



OFFICIAL NOTICE AND AGENDA  
of a meeting of a City Board, Commission, Department  
Committee, Agency, Corporation, Quasi-Municipal  
Corporation, or Sub-unit thereof.

A Meeting of Wausau Water Works Commission will be held in the  
Council Chambers, 1st Floor City Hall, Wausau, WI 54403 at 1:30 p.m. on  
Tuesday, May 5, 2020.

AGENDA

1. Approve Minutes of April 23, 2020 Meeting.
2. Director's Report on Utility Operations
  - Wastewater plant on track to meet permit limits.
  - Wausau Chemical product discharge.
  - Wastewater sludge hauling.
3. Discussion Related to the Residential and Commercial Percentage of Usage Versus Revenue.
4. Discussion on the PSC Public Hearing.
5. Discussion and Possible Action on Award of the WWTF Construction Contract.
6. Discussion on the DWTF Project Schedule for SDWL Funding.

Adjourn.

\*Next meeting scheduled for June 2, 2020.

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THIS NOTICE POSTED AT CITY HALL AND EMAILED TO CITY PAGES AND DAILY HERALD: April 29, 2020 at 2:00pm.

Due to the COVID-19 pandemic, this meeting is being held in person and via teleconference. Members of the media and the public may attend in person, subject to the social distancing rules of maintaining at least 6 feet apart from other individuals, or by calling 1-408-418-9388. The Access Code is 624 517 342 and the password is 37939839. Individuals appearing in person will either be seated in the Council Chambers or an overflow room, subject to the social distancing rules. Space available will be on a first come, first served basis. All public participants' phones will be muted during the meeting. Members of the public who do not wish to appear in person may view the meeting live over the internet at <https://tinyurl.com/wausaucitycouncil> on the City of Wausau's YouTube Channel [https://www.youtube.com/channel/UC-Nigpdco\\_i8sq5FbbJD\\_aw](https://www.youtube.com/channel/UC-Nigpdco_i8sq5FbbJD_aw), live by cable TV, Channel 981, and a video is available in its entirety and can be accessed at <https://waam.viebit.com>. Any person wishing to offer public comment who does not appear in person to do so, may e-mail [michelle.weasler@ci.wausau.wi.us](mailto:michelle.weasler@ci.wausau.wi.us) with "Water Commission public comment" in the subject line prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The messages related to agenda items received prior to the start of the meeting will be provided to the Chair.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the ADA Coordinator at (715) 261-6590 or [ADAServices@ci.wausau.wi.us](mailto:ADAServices@ci.wausau.wi.us) to discuss your accessibility needs. We ask your request be provided a minimum of 72 hours before the scheduled event or meeting. If a request is made less than 72 hours before the event the City of Wausau will make a good faith effort to accommodate your request.



## **Minutes of April 23, 2020**

A meeting of the Wausau Water Works Commission was called to order at 1:30 p.m. in City Hall on April 23, 2020. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on April 21, 2020.

Members present: President Rosenberg, Commissioners Force, Miller, Herbst, Gehin.

Others present: Eric Lindman, Dave Erickson, Scott Boers, Valerie Swanborg, Steve Opatik/Becher Hoppe, Mike Gerbitz/Donohue, Dave Voss/Miron Construction, Alderman Ryan.

### **1) Approve Minutes of the March 3, 2020 Meeting.**

Force asked about the landfill leachate and the 6 month timeframe. Have we started that yet, are we taking leachate? Erickson responded that we have not started yet but will start on May 1st.

Force inquired on the plan of having Ehler's look at the residential/commercial water rate split, has anything taken place on that? Lindman responded that he has been talking with Brian Roemer/Ehler's and they are working on that along with trying to finalize the sewer rates. Force asked if we might see something at the next meeting. Lindman responded we might depending on when the next meeting is, otherwise it might be the following meeting.

Force advised that we had talked about when we give out Northwoods Mist water donations, there were concerns about the bottles not being properly recycled and becoming litter. Do we have a plan for trying to enforce that even though it may be difficult? Maybe we could require the organization to give us a written statement as to how they're recycling the bottles, if they don't do that and don't recycle the bottles we do not donate to them in the future. Boers responded that we are looking at just having a sheet that would need to be signed by the organization certifying that they would have the bottles recycled. Force thought maybe the verbiage could be that we wouldn't give them free water in the future if they don't recycle the bottles. Boers agreed however he hasn't followed up on it, because of Covid-19 there are no events taking place where organizations would be requesting donations at this time.

Gehin moved to approve the minutes of the March 3, 2020 meeting. Seconded by Herbst and the motion carried 5-0.

### **2) Director's Report on Utility Operations.**

Gehin stated that he thinks he could offer some input for the I/I study. It was indicated to him that there was a scope of work being prepared and he'd be happy to offer his input in areas that he feels need attention by our consultant. Lindman responded that would be very beneficial and he will share that scope of services with him and all the commissioners once it's received.

Force stated that on the Thomas Street siphon project there was some minor discussion on Facebook with citizens asking what was going on there. He drove down before the meeting and we've obviously took trees down on both sides of the river with digging going on. Could we post a sign explaining what that project is? Lindman advised we could look at preparing a sign. Would he want it by the social services building? Force responded yes, by their parking lot so people know what's going on. Gehin added that the purpose of that line is to minimize or avoid the overflow event that we had a couple years ago.

Gehin requested Erickson to speak to the vacancies in wastewater and the process to fill those vacancies. Erickson explained that for various reasons there are quite a few open positions at the wastewater plant. There are 2 brand new positions, there have been some retirements and a couple that have left for various other reasons. We have 6 open positions where we are authorized to have 14. Some of these were key positions and we've lost a lot of experience. There have been issues with getting a process in place for interviewing and hiring but he's strongly pushing to get those positions filled. With COVID-19 we could have people out because they are quarantined or have family members that need their attention and we are below minimum staff levels now. He is pushing HR to come up with a plan to fill those positions.

Gehin asked if those positions have been advertised. Erickson responded that they've advertised for all of those positions but not all of the vacancies. For example they've advertised for one maintenance sewer collection person but we have 3 vacancies. There are interviews to complete and could maybe fill one position out of this pool of candidates and then advertise for the other 2 positions. Force asked if we are getting applicants. Erickson responded that they do have quite a few applicants. Force advised that he is aware that filling positions in the clean water profession across the country is a problem. Do we have any plans to attend career fairs at the Technical College or University? Erickson advised that he's open to any ideas to find the most qualified candidates. The Technical College and University are aware of the positions at the wastewater plant for anyone interested or taking part in those programs. Gehin asked if there have been any applicants for the lab technician position. Erickson advised they did start with the phone interviews for that position and they've got some very good candidates. They also have some interns working at the plant. Emily has been with them for a period of time and has done an excellent job filling in however she leaves the end of May.

Force raised an observation about Solar Energy. It seems anytime we evaluate Solar or an alternative energy project, we usually shoot it down because it's not cost effective. He saw the observation of solar at the water plant being a 10 year payback. Somehow we need to factor in the green aspect of it. Yes it's not going to pay back in 3 years but it's a green project and is going to reduce our use of fossil fuels and might serve as an example to our community that there are green alternatives that are feasible. Rosenberg agreed that she thinks we should have some criteria where we make that a priority.

Director's Report placed on file.

### **3) Discussion and Possible Action on Applying for Private Side Lead Service Line Forgivable Loans.**

Lindman explained that Wisconsin will be receiving some additional funding for the private side lead service line program and we're going to apply for that this fall. This will be brought back to the commission as we move along. Force noticed approximately \$60 million is being allocated plus about \$25 million that was left over from previous efforts. Lindman advised that the commission allocated \$3,000.00 per lead line replacement. Force advised at \$5,000.00 per lead line replacement that's only 17,000 replacements available for the state of Wisconsin which isn't very many. Therefore, we should get in line, show what we'd like to

replace and make a good case for it.

Motion by Force to approve and move as quickly as we can to apply for a portion of that funding. Seconded by Gehin. Motion carried 5-0.

Gehin asked if it was mandatory to have the private side lead lateral replacement ordinance in place. Boers responded it is not, not for this program. Gehin stated he was afraid that if we did do that and this money runs out that will not go over well.

#### **4) Discussion on Establishing a Mandatory Private Side Lead Lateral Replacement Ordinance.**

Lindman advised it is heavily encouraged by the DNR to implement an ordinance and it's been discussed in the past. He wanted to discuss again to see if there is any appetite from the commission to take a look at this. We could bring examples of other communities and have a discussion on whether this is something the commission would want to promote. We have had very little success in getting people to voluntarily replace their lines. It's probably been about 10%-12% on each of our large projects on the private side. Boers responded that without the subsidized funding it had been less than 1% and even with the funding of \$3,000.00 per service we're at about 40% over the last 3 years for people that have had eligible lead lines and accepted the funding. Lindman advised we want to be methodical on how we replace those lines rather than just sporadically throughout the city. The commission did approve a priority list on how we're going to do that and we are following that. The commissioners put some significant thought into this, we could revisit priorities at another time and also think of a way to get our residents to be more proactive as we need to get this lead out of our water system.

Force said he does worry about making it mandatory as we'll be asking people to pay more for their water/wastewater service soon. He doesn't think a mandatory ordinance would go over very well but do need to encourage people to do this. He asked if we could table until the next meeting and have examples from other communities.

Gehin stated that the utility has done a great job of replacing their side and thought we were at least 50% complete in replacing those. He doesn't think people understand that there is the public owned portion and then from the property line to the house is private and that's what we're discussing here. Boers confirmed that the utility side should have over half of the laterals changed over to copper at this time.

Motion by Force to table until the next water commission meeting and provide some examples from other communities with respect to lead removal ordinances. Seconded by Gehin.

Alderman Deb Ryan, 702 Elm St. provided comment:

Ryan advised she was living in Madison and renting her home when she believes Elm Street was redone back in 2007. She was talking long distance with Wausau Water Works staff and was told her water lateral was located on N 7<sup>th</sup> Ave and not to worry about it. She moved back in 2009 and realized the lateral is in fact on Elm. She has been quite vocal with the residents in her area that this is a freebie but the utility has pretty much gone with the priorities of bigger business and childcare centers. In recent years she's aware that Elm Street

would qualify, as the road has been redone. Callon was done last year, 12<sup>th</sup> Ave. had road repairs done as well as up on Maple. Kent St. also had their street redone. If the utility would consider looking at these other homeowners that they've ignored for over 4 years and we got the word out she thinks that would change. She knows through her experience in grants that if you're not getting much input, you may not qualify. We need to encourage spending those funds and getting the word out. So far the utility has been ignoring homeowners that have had their roads redone and at the time this was brought up on Elm St., it was poor. They were talking about \$5-10k and people were concerned about how they'd pay for that assessment. She wishes the utility would reconsider and look at the streets that were previously done and still have lead laterals. She wishes we would quit ignoring those residents and consider them up at the top of the list so we are getting homeowners that are interested.

Miller questioned the assertion that residents are being ignored. Lindman responded that the residents aren't being ignored. When we had received the grant funding or forgivable loan funding, the commission had approved how this would be set up. The priority would be in our reconstruction projects. The idea behind this was that the money would go further because a lot of the excavation was being done during the reconstruction project. The commission allowed up to \$3,000.00 for the homeowner to receive in a grant and anything above that the homeowner would have to pay. We advertised that, sent out multiple mailings for each of the projects and since it's voluntary, we didn't have a lot of involvement from the residents. The next priority is previous street reconstruction projects. We have just started talking about those because we still do have funding available that will need to be spent this year. We are starting to look at 2016 and earlier street reconstruction projects. We will start sending out mailings to those and will work backwards from 2016 to 2015 and so on until that money is expended. With the new money that we are proposing to apply for we will take that same approach because we know what services are out there. Force asked if that would include some of the streets that Alderman Ryan is referring to. Lindman advised he wasn't sure when Elm St. was redone but eventually we will probably get there. Force stated that he believes those grant funds were made available maybe 3 years ago? Boers responded that the funding became available in 2017. Gehin advised Miss Ryan made it sound like the utility didn't replace their side either but he finds that hard to believe, he thinks we even beefed up the pipe. Boers confirmed the utility side would have been replaced during those reconstruction projects. Gehin commented that it would be strictly the private side and the homeowner would have to initiate that but it would depend on where she would be on the priority list.

Rosenberg clarified the motion and the second is to table this until the next meeting of May 5<sup>th</sup>. Gehin clarified if we don't have the information by then it will be as soon as possible. Motion carried 5-0.

#### **5) Discussion and Possible Action on Installing a Barrier around the Reservoir Park Overflow Pipe.**

Boers advised he had an excerpt of a memo from July of 2019 in the packet. Force had

brought this to his attention. Looking back Force nor Miss Ryan were at that meeting so Force had asked that we bring this back. Force stated that he doesn't take any issue with Boers' findings or discussions as far as the safety issue is concerned. He feels some shrubbery or some plantings around that area would just add to the aesthetics since it is in a park. Boers responded that he can revisit that with the parks department. Their initial thought with that was that it would be an additional maintenance item. Force confirmed they do have people that maintain shrubs and trees.

Rosenberg questioned whether or not we need a motion to revisit this with the parks department. The consensus was that no motion was necessary.

**6) Discussion and Possible Action for a Water Conservation Education Program to Help Customers Offset Higher Water Bills.**

Lindman stated that Force has brought up ways that we can inform the public on things to do to conserve water and help them out with their bills. There is a water education group that can help us do that and put the word out. They cover everything from lead service lines to water heating, etc. He thinks this is a good place to start and if they can help us out that would be beneficial. Force agreed there are a lot of good resources out there and he would like to see a very specific plan developed for how we're going to communicate that information to our customers. He didn't see anything in the packet materials in regards to WaterSense Appliances and that could be in our materials as well.

Herbst believes this would be a good thing to put in our Wausau Works for You newsletter because that reaches many citizens.

Miller had mentioned at the last meeting about having a PSA similar to the one on what and what not to recycle through Marathon County. Force is sure the local TV stations would be more than happy to carry those and maybe we can partner with them to get that done. Miller mentioned public access could possibly help develop something as well.

Force advised that he's been researching whether there are any foundation funds available to help people pay their utility bills. He knows there is for electric but wasn't sure if anything existed for the water. If a resident can't afford the rate increases could they apply for a grant and get some help with that. He will continue to look into that.

No motion necessary.

**7) Discussion and Possible Action on Approving an Amendment from Clark Dietz Engineers for Construction Management Services Related to the Industrial Park Lift Station & Force Main Projects.**

Lindman explained that Clark Dietz has completed the design and we are bidding right now on the pump replacements along with additional work at the lift station. This amendment would be for the construction administration of those as well as the startup, training and other things that we need. He would recommend that we move forward and keep them on board.

Motion by Gehin to approve amendment #6 for \$49,900.00. Seconded by Miller.

Gehin asked Lindman what the final project cost was. Lindman would have to look at the estimate and get back to him.

Gehin asked for the status of the insertion points for pigging of the force main. Erickson advised that they did have a couple delays but have most of those squared away. The agreement with the railroads are pretty much in place. There were some issues with the wording on the bid documents related to insurance and that has been worked out. The other big thing were easements with adjacent property owners. To make use of the insertion points they would need to cross those properties. We're hoping to get those resolved soon. Gehin asked about ice pigging and if that concept is still being considered. Erickson responded that we've pretty much ruled that out since the scale on the inside of the pipe is pretty hard and they recommend more insertion points for ice pigging than conventional pigging. The plans are all in place. Gehin asked what property owners we are dealing with. Erickson responded 2 are on the Veritas Steel property, Alter Metal Recycling and ProBuild.

Lindman advised the cost on the lift station was \$515,000.00.

Motion by Gehin to approve amendment #6 for \$49,900.00. Seconded by Miller.

Motion carried 5-0

**8) Discussion and Possible Action Regarding Transfer of Warranty Maintenance Contract for the Micro-turbines from Unison Solutions to Vergent Power Solutions.**

Erickson advised some years ago, micro-turbines were put in to burn the methane that we have at the wastewater plant to generate electricity. We had purchased an extended services agreement and a warranty. That warranty is from the manufacturer which is Capstone but they had contracted with Unison to do the maintenance on the micro-turbines. That contractual arrangement has changed and as a result we would have a new contract with Vergent Power Solutions. His understanding is that the warranty is with the manufacturer and that won't change. The terms of the warranty period extend in January and he wants everything straightened out maintenance wise by then. The only concern here is that we are changing businesses.

Force asked if we need to approve this. Erickson advised we had a contract with Unison do to this work and they are proposing to change that to Vergent.

Motion by Force to approve moving the contract to Vergent Power Solutions. Seconded by Herbst.

Gehin asked for the cost for these services. Erickson responded he believed it was \$20,000.00 per year or \$5,000.00 per quarter. That includes some upgrades as we go along. Gehin asked if we are pleased with the work that's happened with the warranty up to this point. Erickson stated he is generally pleased however one of the micro-turbines efficiency isn't quite as good as the other one. We are not getting our 65 kilowatts out of it so we want to get that resolved.

Again, Motion by Force to approve moving the contract to Vergent Power Solutions. Seconded by Herbst. Motion carried 5-0.

**9) Discussion and Possible Action on Hiring a Third Party Consultant Firm to Complete an Asset Management/Operation Assessment of the Proposed DWTF & WWTF to Allow for Enhancing System Operations and Data Usage.**

Rosenberg indicated this was something she had requested early on. Lindman advised that

the Mayor had requested he look into this because of the new plants and the advantages we can have moving forward with both of these projects. He called engineering firms to help out and get some input. Clark Dietz is doing some work with other utilities related to asset management, operation assessment and other similar things. Tonia/Clark Dietz was able to help summarize some of the things that they have been doing and what would be a benefit to the city if the commission would like to pursue this. In the packet was a layout of potential savings and management of the facilities that could improve the longevity of the facilities as well as the assets in them.

Gehin stated that he thinks it's a good idea but would like to ask that this be delayed. He'd like to hear from our consultants as to what services they are going to be providing under their contract which could be redundant. Gerbitz will be speaking later down in the agenda to address this. Rosenberg confirmed we would wait until later into the agenda to hear from Gerbitz before we take a vote on this item.

#### **10) Discussion and Possible Action on the Award of the DWTF Project.**

Lindman advised he's been working with Donohue on some memos summarizing these projects and the review of the bids, which on the DWTF were favorable to the city. There are some recommendations and proposals moving forward for the commission consideration. Donohue is in attendance as well as the low bid contractor, Miron. Lindman clarified that he would like to move forward with this project in full with all of the add alternates. The original budget for this project was \$40.9 million, this would increase the budget to \$43.8 million. That is the impact fiscally. Force asked if that translates to an additional \$1.00 per quarter on the rates for a total increase of \$21 per quarter from the original estimated increase of \$20 per quarter. Lindman advised that is correct.

Motion by Gehin to proceed so we can have the presentation. Seconded by Force.

Presentation by Mike Gerbitz/Donohue:

Gerbitz explained that he will speak to a memo that was included in the packet in regards to the DWTF, the WWTF project as well as rates for both projects. Families pay for water/wastewater in the same bill so it's important to look at those things together.

The memo looks at a range that we established in our estimate and for large projects that's an appropriate way to look at these. For this particular project, the base bid plus all the alternates was below our estimate and the project budget that was established. We included an add-alternate in the project which is an administration/shop building. The city needs this and asked to add that item to see if the bids would fit within the budget and it ended up being very close. The administration/shop building is a need that the city has and it is unlikely to ever be cheaper as part of this project because of the economy as a scale. If it was done separately we would expect it to cost more. With the cost of money today, financing rates and all of the other things, they would recommend moving forward with the base bid and all of the add-alternates including the administration/shop building.

Force asked what an operations/maintenance building is. This seemed to come out of the blue and was never discussed before that he recalled. Boers advised this would be the building that is currently our meter shop. Right now the meter shop and water plant are right next to

each other and this would be moving both at the same time. The original thought was that eventually both would be there, we just didn't know if the funding would be available to have both of them move at the same time. It just so happens to be working out right now. Force asked if this building would be devoted to the water department. Boers advised in its current capacity, yes. Right now staff is split, we have offices at the distribution shop and one office at the water plant. This would centralize the administration staff and 99% of the operations staff. There would be minimal staffing at the plant with a plant operator and tech. Force clarified it would be 2 buildings. Boers confirmed it would be 2 buildings and code is inhibitive of having one building and it's also less expensive to have 2 buildings rather than a building attached to the plant.

Gehin indicated it makes sense to consolidate staff. In relation to agenda item #9, he'd like to hear more on that because of where we are with bidding and the safe drinking water revolving fund, it's important for us to move forward with that.

Gerbitz spoke to agenda #9 regarding the Clark Dietz asset management. He does think that is a good project and is consistent with some of the things they've talked about during design. Neither of the facilities have a well-developed and certainly not a modern asset management system where all the pieces of equipment are entered in and a lot of operations and maintenance data is collected and stored for asset management and good decision making. Asset management is something that should happen and now is the time to do it with these 2 projects. There will be all new equipment and new tag numbers. To be a cost effective utility, it requires you first and foremost to have a good data manager so you can make fact based decisions and assist how to best spend your money. The optimization part of it will be a considerable amount of training and commissioning assistance. Some of this would be outside the scope of what would be included in typical commissioning services such as testing polymers and further pilot studies.

Gehin has a question about the asset management. Is that typically managed by engineering or an accountant? Gerbitz advised that usually engineering as it is highly technical. Gehin feels it's a little premature since we can't test anything until the plant is built. Gerbitz reiterated that this is an important project and the timing is up to the city.

Rosenberg clarified that the motion we need on this agenda item is awarding the DWTF project. Force asked if this goes back to council. Rosenberg confirmed the borrowing portion would go back to council. Lindman explained how the loan is set up for the safe drinking water program. Right now the PSC is finalizing the rates, once that is finalized the DOA will do their due diligence which basically allows us to borrow that money and then there is a financial assistance agreement that will go to City Council for approval on June 9<sup>th</sup>, which will allow the borrowing. Force asked if it's possible the PSC would recommend a rate that is lower than the one we are anticipating. Lindman responded that anything is possible but they haven't indicated anything like that. The public hearing is on Tuesday and then it would be about 6-10 days before they finalize the rates; according to the PSC.

Motion to award the DWTF project carried 5-0.

## **11) Discussion and Possible Action on the Award of the WWTF Project (Bid Opening April 21, 2020).**

Lindman advised this is very recent and Donohue will walk us through the memo. Miron was the low bidder and is in attendance. We don't need to make a final decision today but he wanted to focus on how we want to move forward. We've been doing due diligence, reviewing the bids, working with our low bidder and working those numbers down as much as possible. They can work with their subs as well.

Gerbitz advised the bids were just opened. He put together a brief outline of those bids and the project costs. The project will be funded through the Clean Water Fund. The current rate for a 20 year loan is 1.76% and the current rate for a 30 year loan is 1.87%. They don't know of anybody that has used a 30 year loan term in Wisconsin on a treatment project to date but they encourage using a 30 year term. There is perfect evidence that treatment facilities have a 30 year life. Both the drinking water and wastewater projects are eligible for a 30 year loan.

The project budget was \$80 million back in 2019. This year we are eligible for \$1.75 million in principle forgiveness which is effectively a grant that expires June 30<sup>th</sup>. Starting at \$80 million and subtracting off line items we arrive at a construction budget of approximately \$71 million.

The low base bid was Miron for \$74.2 million. The decision with the 12 alternates will be discussed with staff. Some are required to meet the low level phosphorous limit. The minimum project would be the base bid plus alternate 8. One thing not reflected is that the bid form allows or considers the cost for alternative manufacturers. In some instances, there is preference for one over the other. If the city were to take some of those alternative manufacturers, that would be a deduction of \$690,000.00. The Miron base bid was above our range and exceeded the budget. They were surprised and are not used to seeing projects of this size come in at the top of the range. Gerbitz did point out that as far as the alternates, Miron's pricing on the alternates were in most instances below the estimates.

Water and wastewater customers will be paying for these projects on the same bill. The combined cost of both of these projects together are close to budget. The cost of work has gone up since we first started discussing these projects. The quarterly bill for a typical residential user is \$108.00 (\$47 for water and \$61 for wastewater). The estimated and presented quarterly rate increases have been \$20-\$21 for drinking water and \$29.00 for wastewater. This is consistent with what we've been talking about since 2018. In all of our past scenarios, wastewater would be funded for 30 years and drinking water would be funded for 20 years. Gerbitz explained a scenario with drinking water moving to a 30 year loan and the wastewater including the most important alternates puts the city in a unique situation with rates.

Gerbitz explained that if we don't move in early May with the drinking water we will lose our eligibility for the safe drinking water revolving loans. The table is set for both of these projects including funding, DNR approval and building approval.

Miller asked for clarification. We've done an awful lot of work on both of these. If we don't move on these, we could lose funding. Gerbitz confirmed that is correct. Miller also commented how this information is perceived by the media. This information has been made public numerous times.

Lindman advised from a staff perspective it is not in our best interest to rebid this project. Through value engineering we might be able to have some cost advantages working with the

different manufacturer equipment bids and the low bidder. If the commission is comfortable with awarding with due diligence than they can do that. If they want to wait until the value engineering and due diligence is done and then approve that is fine too. Rosenberg warned that moving this to council without having a firm number could cause political concern.

Dave Voss/Miron Construction:

He understands this is a big decision with large dollars involved. Anytime you have a major water or wastewater project in Wisconsin you have 2 bidders, CD Smith and Miron Construction. CD Smith and Miron do 98% of all that type of work in the state. When this job came up they both wanted it really bad. Miron worked hard, assembled a great team, went out and tried to find their successes and where they were going to be low. Numerous weeks were spent in putting this bid together and he thinks they have a terrific number. As soon as the bids were opened Gerbitz called a little distressed and as a company, they turned over their entire recap including their markup to Donohue and said we want to work with you. It's a big job and they have a lot of time and energy invested already. They'd like to make it work for the City of Wausau. They've done a lot of work in the last 36 hours and think they've identified where the problem is and they're working on that together. As to the comment on whether or not this should be rebid, Miron would step back and not rebid this again. In the last 3-4 years there hasn't been a lot of this type of work out there but over the past year it's been a floodgate. He believes there are 5 projects over \$250 million dollars total right now. The minute they find out this one is pulled back, Miron will go on to the next one, and they have to. They have 1600 employees and their families that they have to feed every day and that's his job. Miron is a Wausau company that employs over 350 people in the Wausau area that work and live here every day. Wausau people will be building the water and wastewater plants if Miron Construction is awarded the job. They will work until the ends of the earth for Donohue and they did a great job on the plans. He thinks they have a great number but will work on bringing it down.

Gerbitz wanted to clarify that value engineering is done on every project. He wants to be clear that Miron will not be submitting a new bid, they can't do that. We will come to some understanding on where money can be saved and that can be done by change order.

Rosenberg clarified the motion to be that we anticipate accepting this bid but will revisit at the next meeting with value engineering savings.

Motion by Gehin to continue with value engineering with Miron before approving this project. Seconded by Force. Motion carried 5-0

Rosenberg brought us back to revisit agenda item #9. Force believes this is best practice and is something he would like to do if we can afford it. However, there is no cost indicated in the material that we have here today and doesn't see any examples of work that Clark Dietz has done in this arena. He'd like to see both of those before he's comfortable with moving ahead with this.

Lindman advised that maybe he was unclear but this is agenda item was really just to help

us understand what could be done and our intent would be to do an RFP with the scope of services.

Gehin advised some things such as the asset management needs to be addressed during construction however some of the other things could come after start up.

Motion by Gehin to give staff the direction to go ahead and start working on this and as they get things together to bring it back for commission consideration. Seconded by Herbst.

Force added that if we do an RFP he would like to see those who are interested give us examples of work they've done.

Gehin would like to look to our staff to have some opportunity to also operate the plant efficiently.

Motion carried 5-0.

### **12) Discussion on the Next Proposed Commission Meeting.**

Lindman advised we have a regular scheduled meeting for May 5<sup>th</sup> and he would think we'd want to keep that. We will bring the wastewater costs back and if we have anything on the lead service line we will do it at that time.

### **13) Adjourn.**

There being no further business to discuss, motion was made by Herbst to adjourn the meeting. Seconded by Force. Motion carried 5-0.



April 29, 2020

**MEMORANDUM**

**TO:** President Rosenberg  
Commissioner Herbst  
Commissioner Force  
Commissioner Gehin  
Commissioner Miller

**FROM:** Eric Lindman, P.E.  
Director of Public Works & Utilities

**SUBJECT:** Director's Report – April 2020

**WASTEWATER DIVISION**

1. The wastewater plant is on track to meet permit limits for April.
2. We had an event at the wastewater plant on Wednesday April 22nd where we had considerable foam on the aeration tanks, final clarifiers, and effluent overflow structure. It turned out Wausau Chemical had discharged 2200 gallons of a product that had a surfactant that caused the foaming. We used the vac-truck to suck up foam on the ground by the effluent overflow and set up a sprayer to knock down any additional foam. The problem had pretty much resolved itself by the end of the day Friday. Kevin Fabel worked with Wausau Chemical to determine the cause and nature of the material and discuss requirements to prevent future problems. The WDNR requested we submit a Treatment Plant Overflow report because of the foam that discharged to the ground surface.
3. We were able to haul some sludge before the rainfall event on April 28th. We have been using River View Construction to provide quad axle trucks for hauling.

## Michelle Weasler

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**Subject:** FW: Wausau Chemical Sewer Discharge Response  
**Attachments:** v3Sewer discharge event.04-21-20.pdf

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**From:** Steve Tarras [<mailto:starras@wausauchemical.com>]  
**Sent:** Monday, April 27, 2020 3:47 PM  
**To:** Kevin Fabel  
**Cc:** Eric Lindman; Dave Erickson; Rob Flashinski; Eric Timm  
**Subject:** Wausau Chemical Sewer Discharge Response

Kevin,

Attached is the revised letter with the items we spoke about earlier. In addition to the changes we spoke about, I modified the 3:43 pm, Wednesday, April 22<sup>nd</sup> bullet based on a conversation Dave Erickson had with Rob Flashinski on Saturday.

Steve Tarras  
Wausau Chemical Corporation

# WAUSAU CHEMICAL CORPORATION

[www.wausauchemical.com](http://www.wausauchemical.com)

2001 North River Drive,  
Wausau, WI 54403  
800-950-6656 715-842-2285  
fax 715-842-9059

13137 West Glendale Avenue  
Butler, WI 53007  
800-236-2200 262-783-4500  
fax 262-783-4979

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4/24/2020

Mr. Kevin Fabel  
City of Wausau – Environmental Engineer  
407 Grant Street  
Wausau, WI 54403

Mr. Fabel,

On Tuesday, April 21<sup>st</sup>, Wausau Chemical Corporation was working with an off-spec product which had been frozen. After thawing and attempted rework it was determined the product could not be saved. The off-spec product was then pH neutralized and discharged into the city of Wausau sewer system according to the timeline below:

- 2:30 pm discharge to the POTW began.
  - Original product consisted of hydrogen peroxide, glycerin, and dodecylbenzene sulfonic acid. Sodium hydroxide and potassium hydroxide were used to raise the pH from 4.0 to 6.0 before. It is estimated a total of 2200 gallons of the pH neutralized solution was discharged.
- 5:30 pm discharge was completed and tank wash down began which consisted of around 1000 gallons of rinse water and was discharged to the sewer.
- 6:30 pm tank wash down completed.

The events of Wednesday, April 22<sup>nd</sup> are summarized in the timeline below:

- 9:30 am Eric Timm, Plant Manager, received a call from Dave Erickson with the city of Wausau Waste Water Treatment department informing him there was an event on April 21<sup>st</sup> at about 2 pm that created a lot of foam at the pump station. Eric investigated and determined the neutralized product mentioned above may have been the source of the foam. Eric called Dave back and told him Wausau Chemical had neutralized some off spec product and treated it with defoamer. Dave asked about the quantity discharged and requested an SDS. Eric estimated a discharge of about 2500 gallons and emailed Dave the SDS for TDP-12x5, the off spec product. Dave mentioned the treatment facility saw a spike in pH over 8.5. Eric informed Dave that our lab checked the pH of the discharge twice before it was sent to the sewer and was just over 6 on both tests. Dave was not clear if we were the source of the problem at this point and wanted to continue investigating.
- 11:55 am, Eric received an email from Dave verifying the discharge event was at 2001 N. River Drive, Wausau, WI and not our new facility located at 9919 Innovation Way, Wausau, WI.
- 2:40 pm, Dave called Eric and asked if any discharge event took place at our new facility because they had traced a problem to a lift station on Highway O. Eric stated we did not do anything out

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of the norm at this facility which is operating at a very limited capacity. A few minutes later, Water Department employees arrived at our 2001 facility. Eric walked to the back lot with them and discovered foam around a manhole cover.

- 2:50 pm, Eric called Dave and offered to send defoamer solution through the sewer. Dave advised against sending defoamer to the sewer and requested an SDS to review as he was concerned with the bacteria in the settling pond.
- 3:43 pm, Dave called Eric and said the foam was out of control and they were using a vacuum truck to suck the foam off the river bank at the overflow manway.
- 4:10 pm, Wausau Chemical started pumping dilute defoamer solution to the sewer system. It is estimated we sent about 350 pounds of Trans-10K defoamer mixed with about 3000 gallons of water to the sewer (about 1.5% defoamer solution).
- 5:00 pm, Ryan from the Waste Water Treatment facility arrived to check the manway in Wausau Chemical's back lot and found it to be clear of foam. Eric and Ryan then checked the next manway up the sewer line and found it to be clear of foam as well. Ryan then continued on to check every other manway for foam back to the treatment facility. Eric gave Ryan his contact information and requested they give him a call if more defoamer was needed to be sent to the sewer.
- 7:30 pm, Dave called Eric to let him know the pH spike seemed to be returning to normal and he expected the foam issue to subside.

In response to the previous day's activities, the following occurred on Thursday, April 23<sup>rd</sup>:

- 8:00 am, Kevin Fabel, City of Wausau – Environmental Engineer, contacted Rob Flashinski to inform and inquire about the discharge event.
- 8:30 am, Wausau Chemical Corporation's management team consisting of Rob Flashinski - President, Eric Timm – Plant Manager, Carrie Stelloh – Product Development and Quality Manager, and Steve Tarras – Vice President Environmental & Regulatory Affairs convened to discuss the situation and discuss next steps.
- 9:00 am, Steve Tarras called Kevin and left a voicemail asking what the city needed in response to the discharge from Wausau Chemical Corporation.
- 1:00 pm, Kevin returned Steve's phone call and discussed the city's expectation to receive a letter relating the content, duration, and reason of the discharge along with corrective actions and preventative measures put in place.
- 1:30 pm, Kevin called Rob to further discuss the incident and what had taken place at the city's waste water treatment facility as a result of the discharge.

The following preventative measures will be implemented by Wausau Chemical Corporation.

# WAUSAU CHEMICAL CORPORATION

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- Wausau Chemical Corporation will refrain from introducing to the sewer system TDP-12x5 or any product consisting of 1% or greater concentration of Hydrogen Peroxide. Any future discharges to the POTW will follow the procedure outlined below:
  - Wausau Chemical Corporation will perform SDS review to determine whether any component might harm a waste treatment facility.
  - Determine viability and action plan for disposal as wastewater and present to Wastewater Treatment Department for approval.
  - Internal authorization requiring double sign-off.
  - Discharge wastewater per approved action plan.
  - Wausau Chemical Corporation will contact Wastewater Treatment Department for approval if any deviation to the action plan is anticipated before sewerage.

If the Wastewater Treatment Department does not approve the action plan or can't give permission to sewer the proposed chemical in question, Wausau Chemical Corporation will engage a licensed disposal facility to have the material disposed.



Robert Flashinski  
President  
Wausau Chemical Corporation

# Memo

**To:** City of Wausau, WI Water Works Commission  
**From:** Brian Roemer, Ehlers & Associates  
**Cc:** Eric Lindman, P.E., Director of Public Works & Utilities  
**Date:** May 5, 2020  
**Subject:** Water Rate Study – Revenue by Customer Class

As a result of the Conventional Rate Case (“CRC”) for the Wausau Water Utility (the “Utility”) City Staff has requested further commentary from Ehlers regarding the Utility’s rates and the commercial percentage versus residential.

## Background

Before I discuss Wausau’s rate structure and inquiry at hand it is imperative to address the rate making process used in the CRC governed the Public Service Commission of Wisconsin (the “PSC”). The rate setting process contains three general steps as depicted below:

Step	Description
Revenue Requirement (“RR”)	Compares revenues of the utility to its expenses to determine the overall level of rate adjustment
Cost of Service Study (“COSS”)	Equitably allocates the revenue requirements between the various customer classes of service
Rate Design (“RD”)	Design rates for each class of service to meet revenue needs of the utility along with any other rate design goals and objectives

Due to the water system providing service to several different classes of customers who have different water use patterns and demands is the main reason for completing a COSS. For example, the Residential Class tends to have steeper peak demand in the morning and at night (before and after working/school hours) meanwhile the Commercial Class has a level peak demand during the business hours. Therefore, different customer classes have different circumstances of service; an equitable rate structure must recognize these differences. Simply the cost components that make up the Revenue requirement are allocated by how they impact the system.

PSC staff uses AWWA’s “Base-Extra Capacity” methodology to allocate costs. In the Base-Extra Capacity methodology costs are allocated by base costs, extra-capacity max day demand and max hour demand. Please see Appendix A attached at the end of this memo for the allocations by cost function. Then

depending on customer class use pattern and demand these costs are allocated to classes depending on their effect on the system. With higher peak max day and hour demand the Residential class has a higher extra capacity ratio than other customer classes. Please see Appendix B attached at the end of this memo for the extra-capacity ratios.

### Alternative

The Utility can submit its own Cost of Service Study however Ehlers was not engaged to do so and given the timing constraints to close on the Safe Drinking Water Fund Loan it would not have been advisable. We can certainly investigate this endeavor for the next CRC. The next CRC is recommended to commence in 2021 to capture the last portion of the constructed assets for the Drinking Water Facility as the PSC was only willing to capture one year of construction and CWIP adder into the rates. Please see our February 24, 2020 memo for details of current rate case Revenue Requirements.

### Wausau Residential Water Rates

From our experience, it is typical for residential users to generate most of the revenue. Please see attached Appendix C. This is a PSC Query of all utilities 2014-2018 depicting % of water sold by Utility Class by Customer Class and % Revenue by Utility Class by Customer Class. Wausau has slightly higher % Revenue generated by its residential customer class when compared with other Class AB Utilities, but this would most likely be a result of higher % of water sold from the Residential Class when compared to other Class AB Utilities.

### Rate Structure

Many utilities have a similar Non-Residential (“Non-Res”) rate structure (a declining block structure) and therefore further investigation is needed to compare how the rates control the Rev % as total. Looking at Eau Claire’s Tariff compared to Wausau’s proposed Tariff (Appendix D) their disparity between Non-Res Tier 1 and Non-Res Tier 2 rate is greater (\$0.35) than Wausau (\$0.16) meaning their declining rate structure is steeper. Meanwhile their Non-Res Tier 1 and Tier 2 volume rate is cheaper by \$0.59 and \$0.68 respectively. These two items would point to Wausau’s current rate structure’s increased ability to generate Non-Res \$. The only contradicting factor is their Non-Res Tier 1 volume level is higher (takes 1,500 CF more to get out of Tier 1 rate block) and therefore I would presume their Non-Res customers have more % of usage in Tier 1 than Wausau’s. Usage by tier information is not publicly available.

### Recommendations

If it is the City’s decision to investigate further this should be addressed within the Scope of Engagement for the next Water Rate Study.

**APPENDIX A**

**SUMMARY OF ALLOCATION OF OPERATING COSTS TO SERVICE COST FUNCTIONS**

<b>OPERATING COST</b>	<b>EXTRA-CAPACITY</b>											
	<b>TOTAL (\$)</b>	<b>BASE COSTS</b>		<b>MAX DAY</b>			<b>MAX HOUR</b>		<b>CUSTOMER COSTS</b>			<b>Fire Protection (\$)</b>
		<b>System (\$)</b>	<b>Distribution (\$)</b>	<b>System (\$)</b>	<b>Distribution (\$)</b>	<b>System (\$)</b>	<b>Distribution (\$)</b>	<b>Storage (\$)</b>	<b>Billing (\$)</b>	<b>Equivalent Meter (\$)</b>	<b>Equivalent Service (\$)</b>	
<b>OPERATION AND MAINTENANCE</b>	3,217,590	1,173,629	205,165	244,715	0	0	441,874	61,338	204,510	256,158	591,082	39,120
<b>DEPRECIATION EXPENSE</b>	1,265,253	461,025	77,098	221,584	0	0	166,050	38,462	0	136,483	113,302	51,250
<b>AMORTIZATION EXPENSE</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>TAXES AND TAX EQUIVALENT</b>	1,433,997	295,648	221,817	139,165	0	0	477,740	37,298	0	91,445	97,622	73,261
<b>RETURN ON NET INVESTMENT RATE BASE</b>	1,474,851	411,376	161,716	192,873	0	0	348,298	55,199	0	135,332	106,536	63,522
<b>TOTAL</b>	<b>7,391,691</b>	<b>2,341,678</b>	<b>665,796</b>	<b>798,337</b>	<b>0</b>	<b>0</b>	<b>1,433,961</b>	<b>192,297</b>	<b>204,510</b>	<b>619,417</b>	<b>908,542</b>	<b>227,153</b>

APPENDIX B

CUSTOMER CLASS DEMAND RATIOS

CUSTOMER CLASS	BASE COSTS					EXTRA-CAPACITY MAX DAY DEMAND					EXTRA-CAPACITY MAX HOUR DEMAND					
	Annual Volume 100 CCF	Average Day Volume Gal	Percent (%)	System Adjusted Percent (%)	Distribution Adjusted Percent (%)	Extra Capacity Ratio	Volume Rate Gal Per Day	Percent (%)	System Adjusted Percent (%)	Distribution Adjusted Percent (%)	Extra Capacity Ratio	Volume Rate Gal Per Hour	Percent (%)	System Adjusted Percent (%)	Distribution Adjusted Percent (%)	Storage Adjusted Percent (%)
Residential	695,321	190,499	42.32%	42.32%	42.45%	2.10	400,048	40.02%	40.02%	40.13%	4.30	34,131	29.25%	29.25%	29.31%	29.31%
Multifamily Residential	48,900	13,397	2.98%	2.98%	2.99%	1.83	24,450	2.45%	2.45%	2.45%	3.80	2,121	1.82%	1.82%	1.82%	1.82%
Commercial	357,100	97,836	21.73%	21.73%	21.80%	1.55	151,645	15.17%	15.17%	15.21%	3.30	13,452	11.53%	11.53%	11.55%	11.55%
Industrial	330,900	90,658	20.14%	20.14%	20.20%	0.85	77,059	7.71%	7.71%	7.73%	1.75	6,610	5.66%	5.66%	5.68%	5.68%
Public Authority	114,700	31,425	6.98%	6.98%	7.00%	1.55	48,708	4.87%	4.87%	4.89%	3.30	4,321	3.70%	3.70%	3.71%	3.71%
Irrigation	74,710	20,468	4.55%	4.55%	4.56%	5.00	102,342	10.24%	10.24%	10.27%	9.00	7,676	6.58%	6.58%	6.59%	6.59%
Village of Brokaw (Wholesale)	5,000	1,370	0.30%	0.30%	0.00%	2.10	2,877	0.29%	0.29%	0.00%	4.40	251	0.22%	0.22%	0.00%	0.00%
Public Fire Protection	16,431	4,502	1.00%	1.00%	1.00%		192,513	19.26%	19.26%	19.31%		48,128	41.24%	41.24%	41.33%	41.33%
<b>TOTALS</b>	<b>1,643,061</b>	<b>450,154</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		<b>999,642</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		<b>116,691</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

50% 50% <-- Public Fire % Limits --> 50% 50% 80%

Maximum Day Demand = 1,252,781 (CUBIC FEET/DAY) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM DAY EXTRA CAPACITY DEMAND

Maximum Hour Demand = 87,132 (CUBIC FEET/HR) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM HOUR EXTRA CAPACITY DEMAND

1.56 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX DAY

1.73 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX HOUR

Appendix C

	%Kgal Sold by Ut. Class by Cust. Class					% of Water Sales Rev\$ by Ut. Class by Cust. Class				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
<b>Class AB Utilities</b>										
Commercial	21.9%	21.5%	19.6%	19.2%	19.0%	19.8%	19.6%	18.3%	18.0%	18.0%
Industrial	23.6%	23.6%	23.5%	24.0%	24.2%	14.5%	14.5%	14.5%	14.6%	14.5%
Irrigation	0.2%	0.3%	0.3%	0.3%	0.6%	0.2%	0.3%	0.3%	0.3%	0.7%
Multifamily Residential	7.8%	8.2%	10.3%	10.7%	10.7%	7.2%	7.7%	9.3%	9.7%	9.7%
Public Authority	5.7%	5.8%	6.1%	5.9%	5.8%	4.7%	4.8%	5.2%	5.1%	5.0%
Residential	40.8%	40.5%	40.2%	39.8%	39.8%	53.6%	53.1%	52.3%	52.1%	52.1%
<b>Wausau Water Utility</b>										
Commercial	23.1%	23.1%	22.7%	23.5%	21.9%	19.8%	19.6%	19.9%	20.0%	19.4%
Industrial	13.8%	14.2%	17.8%	19.3%	19.8%	8.9%	10.0%	11.5%	12.6%	12.4%
Irrigation	4.3%	5.7%	4.7%	3.8%	5.4%	3.7%	7.4%	6.0%	4.9%	7.0%
Multifamily Residential	2.5%	2.6%	3.3%	3.2%	3.6%	2.1%	2.3%	2.9%	2.8%	3.1%
Public Authority	7.9%	7.5%	6.7%	6.8%	7.0%	5.5%	5.6%	5.2%	5.1%	5.3%
Residential	48.4%	46.9%	44.7%	43.5%	42.2%	60.0%	55.1%	54.5%	54.8%	52.9%
<b>Class C Utilities</b>										
Commercial	19.3%	18.7%	17.0%	18.2%	18.3%	16.9%	16.7%	16.1%	15.8%	15.7%
Industrial	26.4%	26.2%	22.5%	24.5%	25.3%	13.0%	13.0%	12.8%	12.1%	12.1%
Irrigation	0.3%	0.5%	0.5%	0.6%	0.3%	0.2%	0.3%	0.4%	0.4%	0.3%
Multifamily Residential	5.1%	5.7%	9.2%	6.6%	6.9%	5.0%	5.4%	6.0%	6.3%	6.4%
Public Authority	5.7%	5.7%	5.5%	6.6%	6.6%	4.8%	4.8%	4.9%	5.3%	6.1%
Residential	43.2%	43.2%	45.2%	43.4%	42.7%	60.0%	59.7%	59.8%	60.0%	59.4%
<b>Class D Utilities</b>										
Commercial	14.9%	14.1%	13.7%	8.2%	32.4%	14%	14%	14%	14%	14%
Industrial	31.0%	32.8%	33.3%	15.2%	18.0%	15%	15%	16%	16%	16%
Irrigation	0.2%	0.3%	0.3%	0.1%	0.1%	0%	0%	0%	0%	0%
Multifamily Residential	3.9%	4.1%	4.1%	3.6%	1.6%	4%	4%	4%	4%	4%
Public Authority	5.9%	5.8%	5.5%	3.1%	4.8%	6%	6%	5%	5%	6%
Residential	44.2%	42.9%	43.0%	69.8%	43.2%	61%	61%	61%	60%	60%

# Appendix D

## RATE FILE

Sheet No. 1 of 2

Schedule No. Mg-1

Amendment No. 38

## Public Service Commission of Wisconsin

### Eau Claire Municipal Water Utility

#### General Service - Metered

#### Service Charges:

	<u>Monthly</u>	<u>Quarterly</u>		<u>Monthly</u>	<u>Quarterly</u>
5/8 -inch meter - \$	7.00	21.00	3 -inch meter - \$	40.00	120.00
3/4 -inch meter - \$	7.00	21.00	4 -inch meter - \$	60.00	180.00
1 -inch meter - \$	10.00	30.00	6 -inch meter - \$	104.00	312.00
1 1/4 -inch meter - \$	13.00	39.00	8 -inch meter - \$	158.00	474.00
1 1/2 -inch meter - \$	17.00	51.00	10 -inch meter - \$	220.00	660.00
2 -inch meter - \$	25.00	75.00	12 -inch meter - \$	275.00	825.00

#### Plus Volume Charges:

##### Residential Customers:

All water used - \$1.65 per 100 cubic feet

##### Non-Residential Customers:

First	2,500	cubic feet used monthly or
	7,500	cubic feet used quarterly - \$1.70 per 100 cubic feet
Next	247,500	cubic feet used monthly or
	742,500	cubic feet used quarterly - \$1.45 per 100 cubic feet
Over	250,000	cubic feet used monthly or
	750,000	cubic feet used quarterly - \$1.10 per 100 cubic feet

**Residential Class** includes customers who have water service provided for residential or domestic purposes and sales through a single meter to buildings with three or more dwelling units.

**Nonresidential Class** includes commercial, industrial, and public authority customers. Commercial customers include business entities and institutions, except governmental entities, that provide goods or services. Churches and parochial schools are not governmental and are classified as commercial. Industrial customers include customers who are engaged in the manufacture or production of goods. Public Authority customers include any department, agency, or entity of local, state, or federal government, including public schools, colleges, and universities.

**Public Service Commission of Wisconsin**

**Wausau Water Utility**

**General Service – Metered - Nonresidential**

Quarterly Service Charges:

		<u>Quarterly</u>	<u>Monthly</u>			<u>Quarterly</u>	<u>Monthly</u>
5/8 - inch meter:	\$	24.24	8.08	3 - inch meter:	\$	171.00	57.00
3/4 - inch meter:	\$	24.24	8.08	4 - inch meter:	\$	258.00	86.00
1 - inch meter:	\$	39.54	13.18	6 - inch meter:	\$	459.00	153.00
1 1/4 - inch meter:	\$	53.94	17.98	8 - inch meter:	\$	699.00	233.00
1 1/2 - inch meter:	\$	67.74	22.58	10 - inch meter:	\$	1,011.00	337.00
2 - inch meter:	\$	103.74	34.58	12 - inch meter:	\$	1,326.00	442.00

Plus Volume Charges:

First	6,000	cubic feet used each quarter
	2,000	cubic feet used each month: \$2.78 per 100 cubic feet
Next	54,000	cubic feet used each quarter
	18,000	cubic feet used each month: \$2.60 per 100 cubic feet
Over	60,000	cubic feet used each quarter
	20,000	cubic feet used each month: \$2.17 per 100 cubic feet

Billing: Same as Mg-1R.

Combined Metering: Same as Mg-1R.

**Nonresidential Class** includes commercial, industrial, and public authority customers. Commercial customers include business entities and institutions, except governmental entities, that provide goods or services. Churches and parochial schools are not governmental and are classified as commercial. Industrial customers include customers who are engaged in the manufacture or production of goods. Public Authority customers include any department, agency, or entity of local, state, or federal government, including public schools, colleges, and universities.

**Public Service Commission of Wisconsin**

**Wausau Water Utility**

**General Service – Metered - Residential**

Service Charges:

	<u>Quarterly</u>	<u>Monthly</u>		<u>Quarterly</u>	<u>Monthly</u>
5/8 - inch meter:	\$ 24.24	8.08	3 - inch meter:	\$ 171.00	57.00
3/4 - inch meter:	\$ 24.24	8.08	4 - inch meter:	\$ 258.00	86.00
1 - inch meter:	\$ 39.54	13.18	6 - inch meter:	\$ 459.00	153.00
1¼ - inch meter:	\$ 53.94	17.98	8 - inch meter:	\$ 699.00	233.00
1½ - inch meter:	\$ 67.74	22.58	10 - inch meter:	\$ 1,011.00	337.00
2 - inch meter:	\$ 103.74	34.58	12 - inch meter:	\$ 1,326.00	442.00

Plus Volume Charges:

All water used quarterly: \$2.80 per 100 cubic feet

Billing: Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. Bills may be rendered monthly for customers with electronic billing. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Adm. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings when metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

**Residential Class** includes residential and multifamily residential customers. Residential customers include single-family homes, duplexes, and individually-metered condominiums, apartment buildings, and mobile home parks. Multifamily residential customers include master-metered multifamily dwelling units such as condominiums, apartment buildings, and mobile home parks.

## ***Public Service Commission of Wisconsin (PSC)***

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Submitted: 4/15/2020 8:34:53 PM

### **COMMENTS FILED ELECTRONICALLY IN**

**6300-WR-105**

**Application of the City of Wausau, Marathon County, Wisconsin, as  
a Water Public Utility, for Authority to Adjust Water Rates**

Public Comment Open  
Period:  
12/19/2019 -  
05/04/2020

### **Commentor Information:**

Name: Christopher B. Del Conte  
Address: 208 S 7th Ave  
City: Wausau State:WI Zip:54401

### **Comment:**

I write to strong opposition to the proposed water and sewer rate increase in Wausau. These costs are excessive, and are the result of a very elaborate and expensive water and sewage treatment facility that has been proposed. Aside from the unreasonably high increase, the mood of the city towards this project is changing. That should be considered as part of the PSC's decision. Wausau elected a new mayor in April who wishes to reexamine some of the city's large and expensive projects. The citizens of Wausau have also chosen five new city council members. Please do not lock in a rate hike that may be against the will of our newly elected officials. I personally am opposed to the financing of these projects. Long term capital improvements should be funded mostly by bonds, to spread out the burden and the benefits of these projects over future users. The current proposal inappropriately places too much of the financial burden on current users.

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I affirm that these comments are true and correct to the best of my knowledge and belief.

*Christopher B. Del Conte*



# Memorandum

**Date:** May 4, 2020

**To:** Eric Lindman, Director of Public Works and Utilities

**Copy:** Stephen Opatik, Becher Hoppe  
Elaina Plinke, Donohue  
File

**From:** Mike Gerbitz, Donohue

**Re: Bid Evaluation**  
Wastewater Treatment Facility Improvements Project  
Wausau, Wisconsin

This Memorandum summarizes the Bids for the Wastewater Treatment Facility (WWTF) Improvements Project. The City received two Bids from pre-qualified Bidders on April 21, 2020. The Bid Form required Bidders to submit a Base Bid and 12 Alternate Bid Items. Bid results are shown in Table 1.

**Table 1 - Bid Summary**

			Estimate Min	Estimate Max	Miron	CD Smith
Base			66,144,775	73,494,194	74,200,000	76,041,162
Alternates	1	RWW Screen	1,326,986	1,474,429	731,000	780,000
	2	D4 Heat	1,271,031	1,412,256	1,283,000	1,314,000
	3	Electrical Red	749,501	832,779	994,000	980,000
	4	Interceptor	155,405	172,673	248,000	418,000
	5	DG Compressor	223,890	248,767	223,000	221,000
	6	SC4	1,919,115	2,132,350	1,636,000	1,713,000
	7	FOG	362,221	402,468	362,000	355,000
	8	CMDF - 3 Kruger	2,609,932	2,899,924	1,896,000	1,900,000
	9	CMDF - 4 Kruger	3,210,408	3,567,120	2,269,000	2,247,000
	10	CMDF - 3 Aqua	2,775,355	3,083,728	1,905,000	1,891,000
	11	CMDF - 4 Aqua	3,303,121	3,670,135	2,339,000	2,307,000
	12	Builders Risk	180,000	200,000	154,000	235,000

## Effluent Filtration

One of the Cloth Media Disk Filter (CMDF or Filters) Alternate Bid Items must be selected to comply with the impending Total Maximum Daily Limit (TMDL) for phosphorus. Alternates 8 and 9 include three or four Filters, respectively, manufactured by Kruger. Alternates 10 and 11 include three or four Filters, respectively, manufactured by Aqua Aerobics (Aqua). Three Kruger Filters satisfy the Project performance requirements at a hydraulic loading rate equal to 4 gpm/sf. Four Aqua filters would be required to provide that same 4 gpm/sf loading rate. The cost of three Kruger Filters is \$1,896,000 (Miron). The cost of four Aqua Filters is \$2,339,000 (Miron) and \$443,000 more than the cost of three Kruger Filters.

The WWTF staff prefers the filtering action of the Aqua CMDFs. Donohue considered the Bids, experience, operating conditions, and life-cycle costs associated with both Filter manufacturers. Because Kruger had the lowest Bid cost (Miron) and offers superior industry experience, operating conditions, and life-cycle costs, Donohue recommends the City select Alternate Bid Item 8. Table 2 provides the Bid results for the Base Bid and Alternate Bid Item 8. Miron is the apparent Low Bidder for this Essential Project.

**Table 2 - Summary of Bids for the Essential Project**

	Miron	CD Smith
Base Bid with Alternate 8	76,096,000	77,941,162

**Secondary Settling Capacity**

Secondary clarifier surface area is an extremely important liquid-train performance and capacity parameter. Alternate Bid Item 6 (SC4) would add a fourth secondary clarifier. This Alternate Bid Item offers exceptional, long-term value to the City, dramatically increasing the liquid-train capacity and operating flexibility by increasing the secondary clarifier surface area by 45%. The cost of this Alternate Bid Item is much less than the cost of constructing this structure in the future in the limited space available (Figure 1). Donohue recommends the City select Alternate Bid Item 6. Table 3 provides the Bid results for this Recommended Project: Base Bid, Alternative Bid Item 6, and Alternative Bid Item 8. Miron is the apparent Low Bidder for this Recommended Project.



Figure 1 – Location of Secondary Clarifier 4 (Alternate Bid Item 6)

**Table 3 - Summary of Bids for the Recommended Project**

	Miron	CD Smith
Base Bid with Alternates 6 and 8	77,732,000	79,654,162

**Original Project and Construction Budget**

Table 4 shows the original Project Budget and derives the associated Construction Budget. These costs were developed in late 2018.

**Table 4 - Construction Budget** [Established Dec 2018]

Total Project Budget	80,000,000
City-Purchased IT Equipment	(50,000)
City-Purchased AM Software	(50,000)
Applications Engineering	(1,140,175)
Planning, Design, and Construction Engineering	(8,789,516)
Principal Forgiveness	1,750,000
Construction Budget	71,720,309

### Potential Construction and User Costs

The Bid Form and Instructions to Bidders require Bidders include the [A] Manufacturers listed on the Type II Material and Equipment Schedule in their Base Bid. The City and Donohue reviewed the potential savings associated with non-[A] Manufacturers and recommend changes that would save \$485,200. These savings could be realized by Change Order.

Because Miron is the apparent Low Bidder for both the Essential and Recommended Projects (above), the City, Donohue, and Miron collaboratively developed and evaluated a list of potential changes that would not affect the integrity of the Project. The savings associated with Donohue-recommended changes is \$1,557,247. These “value engineering” savings could be realized by Change Order.

Table 5 shows the potential Construction Cost for the Essential Project assuming Change Order cost reductions equivalent to the Type II and value engineering cost reductions discussed above. Table 6 shows the potential Construction Cost for the Recommended Project assuming the same. Figure 2 shows quarterly wastewater bills for a typical residential customer to fund either of these Projects with the Clean Water Fund Loan Program (CWFLP). The current quarterly bill for a typical residential customer is \$60.83. The CWFLP will not require principal and interest payments until the Project is complete and its improvements are operational in 2023, providing the City an opportunity or the flexibility to phase in the associated user rate increase.

**Table 5 - Construction Cost for the Essential Project with Type II and Value Engineering Savings**

Base Bid with Alternate 8	76,096,000	[Bid]
Type II Material and Equipment Savings	(485,200)	[Change Order]
Value Engineering Savings	(1,557,247)	[Potential via Change Order]
Total	74,053,553	3.25% More than Budget

**Table 6 - Construction Cost of the Recommended Project with Type II and Value Engineering Savings**

Total for Essential Project	74,053,553	[Table 5]
Alternate 6	1,636,000	[Bid]
Total	75,689,553	

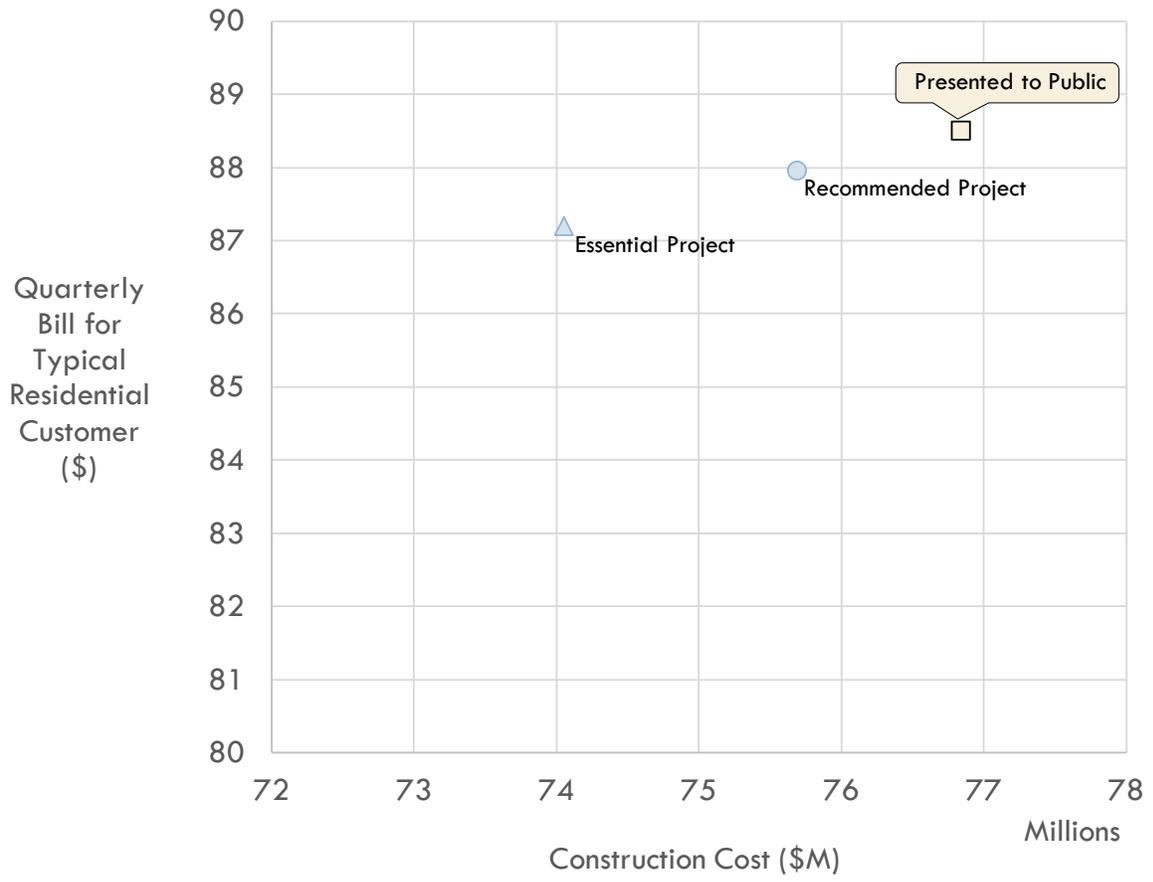


Figure 2 – Quarterly Wastewater Bills for Typical Residential Customers



**TO:** Wausau Waterworks Commission  
**FROM:** Eric Lindman, P.E.  
Director of Public Works & Utilities  
**DATE:** May 5, 2020 Commission Meeting  
**SUBJECT:** DWTF Construction Contract Award – Summary

---

The Drinking Water Treatment Facility (DWTF) project has been planned, designed and bid for construction. The final steps in the process to begin construction are currently moving forward. The intent of this memo is to provide a summary of the approvals leading up to this point in time and provide information again on the importance of moving this project forward. Over the past two years the Commission and/or council have approved several actions to move this project forward.

Each of the actions below were approved unanimously by both the Commission and the city Council:

1. October 2018 - Commission & Council approved the application submission for the Safe Drinking Water Loan (SDWL)
2. October 2018 – Commission & Council approved Reimbursement of Engineering expenses from the Safe Drinking Water Loan (SDWL)
3. 2018 – Commission, as recommended by WDNR, approved a yearlong Pilot Study to examine multiple treatment options using our existing raw water as part of the WDNR Facility Plan.
4. January 2019 – Commission approved the relocation of the DWTF
5. March 2019 – Council approved relocation of the DWTF
6. October 2019 – WDNR allocated funding to the Wausau DWTF Project
7. The PSC and the WDNR have provided construction authorization for the DWTF project
8. April 2020 – commission approved awarding the DWTF project to the low bidder Miron Construction

The critical assets and requirements for the DWTF project are as follows:

1. Correct the deficiency related to the clear well that is currently installed below the water table; compliance is required by WDNR no later than December 31, 2022
2. WDNR has given us a preliminary designation of Ground Water Under the Direct Influence (GWUDI) of Surface Water and requiring enhanced disinfection facilities
3. The current facility is located in a FEMA designated 500-year floodplain
4. The Utility, as approved by the commission, has currently committed \$4.6 million to the facility planning, design and construction of this project which will be reimbursed once the SDWL funds become available.
5. The current financial status of this project is very good with the WDNR SDWL and interest rates
6. The WDNR has allocated the full project amount to Wausau and committed \$500,000 in forgivable loan (grant) to the City

The risks to the City and Utility if the DWTF project were delayed:

1. High risk of not meeting the WDNR compliance deadline of December 2022 for removing the clear well from the groundwater
2. High risk of not being able to meet the upcoming formal GWUDI designation at the current site
3. The current site is at a higher risk of contamination located in a FEMA designated 500 year floodplain
4. Through the SDWL projects are scored based on needs/compliance and other well scoring projects are up for funding in 2021 which could prevent this project from being funded and requiring the City to fund the project through other sources costing users more money.
5. Not approving the SDWL loan and Financial Assistance Agreement will result in the City losing its allocated funding.

The City received a competitive bid from a local, well-qualified General Contractor and subcontracting team. Future bidding environments are unknown, based on what we have seen, would be expected to drive the cost higher. Given the favorable SDWL position and bids, user rates associated with this project are consistent with those presented to the Commission, Council, and Public since early 2019.

The schedule below has been set by the City, DNR, DOA and PSC moving forward to construction:

April 28	PSC public hearing at 10:00 AM – COMPLETE
May 4	Ehlers to send to DOA and DNR the certificate of net revenues.
May 22	DOA/DNR perform their due-diligence and provide all Financial Assistance Agreement (FAA) documentation to Quarles & Brady.
June 9	City Council meeting on FAA
June 24	Loan closing

Attachments: Bid Evaluation memo (4-1-2020)  
DWTF Executive Summary (4-16-2020)  
Water Rate Comparison\_Qtrly (4-16-20)  
Memo – DWTF Award (4-23-2020)

Bid Evaluation Memorandum  
 Wausau Drinking Water System  
 Treatment Facility Project  
 City of Wausau



Date: April 1, 2020  
 To: Eric Lindman, City of Wausau  
 Copy: Scott Boers, City of Wausau  
 Mike Gerbitz, Donohue  
 Susan Wojtkiewicz, Donohue  
 Paul Zouski, Clark-Dietz  
 From: Allen Williams, Donohue  
 Steve Opatik, Becher-Hoppe  
 Re: Drinking Water System – Treatment Facility Project (Project)  
 Bid Evaluation Memorandum

The purpose of this memorandum is to summarize the Bids the City received for construction Work related to the Project. Bids were received on Thursday, February 27<sup>th</sup> at 4:00 PM and publicly opened at 4:15 PM at the Council Chambers, City Hall, 407 Grant Street, Wausau, WI 54403. The City received three Bids.

The Bid Form included a Base Bid and eight Alternates. In evaluating Bids for the lowest Bid price, the City will consider the sum of the Base Bid plus any Alternates it determines to award. The City has the flexibility and authority to accept any Alternates it deems to be in the best interest of the City, taking into consideration financial impacts and the needs of the Project.

Table 1 shows the Base Bids. The Base Bid prices are similar: the low Base Bid price is roughly 90% of the highest Base Bid price. All three Base Bids are below the Engineer’s Estimate, ranging from 85%-95% of the Estimate. The difference between the Base Bid prices and the Engineer’s Estimate is consistent with past projects of similar size and complexity (Donohue projects).

Table 1 Base Bid Summary

Bidder 1	Bidder 2	Bidder 3	Engineer’s Estimate
\$32,193,618.00	\$31,036,434.23	\$34,668,053.00	\$36,397,563.00

The City Council approved an overall project budget of \$40,900,000. The construction Work is one component of that budget. Table 2 shows all components and costs that comprise the Project. Pipe cleaning was eliminated from the Bidding Documents by Addendum because no subcontractor was able to provide a cost for that Work. Pipeline cleaning will be bid separately or included in the project as a change order and is shown as a separate line item in Table 2. The Construction Contract budget is \$35,671,875. All three Base Bid prices (Table 1) are less than this budget amount.

Table 2 Total Project Budget

Item	Budget
Construction Contract	\$35,671,875
City-Purchased IT Equipment	\$50,000
City-Purchased Maintenance Management Software	\$50,000
Applications Engineering	\$705,000
Planning, Design, and Construction Engineering	\$4,623,125
Pipeline Cleaning	\$300,000
Principal Forgiveness	-\$500,000
Total	\$40,900,000

Alternates 4 and 5 are required to comply with recent WDNR requirements (Jan 29, 2020). Due to past bacteriological and water quality sampling, the WDNR now requires treatment to satisfy disinfection requirements of the surface water treatment rule. Alternates 4 and 5 along with components of the Base Bid satisfy the additional disinfection requirements. Table 3 shows the Bids for the Base Bid and these two essential Alternates. The lowest Bid price is below the Construction Contract budget.

Table 3 Bid Summary with Required Alternates

Item	Bidder 1	Bidder 2	Bidder 3
Base Bid	\$32,193,618.00	\$31,036,434.23	\$34,668,053.00
Alternate 4: Horizontal Paddle Flocculation System	\$512,000.00	\$524,000.00	\$493,853.00
Alternate 5: Parallel Plate Settler System and Clarifier Solids Collector	\$422,000.00	\$428,000.00	\$423,917.00
Total	\$33,127,618.00	\$31,988,434.23	\$35,585,823.00

The Operations and Maintenance (O&M) Building was added to the project as a bid alternate in case the bidding environment was favorable. The O&M Building is an important investment for the City to consolidate and efficiently operate the Utility. The Bidding Documents included the O&M Building as Alternate 1. The bidding environment was favorable as bids for Alternate 1 were less than the Engineer's estimate of \$6,137,199. Table 4 shows the Bids for the Base Bid, Alternate 1, Alternate 4, and Alternate 5. The lowest Bid price exceeds the Construction Contract budget by \$1,358,559.23.

Table 4 Bid Summary with Required Alternates and O&M Building

Item	Bidder 1	Bidder 2	Bidder 3
Base Bid	\$32,193,618.00	\$31,036,434.23	\$34,668,053.00
Alternate 1: Structure 500 Operations And Maintenance Building	\$5,236,000.00	\$5,042,000.00	\$5,709,408.00
Alternate 4: Horizontal Paddle Flocculation System	\$512,000.00	\$524,000.00	\$493,853.00
Alternate 5: Parallel Plate Settler System and Clarifier Solids Collector	\$422,000.00	\$428,000.00	\$423,917.00
Total	\$38,363,618.00	\$37,030,434.23	\$41,295,231.00

Table 5 shows the Bids for the Base Bid plus all the Alternates. The lowest Bid price exceeds the Construction Contract budget by \$2,283,659.23.

Table 5 Bid Summary with All Alternates

Item	Bidder 1	Bidder 2	Bidder 3
Base Bid	\$32,193,618.00	\$31,036,434.23	\$34,668,053.00
Alternate 1: Structure 500 Operations And Maintenance Building	\$5,236,000.00	\$5,042,000.00	\$5,709,408.00
Alternate 2: Hydraulic Elevator	\$374,000.00	\$368,000.00	\$365,086.00
Alternate 3: New Air Stripping Equipment	\$80,000.00	\$80,600.00	\$81,231.00
Alternate 4: Horizontal Paddle Flocculation System	\$512,000.00	\$524,000.00	\$493,853.00
Alternate 5: Parallel Plate Settler System and Clarifier Solids Collector	\$422,000.00	\$428,000.00	\$423,917.00
Alternate 6: Additional Well Improvements	\$387,000.00	\$328,000.00	\$309,856.00
Alternate 7: Crushing of On-Site Materials	\$168,000.00	\$102,500.00	\$127,178.00
Alternate 8: Contractor-Provided Builder's Risk Insurance	\$90,000.00	\$46,000.00	\$55,593.00
Total	\$39,462,618.00	\$37,955,534.23	\$42,234,175.00

Table 6 summarizes the lowest submitted Bids for several Alternate selection scenarios: (A) no Alternates, (B) the two essential Alternates to comply with the recent WDNR designation, (C) the essential Alternates plus the O&M Building, and (D) all the Alternates. Scenarios C and D include the O&M Building, which was not included in the original Project budget. The lowest Bid price for Scenarios C and D exceed the Construction Contract budget. The City would need to increase the Project budget if it elects Scenario C or D.

Table 6 Bid and Budget Summary

Scenario	Low Bidder	Construction Contract Budget	Construction Budget Surplus or (Deficit)
A - Base Bid	\$31,036,434.23	\$35,671,875.00	\$4,635,440.77
B - Base Bid + Alternates 4 and 5	\$31,988,434.23	\$35,671,875.00	\$3,683,440.77
C - Base Bid + Alternates 1, 4, and 5	\$37,030,434.23	\$35,671,875.00	(\$1,358,559.23)
D - Base Bid + All Alternates	\$37,955,534.23	\$35,671,875.00	(\$2,283,659.23)

Table 7 shows water rates required to fund the Project for the Project budget and the four Scenarios summarized in Table 6. This Table also shows the rates presented at the February Public Information Meeting (Feb 26, 2020). Interest rates for the SDWLP are set on a quarterly basis, with the interest rate for loans closed from April 1 to June 30, 2020 at 1.76%. This rate is greater than the previous rate of 1.65%.

Table 7 Probable Water Rates Summary

Scenario	Project Cost <sup>[4]</sup>	Interest Rate	Current Quarterly Rate <sup>[1]</sup>	Quarterly Rate Increase <sup>[2]</sup>	Quarterly Rate After Increase <sup>[1, 2]</sup>
PIM (Feb 26, 2020)	\$43,096,676 <sup>[3]</sup>	1.65%	\$46.84	\$20.58	\$67.42
Approved Budget	\$40,900,000	1.76%	\$46.84	\$19.75	\$66.59
Scenario A	\$36,300,000	1.76%	\$46.84	\$17.52	\$64.36
Scenario B	\$37,300,000	1.76%	\$46.84	\$18.01	\$64.85
Scenario C	\$42,300,000	1.76%	\$46.84	\$20.42	\$67.26
Scenario D	\$43,200,000	1.76%	\$46.84	\$20.86	\$67.70

1 – Public Fire Protection Charge of \$10.47 not included

2 – Payment Term – 20 years

3 – Project budget with Engineer’s Estimate for base bid plus Alternates 4 and 5

4 – These costs do not include potential construction cost increases that may occur during the course of construction. For a Project of this nature, size, and complexity, change orders related to omissions are typically less than 0.5% and change orders related unforeseen conditions are less than 1.5%. The SWDLP allows access to an additional 5% for construction cost increases.

The DWTF project is on the Safe Drinking Water Loan Program (SDWLP) for state fiscal year 2020. Donohue is working with WDNR staff that administer the SDWLP to determine the amount of funding available for the Wausau project. An amendment to the \$40,900,000 loan value will be requested if the City decides to proceed with Scenario C or D.

All three Bidders submitted acceptable Bids. Miron Construction Company, Inc. submitted the lowest Bid prices for each of the four Scenarios: A, B, C, and D.

Bid Evaluation Memorandum  
 Wausau Drinking Water System  
 Treatment Facility Project  
 City of Wausau



Date: April 1, 2020  
 To: Eric Lindman, City of Wausau  
 Copy: Scott Boers, City of Wausau  
 Mike Gerbitz, Donohue  
 Susan Wojtkiewicz, Donohue  
 Paul Zouski, Clark-Dietz  
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Alternate 6: Additional Well Improvements	\$387,000.00	\$328,000.00	\$309,856.00
Alternate 7: Crushing of On-Site Materials	\$168,000.00	\$102,500.00	\$127,178.00
Alternate 8: Contractor-Provided Builder's Risk Insurance	\$90,000.00	\$46,000.00	\$55,593.00
<b>Total</b>	<b>\$39,462,618.00</b>	<b>\$37,955,534.23</b>	<b>\$42,234,175.00</b>

Table 6 summarizes the lowest submitted Bids for several Alternate selection scenarios: (A) no Alternates, (B) the two essential Alternates to comply with the recent WDNR designation, (C) the essential Alternates plus the O&M Building, and (D) all the Alternates. Scenarios C and D include the O&M Building, which was not included in the original Project budget. The lowest Bid price for Scenarios C and D exceed the Construction Contract budget. The City would need to increase the Project budget if it elects Scenario C or D.

Table 6 Bid and Budget Summary

Scenario	Low Bidder	Construction Contract Budget	Construction Budget Surplus or (Deficit)
A - Base Bid	\$31,036,434.23	\$35,671,875.00	\$4,635,440.77
B - Base Bid + Alternates 4 and 5	\$31,988,434.23	\$35,671,875.00	\$3,683,440.77
C - Base Bid + Alternates 1, 4, and 5	\$37,030,434.23	\$35,671,875.00	(\$1,358,559.23)
D - Base Bid + All Alternates	\$37,955,534.23	\$35,671,875.00	(\$2,283,659.23)

Table 7 shows water rates required to fund the Project for the Project budget and the four Scenarios summarized in Table 6. This Table also shows the rates presented at the February Public Information Meeting (Feb 26, 2020). Interest rates for the SDWLP are set on a quarterly basis, with the interest rate for loans closed from April 1 to June 30, 2020 at 1.76%. This rate is greater than the previous rate of 1.65%.

Table 7 Probable Water Rates Summary

Scenario	Project Cost <sup>[4]</sup>	Interest Rate	Current Quarterly Rate <sup>[1]</sup>	Quarterly Rate Increase <sup>[2]</sup>	Quarterly Rate After Increase <sup>[1, 2]</sup>
PIM (Feb 26, 2020)	\$43,096,676 <sup>[3]</sup>	1.65%	\$46.84	\$20.58	\$67.42
Approved Budget	\$40,900,000	1.76%	\$46.84	\$19.75	\$66.59
Scenario A	\$36,300,000	1.76%	\$46.84	\$17.52	\$64.36
Scenario B	\$37,300,000	1.76%	\$46.84	\$18.01	\$64.85
Scenario C	\$42,300,000	1.76%	\$46.84	\$20.42	\$67.26
Scenario D	\$43,200,000	1.76%	\$46.84	\$20.86	\$67.70

1 – Public Fire Protection Charge of \$10.47 not included

2 – Payment Term – 20 years

3 – Project budget with Engineer’s Estimate for base bid plus Alternates 4 and 5

4 – These costs do not include potential construction cost increases that may occur during the course of construction. For a Project of this nature, size, and complexity, change orders related to omissions are typically less than 0.5% and change orders related unforeseen conditions are less than 1.5%. The SWDLP allows access to an additional 5% for construction cost increases.

The DWTF project is on the Safe Drinking Water Loan Program (SDWLP) for state fiscal year 2020. Donohue is working with WDNR staff that administer the SDWLP to determine the amount of funding available for the Wausau project. An amendment to the \$40,900,000 loan value will be requested if the City decides to proceed with Scenario C or D.

All three Bidders submitted acceptable Bids. Miron Construction Company, Inc. submitted the lowest Bid prices for each of the four Scenarios: A, B, C, and D.

# An Executive Summary of the Drinking Water Treatment Facility Project Status

## Existing Drinking Water Treatment Facility

The existing drinking water treatment facility (DWTF or Facility), located on North River Drive (Figure 1), has produced safe drinking water for the City of Wausau since it was constructed in 1961, nearly 60 years ago. The Facility is aging; much of the equipment in service today was installed as part of the original construction project.

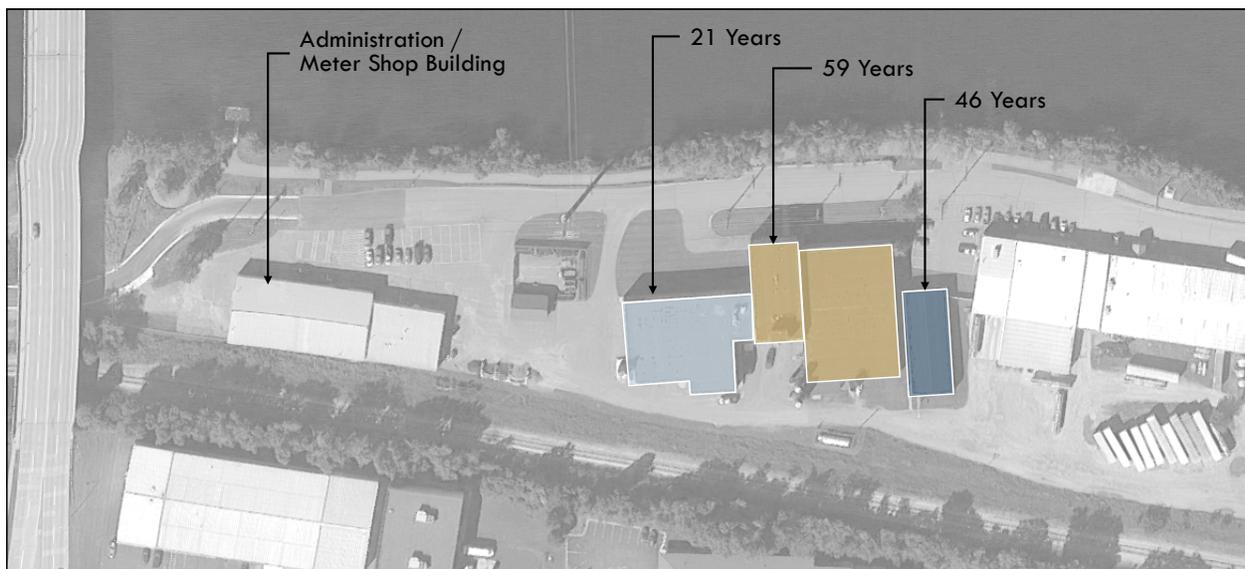


Figure 1 - Existing Drinking Water Treatment Facility (DWTF)

## Foremost Concerns

The purpose of the DWTF is to reliably produce safe, high-quality drinking water. Although well maintained and operated for decades, the age and condition of the infrastructure and equipment jeopardizes reliability and the ability to meet proposed and future regulations.

Groundwater is pumped to and then treated at the Facility for removal of iron, manganese, and organics. Treated water is then stored in a one million gallon (1-Mgal) underground concrete storage tank, called a clearwell, before it is distributed to Wausau Water Works customers. The clearwell sits below the groundwater table and is at a higher risk for groundwater infiltration contaminating the water supply. This does not comply with current regulations and in 2017 the Wisconsin Department of Natural Resources (WDNR or Department) issued an enforceable compliance schedule. The City must correct the reservoir deficiency by December 31, 2022.

The groundwater supply wells are also being considered as “under the influence of surface water” by the WDNR. There are no other options for us to find new water supply so must include enhanced disinfection processes in all DWTF alternatives.

The existing treatment facility is located in the 500-year floodplain with some of the Facility below ground surface. Current regulations do not allow drinking water treatment facilities to be built in a floodplain as they are at high risk of contamination due to flood events.

## Future Generations

The City issued a Request for Proposal (RFP) in order to retain an engineering consulting team (Consultant) in 2017 to develop and evaluate multiple alternatives that would address existing deficiencies and enhance reliability, water quality, and cost effectiveness for future generations. The City and Consultant, in consultation with the WDNR, performed nearly a 1-year pilot study and lab-scale testing to investigate the performance and cost benefits of multiple treatment processes. Through this extensive testing and analysis, we identified the most favorable process. The City and Consultant then worked collaboratively to develop and evaluate two broad Facility alternatives as part of the Feasibility Study: 1] modify the existing DWTF (construct new above-ground storage reservoirs, replace the treatment process to enhance reliability and water quality, renovate aging infrastructure, and replace critical aging equipment), or 2] construct a new DWTF at a remote location (700 Bugbee Avenue).

The estimated cost to modify the existing DWTF (\$30M) was less than the estimated cost to build a new DWTF (\$41M); however, modifying and expanding the existing DWTF carries risk that the new DWTF eliminates. The \$30M investment to modify the existing DWTF may be short-lived. Environmental regulations change. The existing site does not have space to accommodate future regulations that require additional treatment processes and the existing DWTF is located in the 500-year floodplain (Figure 2). To guard against a flood jeopardizing water quality, safety, and/or availability, the WDNR does not allow drinking water treatment facilities to be constructed in the floodplain. It will allow an expansion of a grandfathered DWTF, but not a new Facility. Motivated to insure this tremendous community investment is well positioned to serve future generations, the City Council and Water Works Commission, unanimously selected and approved the alternative to construct a new

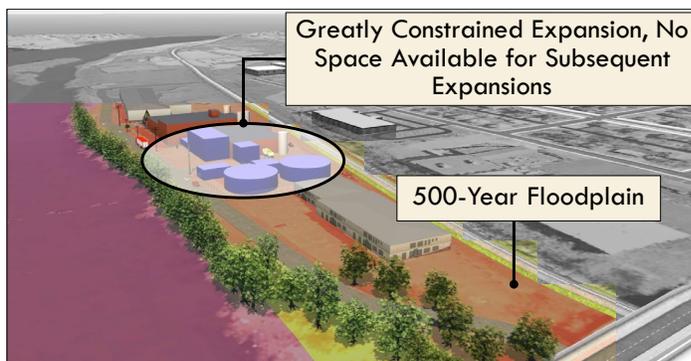


Figure 2 - Rendering of the existing DWTF site illustrating the new construction associated with the modification alternative and the extent of the 500-Year floodplain

DWTF at a remote location in close proximity to the wells. The City Council and Water Works Commission approved this alternative after the alternatives were presented and discussed multiple times with the public through Public Information Meetings, Committee of the Whole Meetings, Wausau Water Works Commission Meetings, and neighborhood group meetings.

## Public Outreach and Transparency

The City Council, Water Works Commission, and staff have regularly and actively presented and discussed the DWTF Project with the public (Figure 3).



Figure 3 - Timeline of open and advertised Commission, Council, and Public Information Meetings

## Schedule and Approvals

Work on this Project started three years ago. Planning was completed in mid-2018, design was completed at the end of 2019, and the Project was bid in early 2020. Figure 4 shows completed and anticipated future Project activities. Construction of the new DWTF is scheduled to be completed in mid-2022, several months before the December 31, 2022 compliance deadline.

The City has obtained the approvals necessary to proceed with construction: WDNR approval of the Engineering Report, WDNR approval of the Bidding Documents, PSC construction authorization, and the Department of Safety and Professional Services (DSPS) approval of the buildings. The Public Service Commission of Wisconsin (PSC) rate hearing, required to raise rates and close on the loan that will finance the Project, is scheduled for April 28, 2020.

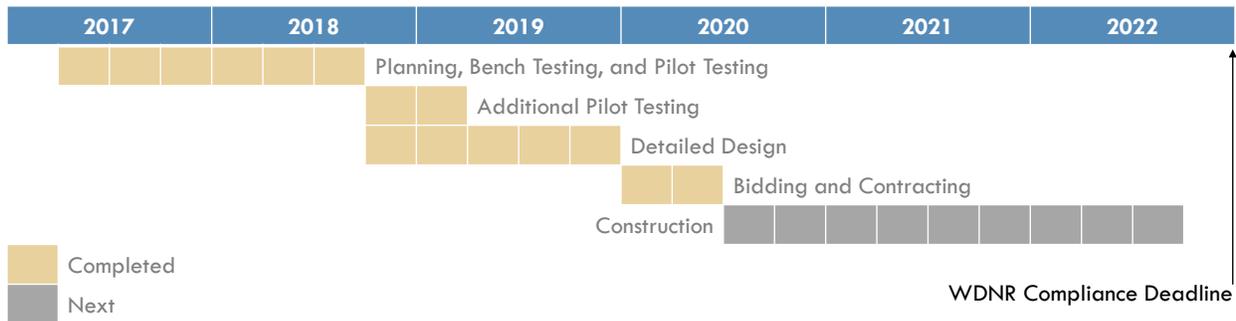


Figure 4 Schedule showing completed and anticipated future Project activities.

## Project Bids and Cost

Bids were received on February 27, 2020. All Bids for the Base Project Work were below the construction budget (Figure 5). The low Bid was submitted by a qualified Contractor and well below the budget. The cost of the new DWTF Project is tracking below the budget (\$41M).

The Bidding Documents did include a significant, discretionary Alternative for a new Administration/Meter Shop Building adjacent to the new DWTF, enhancing Water Department efficiency by consolidating people, equipment, and maintenance activities in close proximity to the well field. The Work associated with this Alternative is outside the original DWTF Project scope. The cost of this Alternative was not included in the original DWTF Project budget. The City elected to include this Bid Alternative to leverage economies of scale. That strategy worked, reducing the cost of the Administration/Meter Shop Building. The Engineer's Estimate for this Building was \$6M. The low Bidder submitted an Alternative Bid of slightly more than \$5M. A new Administration/Meter Shop Building was

not included as part of the exiting site renovation alternative. It was added as an Alternative Bid item (an add Alternate) once the Commission and City decided to build a new DWTF. The Commission and utility staff recommend adding all of the Alternative Bid items due to the favorable bids and historically low borrowing rates.

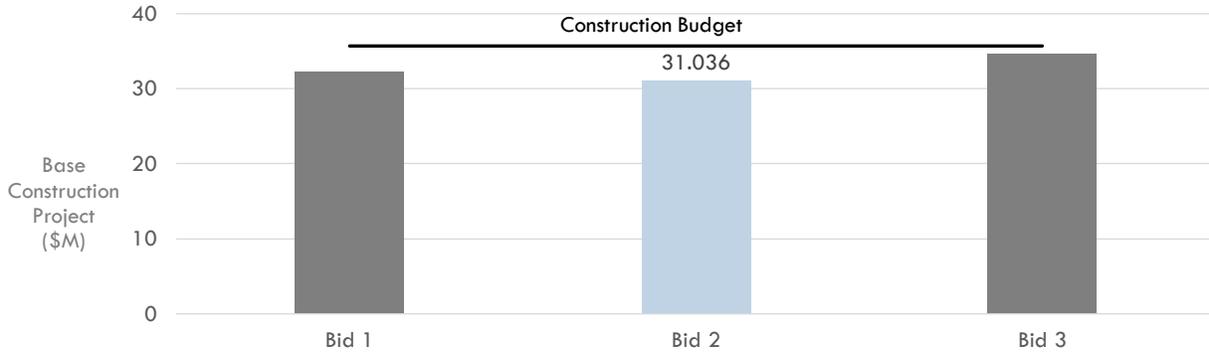


Figure 5 - Bids received on February 27, 2020 for the Base Work associated with the new DWTF

## Financing

The Safe Drinking Water Loan Program (SDWLP) is a revolving loan program administered by the WDNR and Department of Administration (DOA) using federal grants and state allocations to provide financial assistance to local municipalities for drinking water system improvements. The SDWLP began offering assistance to Wisconsin communities in 1998. The interest rate for a SDWLP loan for the City of Wausau is 55% of the municipal bond market rate. Because bond market rates fluctuates, SDWLP rates fluctuate. Figure 6 shows historical rates.

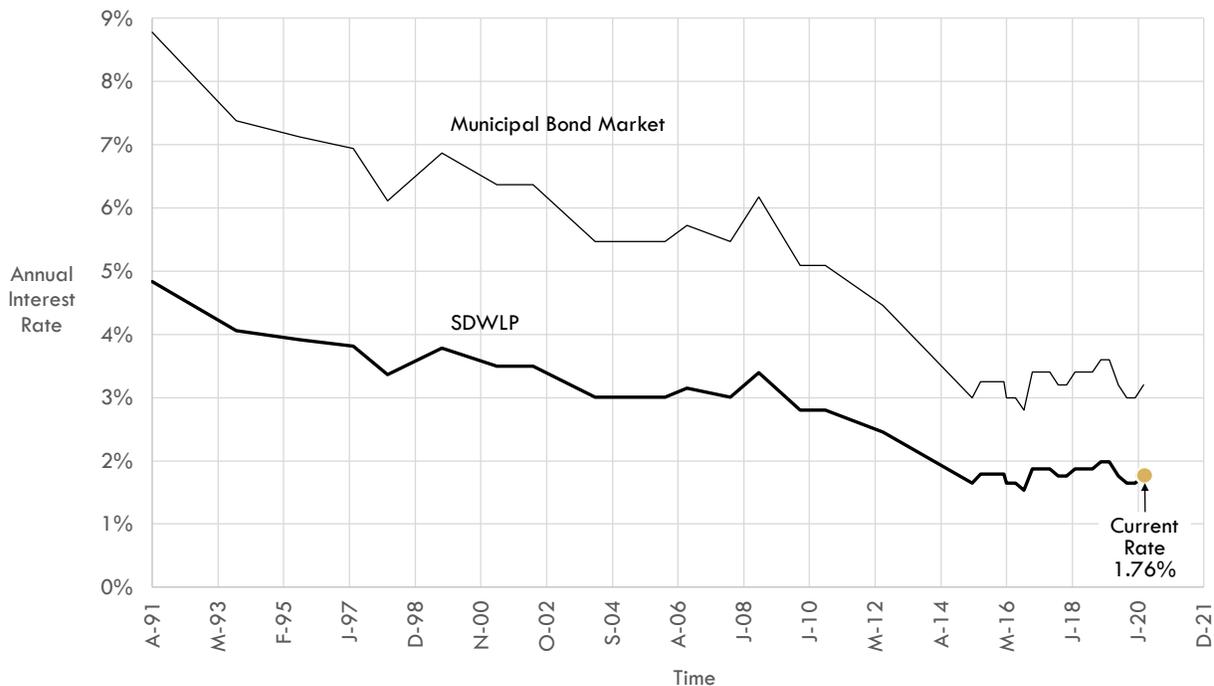


Figure 6 - Historical interest rates for the SDWLP and the municipal bond market (shown here as the SDWLP rate ÷ 0.55).

The current SDWLP rate is 1.76%, up slightly from the pre-COVID rate of 1.65%. If the City elects to proceed with the Project, it would be able to finance the entire amount at this favorable fixed 20-year rate. The Department has very recently allowed eligible water and wastewater infrastructure projects to be financed over 30-years. The 30-year fixed rate would be 1.87%. The DWTF Project would likely be eligible for this longer term.

The SDWLP loan would be repaid with water sale revenues. Figure 7 shows the quarterly increase for a *typical* residential water customer as a function of the Project cost (bottom axis). Three specific scenarios are identified and explained below the Figure. Adding the Administration/Meter Shop Building would increase the typical residential bill approximately \$1 per quarter beyond the increase required to fund the previously approved DWTF Project budget (\$41M).

The SDWLP has adequate funds this year to finance the entire DWTF Project. There are no guarantees that will be the case next year or subsequent years. In addition, the City has qualified for \$0.5M of principal forgiveness (grant) this year, which is also not guaranteed in the future years. In most past years, the available SDWLP funds would not have been sufficient to fund the entire DWTF Project.

## Risk of Delay

To secure the low Bid submitted in late February, the available SDWLP funds, and the favorable SDWLP interest rate, the City must proceed on the established timeline. The construction Contract must be awarded to the low Bidder and the City must proceed with SDWLP closing by the end of June 2020. Ordinarily, the Department requires an executed contract by March 31 to meet the June 30 loan closing deadline (last day of the State fiscal year).

If a loan applicant misses the loan closing deadline, it must re-enter the competition for this funding. Because these favorable SDWLP interest rates equate to significant annual and life-of-the loan savings, there is considerable competition for the limited funds. For the next fiscal year, there are more than 220 applicants expressing intent to apply.

As a contingency plan, Wausau submitted an intent to apply for next fiscal year, in the event the City does not close on their SDWLP loan this fiscal year. The City is ranked 15; however, several large projects currently rank closely below the DWTF Project. There is the potential that the priority scores for these competing projects could be adjusted, moving them ahead of the DWTF Project. Wausau did this last year: the DWTF Project score was adjusted and its ranking improved. Figure 8 shows the SDWLP funds that are available and the cumulative need of the top 20 projects.

Figure 9 shows the additional annual revenue required if the City financed the budgeted amount at interest rates higher than the current 1.76% SDWLP rate.

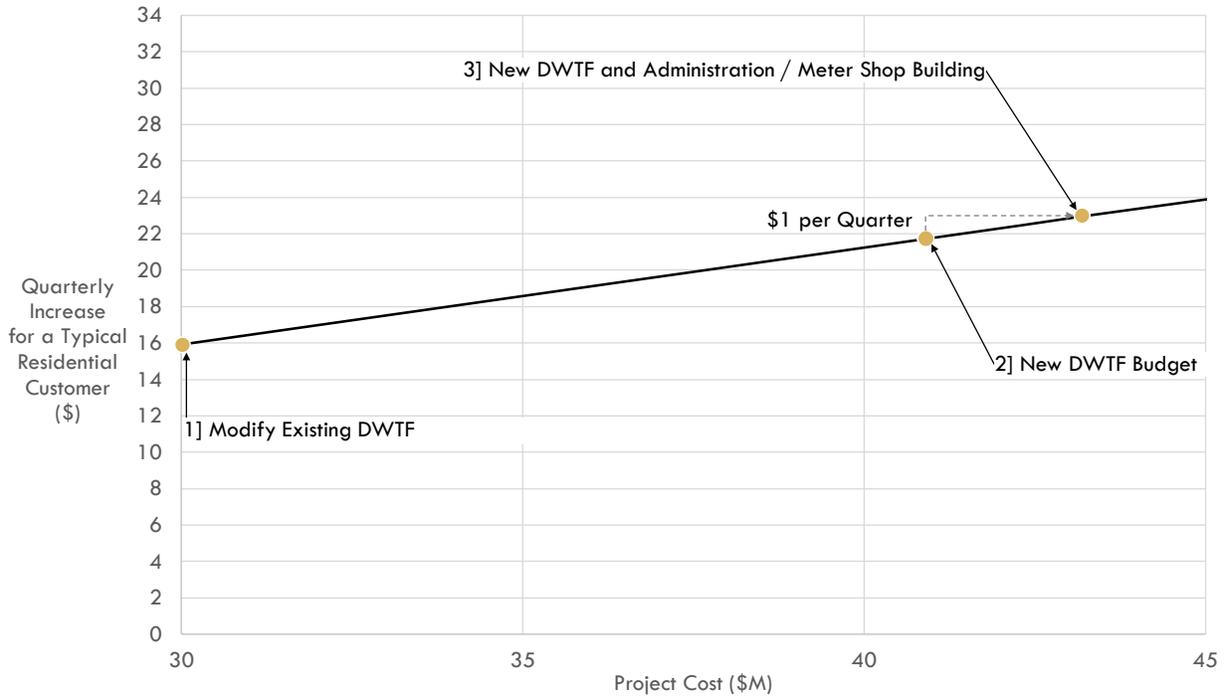


Figure 7 - Quarterly increase for a typical residential water customer as a function of Project cost (bottom axis). Three scenarios are identified: 1] the \$30M alternative at the existing DWTF (developed to a planning level of detail), 2] the \$41M DWTF Project budget, and 3] a revised budget of \$43.2M that would allow the City to add the Administration/Meter Shop Building and the other Alternative Bid items. Increases are calculated with the SDWLP-required 110% debt coverage.

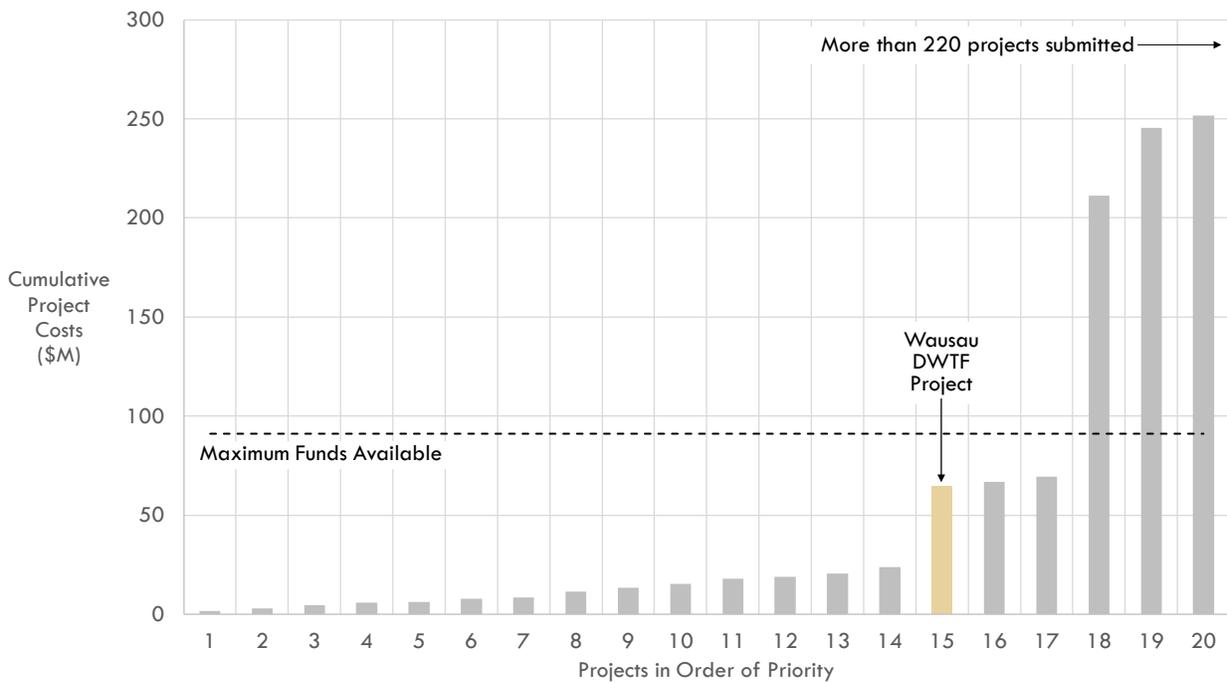


Figure 8 - Cumulative financial need of the 20 top-ranked projects for next fiscal year. The SDWLP has \$91M available for next fiscal year. A project currently ranked 18 exceeds that amount by itself.

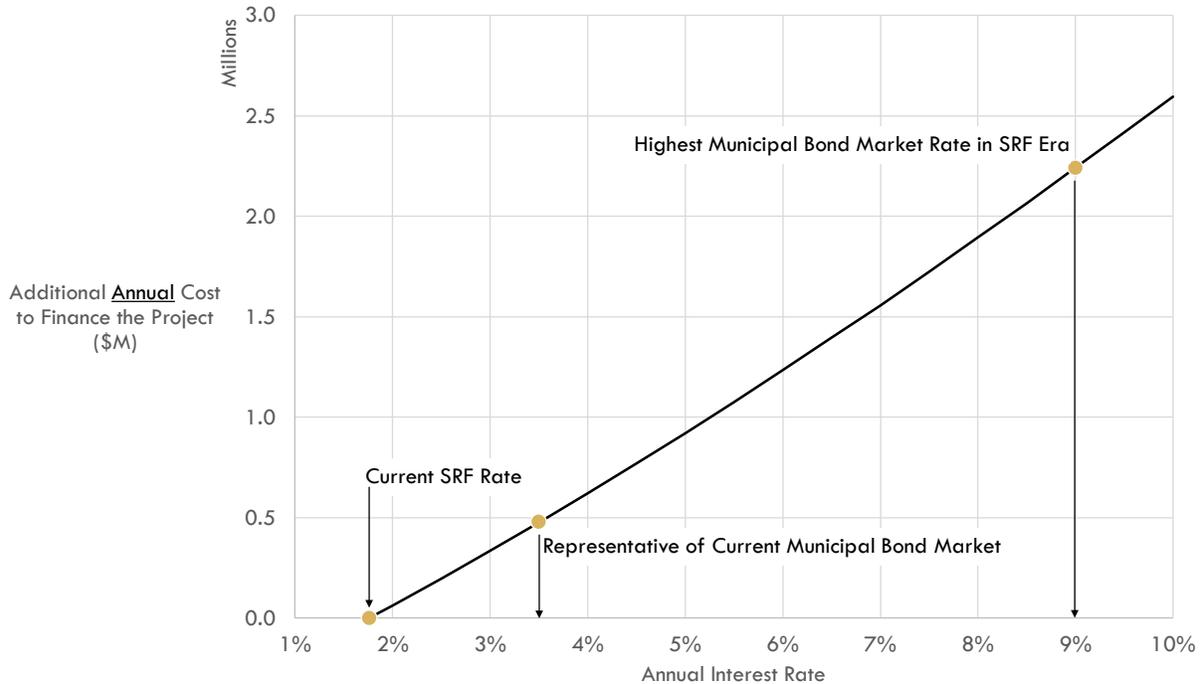


Figure 9 - The additional annual cost or required revenue to finance the \$41M DWTF Project budget at interest rates greater than the current 1.76% SDWLP rate. A municipal bond rate of 3.5%, which is representative of recent market rates, would require another \$500k annually (\$10M over the life of the loan). An SRF-era worst case municipal bond rate of 9%, would require another \$2.25M annually (\$45M over the life of the loan).

In addition to the uncertainty surrounding Project financing, the future Bidding climate is also uncertain. In February of this year, the City received three competitive Bids from three qualified Contractors. The low Bid was below the Construction Budget. There is no guarantee that the bidding climate will be as favorable if the City bids the same DWTF Project or a different project in the future.

## Conclusion

The City can now proceed with construction of the new DWTF and the SDWLP loan closing to finance the Project. The information below summarizes the City's accomplishments and their favorable position for next and final phase of this Project.

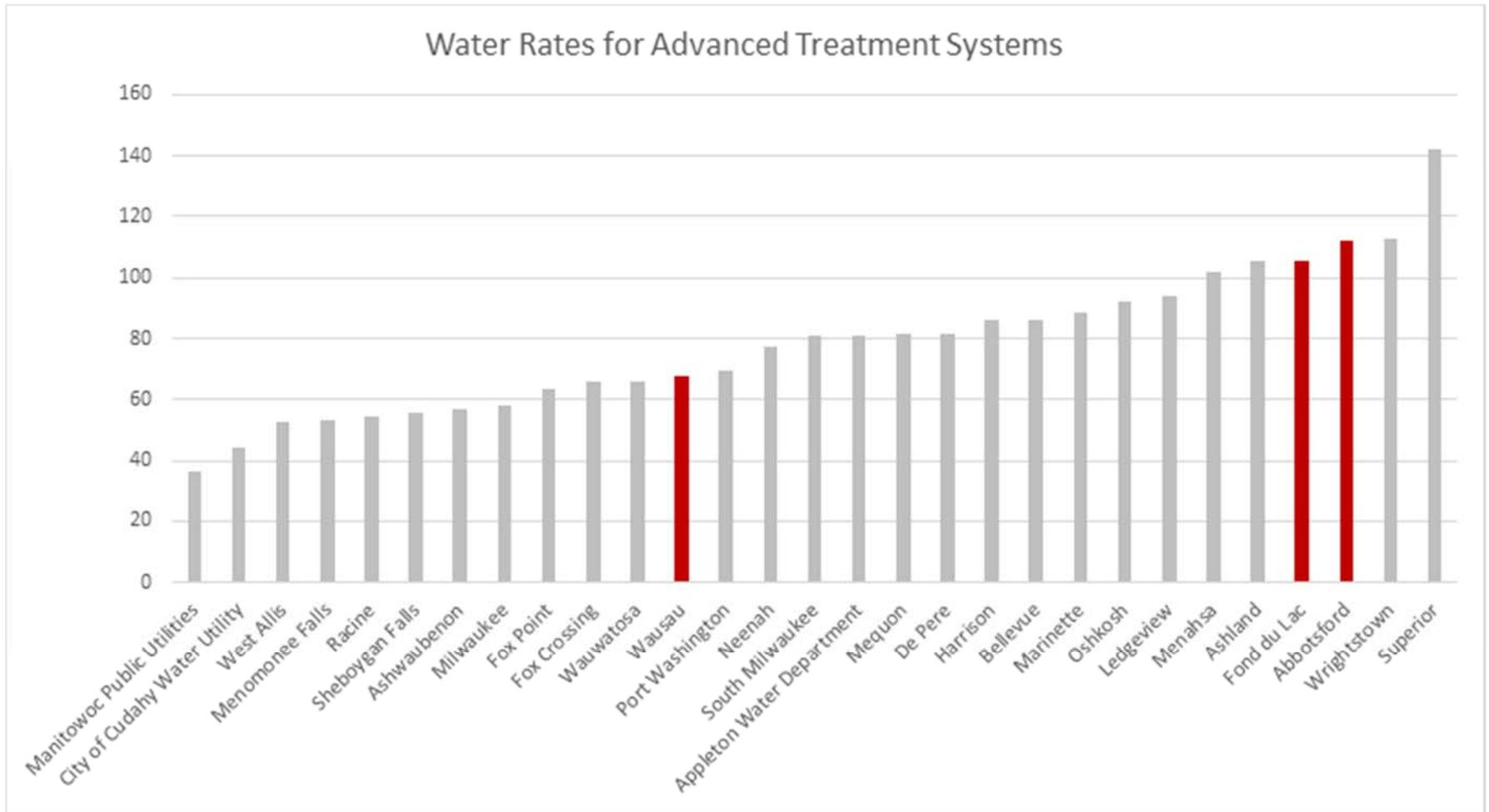
1. The new DWTF Project is well-conceived to reliably produce safe, high-quality, and affordable water for multiple generations. The proposed DWTF site has ample space to accommodate future drinking water regulations that require additional treatment.
2. The City has presented the new DWTF Project and the motivations for the Project to the public on multiple occasions, receiving strong public support at the public information meetings.
3. The City has acquired the approvals necessary for construction authorization and SDWLP loan closing: WDNR, PSC, and DSPS. The PSC rate hearing is scheduled for April 28, 2020.
4. The City received three competitive Bids from qualified Contractors. All three Bids were below the Construction Budget. The successful low Bidder was comfortably below the Construction Budget.
5. The successful low Bidder (Miron) has an office in Wausau and all but one of their subcontractors is from the region. The overwhelming majority of the labor force for this

construction Project will come from the Wausau area and a significant amount of the capital spending will be invested in the local workforce and economy.

6. The City is qualified for a SDWLP loan for the entire Project amount. The 20-year fixed interest rate is near a historical record low.
7. The DWTF Project will satisfy the December 31, 2022 compliance deadline.

## Decision

The City needs to select the Alternative Bids it wants to include in the DWTF Project. Selecting all of these Alternative items, including the Administration/Meter Shop Building, will add approximately \$1 to the increase associated with the DWTF Project budget (\$41M).



All rates listed are average residential rates billed quarterly; same as Wausau.

Grey – Indicates communities who treat surface water for their drinking water

Red - Indicates groundwater with advanced treatment/GWUDI system; this is what Wausau is now required to do

Wausau is shown with the proposed rate increase for the new DWTF

Department of Public Works



Eric Lindman, P.E.  
Director of Public Works and Utilities

**TO:** Wausau Waterworks Commission  
**FROM:** Eric Lindman, P.E.  
Director of Public Works & Utilities  
**DATE:** April 23, 2020  
**SUBJECT:** DWTF Construction Contract Award – Bid Opened February 27, 2020

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Please see the attached Bid Evaluation Memo from Donohue and Becher Hoppe for details related to the bid opening results.

Staff has reviewed in detail all of the bids including each add-alternate. The bid environment was very favorable and 3-bids were received. Miron Construction was the low bidder and staff recommends awarding to Miron Construction.

In order to complete all of the work that has been bid, including the add-alternates, the project would need an additional \$2,283,659.23 or about \$2,300,000.

Another consideration would be the alternative energy generation component of the project. This has been discussed throughout the design process but it was determined to not include this in the construction of the plant and to request proposals from qualified firms to help assist us with the right alternatives. The City has worked with three different energy firms claiming they could construct a solar generating system for us and then sell us power at a lower rate with a 10-12 year pay back. All three of these firms did not come up with any solutions. Each alternative considered always came back to the utility owning and operating the system and use all power generated. Staff would recommend moving forward with this concept. Using the estimates provided by the three energy firms the utility would need a budget of \$600,000 and recommends including this in the borrowing. The total amount approved previously for borrowing was \$40,900,000 and is recommended to be increased by \$2,900,000 to \$43,800,000.

Over the past 18-months we have consistently expressed through our presentations that the estimated rate increase for an average homeowner would be \$20 to \$21 per quarterly bill. The additional borrowing to complete the project with alternates would increase an average quarterly bill approximately \$21 based on the current borrowing rate.

Staff recommends the Wausau Waterworks Commission support and approve a total loan in the amount of \$43,800,000 in order to complete all work. This is the least expensive option to the rate payers and will ensure all work is fully completed and we are able to maintain/improve all operation efficiencies moving forward into the future.



**STATE OF WISCONSIN**  
**DEPARTMENT OF ADMINISTRATION**

Tony Evers, Governor  
Joel T. Brennan, Secretary  
Brian Pahnke, Division Administrator

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April 28, 2020

Ms. Leslie Kremer, Clerk  
City of Wausau  
407 Grant Street  
Wausau, WI 54403

Re: Preliminary Funding Determination for Safe Drinking Water Project #4930-09

Dear Ms. Kremer:

This letter confirms the Safe Drinking Water Loan Program (the "SDWLP") initial determination of funding made for the City of Wausau (the "City") for its drinking water project assigned DNR project number 4930-09 (the "Project").

We have received and reviewed the loan application from the City for this Project. We have made a preliminary determination that the application is acceptable. Based on the financial information supplied by the municipality, its engineer, and financial advisor, we have not determined that the project is unaffordable. The Project is currently on the SFY 2020 Funding List, and per statutory designation, shall remain so until June 30, 2020.

We acknowledge that the City has applied to the Wisconsin Public Service Commission for approval of an increase in its permanent water rates and charges, but Wisconsin Public Service Commission has not finalized the rate increase.

This preliminary funding commitment is based on the information available at this time, which in some respects is preliminary and subject to change. Based on our evaluation of the information as it has been presented, it is expected that the City will qualify for financing from the SDWLP for the Project. Actual closing on the loan is conditioned upon the Wisconsin Public Service Commission completing review and issuing its order with respect to water rates and changes, receipt of executed loan documents in a form satisfactory to the State, and confirmation that information provided is accurate and that no material changes in financial position or projections have occurred. Furthermore, loan disbursements, including those for refinancing, will be made only for eligible project costs that are supported by corresponding contracts and invoices for the work performed.

Sincerely,

A handwritten signature in black ink that reads "Katherine C. Miller". The signature is written in a cursive style.

Katherine C. Miller  
Capital Finance Officer

cc: Donohue & Associates, Inc  
DNR Project Manager, Becky Scott