

MINUTES of the TOWN OF VERONA Utility Commission Board\*  
BUDGET PUBLIC HEARINGS – Operating/Capital for Utility District #1 and Marty Parcels  
Town of Verona Town Hall  
335 N Nine Mound Road, Verona  
**November 22, 2016 6:00 PM**

Board Members Present: Dreger, Enburg, Geller, Duerst, Maxwell  
Staff Present: Arnold, Wright  
Residents Present: John Senseman

**1. Call to Order/Approval of Agenda**

Mark Geller called the meeting to order at 6:03 PM. Motion by Enburg to approve the agenda; 2<sup>nd</sup> by Maxwell. Motion carried.

**2. Approval of meeting minutes from August 24, 2016**

Duerst moved to approve the minutes of the August 24, 2016 Utility District Commission meeting; 2<sup>nd</sup> by Enburg. Motion carried. It was noted that the Annual Utility District and Public Hearing meeting minutes from November 17, 2015 were approved on May 13, 2016; printed copies of those minutes were available for the public to review.

**3. Presentation on Repairs and Televising the System**

Clerk/Treasurer Wright presented the group with the notification letter that was delivered to the 115 physical addresses who receive services from the Utility District including the Marty family. The letter noted the ongoing trend of using money from the reserve funds to pay for routine costs and repairs in spite of three years of rate increases. Wright presented the Utility District #1 Budget for 2017. Assuming no rate increase, repairs to Manhole 10 to the northwest edge of Goose Lake in addition to routine costs would require using \$31,721 from the reserves. The current balance for reserves is \$66,380.98; the checking balance has funds adequate to cover the final quarterly payment to Madison Metro Sewerage District (MMSD), publication expenses for the rate changes to the Utility District Ordinance by Resolution, and Digger's Hotline tickets. \$40,000 of the reserve fund is invested in a Certificate of Deposit that will not mature until mid-September of 2017.

Wright reviewed the recommendations made to him by members of the Financial Sustainability Committee:

- Include a chart published by MSA Professional Services in October 2016 showing the average cost per single family dwelling for systems serving 500 or fewer costumers as \$490
- Create a 2017 budget worksheet that assumes rate increase to the base rate in increments of \$60, \$80, and \$100
- Perform an analysis of projected maintenance/repair costs, costs of treatment services by MMSD, and the fixed costs of insurance, the annual audit, and reimbursement for the use of Town staff to run the Utility
- Find out if the Replacement Fund amount prepopulated as \$150,000 in the Compliance Maintenance Annual Report (CMAR) is synonymous with a recommended Reserved Fund balance; if so, is the amount of \$150,000 a fixed value or one that can be determined locally based upon projected future needs

Wright reviewed the assumptions he made when writing the Town of Verona Capacity, Management, Operations, and Maintenance (CMOM) Plan. He assumed that the Town would clean and televise one/sixth of the system a year on a continuous basis in order to catch and remedy any problems before they become more expensive to repair or result in sewer backups or outflows (the cost equals approximately \$8,100 a year). The Town purchases the water to clean the system at a bulk rate from the City of Fitchburg; those costs were also captured in his analysis. Wright further assumed that once Manhole #10 is repaired in 2017, that minor yet significant groundwater infiltration revealed in 2016 televising would be remedied in 2018; Wright estimated that cost of pressure testing and grouting to be \$6,000. Lastly, Wright assumed that a 400' length of vitrified clay pipe would be relined every five years to extend the life of the system for additional 50 years. Wright briefly described the cure-in-place method. The projected cost for 2022 was estimated to be \$17,600.

Wright then reviewed projected costs for effluent treatment by MMSD. His analysis revealed that the rates have been increasing an average of 9.34% a year. His analysis included the fixed costs mentioned above of \$1,000 for insurance, \$1,000 for audit services, and \$2,200 for Town staff to run the Utility per year. Based upon these assumptions, Wright showed the group the impact of a change to the base rate of \$60, \$80, and \$100. By 2022, the Reserve Fund balance would be \$34,881 for an increase of \$60, \$37,616 balance for an increase of \$80, and \$40,351 for an increase of \$100. Wright reported that he queried the Department of Natural Resources about the nature of the Replacement Fund contained in the aforementioned CMAR; the amount is for replacement pumps

for lift stations and other relatively short-lived equipment that must be kept on hand. The Town of Verona is a satellite of MMSD; MMSD owns and maintains Lift Station #12, so is responsible for the costs of replacement pumps, alarms, and backup power supplies. Although the Town does not have short-lived equipment, it nevertheless needs to maintain a Reserve Fund to assure that catastrophic failure of manholes, manhole covers, or buried pipes can be immediately addressed. Wright noted that the Utility District is a business operated by the Town with funds segregated from the accounts and assets of the Town. Wright was comfortable with maintaining a Reserve Fund balance of \$80,000 as an ideal target. Based upon the analysis above, even a \$100 increase to the base rate would not restore the fund balance to \$80,000 in five years.

4. **Public Hearing regarding proposed 2017 Utility District #1 Budget**

Chair Geller asked if there were any comments or questions from the public regarding the proposed 2017 Utility District Budget. Wright reported that he spoke with one individual by phone that is served by the Utility that was supportive of the goals based upon research; she wanted to reflect she was in favor of the \$60 rate change. Arnold reported that she spoke with another individual by phone that is served by the Utility; the person did not comment upon the proposed changes and planned repairs, but instead indicated they preferred to have received the letter by mail rather than left at their residence. No other comments were offered.

5. **Close Public Hearing**

Geller asked once again whether there were any public comments; hearing none, he closed the Public Hearing at 6:40 PM.

6. **Discussion and Action re: Proposed 2017 Utility District #1 Budget**

Enburg asked about the far right column of figures in the budget worksheet included in the letter to those served by the Utility. Wright replied that the heading suggests that the monthly rate will rise to the amounts in the column if the base is increased by \$80 per year; however, the numbers in the column represent the total monthly cost if the increase of \$80 was approved by the Utility District Commission. There was brief discussion regarding the main within the right-of-way of Fitchrona Road shared by the Town and City of Fitchburg. It was noted that the City cleaned and televised approximately 3,200' of the shared main at the end of 2015 and shared the results with the Town; this action reduced the burden of one year of televising and cleaning for the Town. As a consequence, no cleaning/televising is included in the 2017 budget. Chair Geller asked whether the best strategy is to achieve a single flat rate to restore the Reserve Fund balance or to continue to increase rates each year until the goal is reached. Enburg noted that reaching the goal by either method assumes no discovery of major issues and/or increases to inflation. Duerst moved to approve a \$100 increase to the base fee for a single family residence that is the basis for all other charges (see attached spreadsheet of the impact of a \$60, \$80, and \$100 increase to the base); second by Maxwell. Roll call vote: Maxwell: aye; Dreger: aye; Duerst: aye; Enburg: aye; and Geller: aye. Motion carried. The rate change will be presented to the Town Board for adoption as a Resolution to amend Ordinance 91-1.

7. **Adjourn the Commission Meeting**

Dreger moved to adjourn at 6:52 PM; 2<sup>nd</sup> by Enburg. Motion carried.

\*The Town Board of Supervisors serves at the Utility District Board

Approved: November 21, 2017

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John Wright  
Clerk/Treasurer, Town of Verona