported by the consultant.

Village Water and Sewer Main Replacement

Mr. Hathaway's previously raised questions about the consultant's handling of aging Village infrastructure replacement were the subject of additional discussion. It was brought out that the Village has had a significant sewer and water main replacement program in place since the early 1990's. The continuation of this program is reflected in the consultant's utility financial analyses and rate projections. Indeed, more funds annually for Village main replacement than for City main replacement are included in the analyses. It was also noted that because the City has more feet of mains per customer than does the Village, the City will eventually (beyond the timeline for this study) face higher replacement costs which a merged community would tend to mitigate.

NR 151 Storm Water Regulations Impact Study

Mr. Hathaway's previously noted concern about the lack of an analysis as to what a merger would do with respect to meeting the NR 151 runoff control requirements was discussed at the meeting and after the meeting with City DPW staff and the two Administrators. Given that the current combined Total Suspended Solids (TSS) removal rate for the City and Village combined is only 2% less than the removal rate for the City alone, the merging of the two municipalities would not "set the City back" that much (see the attached email from Brian Hartsook of the Wisconsin DNR). Furthermore, it is highly likely that a joint effort would allow the requirements to be met at a lower overall cost because it would open up opportunities to fulfill those requirements more cost effectively within the City area by changing the size or configuration of a facility that the City would need to construct anyway. Therefore the savings from such a joint effort would likely more than offset any costs to the City of taking on additional TSS removal requirements by merging with the Village. While study of this issue would more specifically quantify these potential savings, it is not felt to be necessary at this time because prior studies have already identified significant savings from consolidation.

Evenson, Philip C.

From: H Roger Hathaway [hhathaway@wi.rr.com]
Sent: Wednesday, August 19, 2009 10:21 AM
To: Evenson, Philip C.
Subject: FW: City and Village Water Quality Reduction Comparison
Importance: High

Article of interest:

Roger

From: Hartsook, Bryan D - DNR [mailto:Bryan.Hartsook@wisconsin.gov]
Sent: Tuesday, August 18, 2009 2:37 PM
To: hhathaway@wi.rr.com
Subject: City and Village Water Quality Reduction Comparison

Mr. Hathaway,

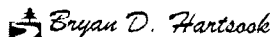
Thank you for your call this afternoon. For the most part, it seems more appropriate to approach meeting the 40% total suspended solids (TSS) reduction requirement in NR 216 per watershed. This regional approach, as you pointed out, would make meeting the requirement more feasible as a joint effort vs. individually because the neighboring municipalities can take advantage of opportunities that may not necessarily be available otherwise. This in turn would distribute the costs, we as the taxpayers, have to bear as well. That's the theory anyhow. But, as you know, theory and practice inevitably diverge at some point, and that is why long-term planning efforts are needed. I have summarized the pollutant-loading analysis for the City of Pewaukee and Village of Pewaukee below. Both numbers are reported from 2006.

	<u>City of Pewaukee</u>	<u>Village of Pewaukee</u>	<u>Co</u>
Consultant:	EarthTech	Bonestroo	
Total Suspended Solids produced (tons/yr)	906	148	105
Total Suspended Solids removed through existing storm water management practices (tons/yr)	297	32	329
Total TSS Removal Rate (%)	33	21.6	31.1
Additional Total Suspended Solids needed to remove annually to meet 40% TSS reduction goal (tons/yr)	65	27	92

The City is ahead of the Village by a significant margin, but I believe that is largely due to the fact that the City is "blessed" with having roadside swale drainage in the majority of their watershed vs. curb and gutter. Higher reductions can be achieved through the swale conveyances than through routine street sweeping. Additionally, since the City has a heavier source load, and seemingly has more treatment practices, then the City shows higher removal rates for being able to treat a larger amount of sediment than the Village, even though the City discharges a larger volume of sediment annually (this is the product of using a rate as a water quality goal, it is a measure of the effluent quality vs. the influent quality). The "combined" column shows that the Village would most definitely benefit from a combined effort while not setting back the City that much (only ~2%). Sacrificing the 2% now may be easily gained back in the future by implementing a practice in Village-owned property as a shared-cost effort.

As Maggie indicated, Maureen McBroom, would be your normal point of contact to discuss the City's municipal storm water permit. While she is away, I'll be available to answer any questions you may have. I have attached a summary of the City's pollutant loading analysis and a summary sheet for the Village. Feel free to call or email if you would like to discuss this in greater detail or would like further information.

Thank you,

 *Bryan D. Hartsook*

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