

Town of Verona  
Financial Sustainability Minutes  
Town of Verona Hall, 335 N. Nine Mound Rd, Verona, WI  
10/26/2016

**Present:** Laura Dreger, John Senseman, and Julie Bass-DeVries

**Absent:** Bob Rego

**Also Present:** John Wright- Clerk/Treasurer and Amanda Arnold- Planner/Administrator

Chair Dreger called the meeting to order at 2:36 PM

**Approval of Agenda-**

Senseman moved to approve the agenda, as presented; 2<sup>nd</sup> Dreger. Motion carried. It was noted that the numbering of the agenda items is not sequential.

**Approval Minutes from Special Meeting on October 20, 2016-**

Senseman moved to approve the October 20, 2016 minutes as presented; 2<sup>nd</sup> Dreger. Motion carried.

**Update on Building Progress and Funding-**

There were no new updates to report.

**Review Updates to Draft 2017 Budgets-**

**Public Works updates to General Fund --** Administrator/Planner Arnold stated that the Public Works Capital Roads fund line will be \$320,000 for 2017. She noted that operations costs were not discussed at the recent Public Works Committee meeting. Arnold briefly reviewed the use of the remaining engineering and capital roads budget fund balances for 2016 that includes the purchase of two replacement mowers and an engineering study of stormwater ditching along Shady Oak Lane.

**Draft Utility District Budget --**

Clerk/Treasurer Wright gave a brief overview of the Utility District #1 (UD1) that maintains buried sewer lines in Sections 12 and 13 of the Town. The Town of Verona UD1 is a satellite of Madison Metro Sewerage District (MMSD). MMSD maintains the lift stations and treats the effluent for the Town of Verona. Wright shared a map of the customer base and their classification (e.g. single family, octplex, commercial, etc.). There are approximately 115 parcels that are assessed a special charge that is attached to the annual tax bill. Although the Town has been televising and repairing the system, parts of which are 47 years old, there was no set routine or internal analysis to guide decision-making. Wright reported that he has compiled the entire history of televising and repairs into a single spreadsheet which has become the basis for determining the televising and repair sequence. Furthermore, to maintain a healthy system, the Town is now on a continuous schedule to clean and televise one-seventh of the infrastructure per year.

The main below and within the right-of-way of Fitchrona Road is shared with the City of Fitchburg is shared, Wright saved cleaning and televising this area until an agreement was reached with the City so efforts by both municipalities did not duplicate the efforts of each. Before an agreement was reached, however, the City contracted for cleaning and televising the entire main from Nesbitt Road to the furthest reach of the Town system that is south of Tonto Trail. As a consequence, the seven year sequence has been cut to five and the Town saved thousands in cleaning and televising expenses. Nevertheless, customer rates in spite of three sequential years of increases have been inadequate to restore a healthy reserve or pay for televising and repairs without drawing upon the remaining reserve. The current reserve is comprised of a Certificate of Deposit in the amount of \$40,000 that will come to term in September of 2017 and \$26,380.98 in liquid assets. The estimated cost for replacing/repairing a manhole that has settled 6" to the west of Goose Lake is \$40,000; bid documents will be advertised in February of 2017 for the project.

At the current base customer charge of \$273 for a single family dwelling per year, the 2017 manhole project will result in a shortfall between income and expenses of \$28,064. Wright presented the group with three scenarios beyond keeping the rates flat: a \$20 increase to the base, \$40 increase to the base, and \$60 increase to the base. Even at an increase of \$60 per year to the base, the income would only increase by \$8,205; this would require approximately \$20,000 of repair costs to be covered by the liquid reserves. Wright then presented the group with a bar graph from the recently published MSA survey of 2016 Sewer Use Charges. For systems serving fewer than 500 clients, the average annual sewer charge is \$490, whereas the median charge is approximately \$480. Wright noted that the prepopulated figure for a Replacement Fund in the Compliance Maintenance Annual Report for the Town of Verona is \$150,000; if this number is defined by State Statute or EPA standard, then a substantial rate increase would be required to achieve a reserve fund balance of that size.

The group discussed the costs of maintaining and potentially replacing a septic system as compared with the costs of a public sewer system. There was a consensus that the Utility District customers should pay more to cover annual costs and to increase the reserve. The group advised Wright to find out whether the Replacement Fund is synonymous with the amount to be kept in a Reserve Fund and whether \$150,000 is prescribed by law or determined by the Municipality. Wright was also instructed to present the following four rate increases to the base: \$60, \$80, and \$100. Once it is determined if there is a minimum fund balance and what number to use, Wright was also instructed to include columns in his proposed rate increases to replenish that balance in 1, 2, and 3 years. Wright noted that MMSD estimated rates are normally published by October 31<sup>st</sup> of each year for the following year; however, the MMSD Commissioners have delayed that action until November 10, 2016. Wright will contact Michael Mucha, the Chief Engineer and Director at the Madison Metropolitan Sewerage District this week to see if he has an estimate for the 2017 rates to include in the 2017 UD1 budget.

#### **Schedule November 2016 Meeting and Set Agenda-**

The group decided to hold their regular meeting on Wednesday, November 17, 2016 at 2:30 PM and to hold a special meeting on Thursday, December 1, 2016 at 2:30 PM; the suggested agenda for November 17 will be:

- Call to Order, Approval of Agenda
- Approve minutes from October 26, 2016 regular meeting
- Update on Building Progress
- Review the 2017 Town and Utility District Budgets
- Adjourn

#### **Adjourn-**

Senseman moved to adjourn; 2<sup>nd</sup> Dreger. The meeting was adjourned at 4:15 PM.

Approved: November 17, 2016

Prepared by: John Wright with Amanda Arnold review