

**VILLAGE OF GERMANTOWN
UTILITY ADVISORY COMMITTEE MEETING MINUTES
SEPTEMBER 29, 2014**

CALL TO ORDER: The meeting was called to order at 5:44 p.m. by Chair Warren.

ROLL CALL: Chairman Warren, Member Hansen, Hull, Broesch, Goetter, and Reichert

This portion of the Utility Advisory Committee meeting was held concurrently with the Village Board as posted.

NEW BUSINESS:

- A. Update to the Water Rate Study – Baker Tilly Virchow Krause, LLP
Director Ludwig presented information on a water rate increase. In 2009 a study was done which looked at capacity, water flow rates, and peak volume of water than can be produced. Since that time, one of the large industries went off their well, they produce products that are water intense and now use about 0.8 million gallons per day of our water. In the fall of 2012 they needed a temporary new water source and said they would be off of our water within 2 to 3 months. It has been 16 months that we have been providing them water. It has pushed capacity to 4.9 million gallons; we are up to the utility's capacity limit. At this time, we cannot take on additional large industries in our Village without running into potential problems. Also identified in that study a deficiency within our water system a single water connection that provides water to the portion of the community is west of 41/45. Decided to make Phase I loop cost: \$600,000 all TID this year. Future years will be all water utility. We do have a shallow well investigation ongoing. Found 6 locations using noninvasive investigation. Large Industry has been contacted numerous times that they plan on being off Village water in two or three months.

Vicki Hillenbrad from Baker Tilly presented information on water rates and recommendations. A big issue is the large customer. They are staying with us through 2014, doesn't see an alarming concern to have a rate increase. Cash flow is incredibly important. At this point, two main recommendations. Large customer would like the village to be on "stand by", since they have their own well. This is very hard for the village to manage. This creates a capacity problem for the Village. Limits ability to grow. Causes a planning problem. If they pull off the system, the Village might be able to hold off building a new well. Need large customer to tell the Village what their plan is for Village water. An option is a stand by charge if large customer comes off the system, want to make sure the rest of the customers do not fill the bill for them. Need a contract in place for large customer, protects the Village and them. First recommendation is to talk to the customer, to see when they plan to come off Village water. In the meantime, Baker Tilly recommends doing a simplified rate increase. Cash flow analysis shows a 3% increase is a cost of living increase. Customers accept a smaller increase better. Doesn't get the village where you need to be in the long run. However, a 3% increase would decrease the amount of increase you need later.

NEW BUSINESS continued:

Discussion on 3% rate increase, when it would start, when would Baker Tilly come back, cash flows, information needed on what the plans are with the well, and large customer issues. Director Ludwig explained the Village is obligated to provide water to large customer but not 300 times their normal usage. Difficult to motivate them to come in person to meet with the Village President. Information we have is that it is very expensive for them to rectify since they have a contaminated well. They are occupying one of the highest capacity wells. "Set aside" water cost would have to be charged to large customer. Baker Tilly says one option is reaching out to them. Baker Tilly can prepare a letter of concerns and need information from large customer.

Vicki presented four possible options: residential flat rate, instead of declining; all customer flat rate; residential inclining rate, rest declining; and residential inclining rate, rest flat.

Baker Tilly's recommendation is an inclining rate for residential that includes multi-family and the rest of the customers would have a flat rate instead of a declining rate.

Discussion: the rate study has two components, the process will be Baker Tilly comes back and gives recommendation of what increase should be made, conservation rates, Public Services reviews and last step is a Public Hearing which PSC generally handles. Baker Tilly won't know what the rates are until PSC reviews the rate case.

MOTION (Zabel/Kaminski) to give staff the authority to work with Baker Tilly on addressing a letter to Large Customer, carried.

Discussion on what a residential inclining rate block would be the gaps between the inclines are not as great. Make sure the customer base is thoughtful with usage. One size fits all solution, family might fall into it. Declining block for business right now and residential is a flat rate. Conservation rate during the summer months, summer rate is because water is going on the lawn and not down the sewer. Most municipalities see water sprinkling is going down. What generally happens when you eliminate the sprinkler credit is the rate goes down for everyone. Those people that were not watering lawns will not see large increases. The whole reason is to try to create a mindset to get people to stop watering lawns by using a conservation rate. Bulk of users are residential, trying to get them to cut back.

Baker Tilly would like two recommendations, looking for guidance. Discussion on rates. Two main decision items: are you interested in adjusting residential flat or inclining and the second is for all other users, are you interested in keeping declining or going to flat. Exact numbers will not be known until PSC reviews. A range would be available but not exact numbers. Flat rate would not be known until PSC makes decision. Continued discussion on delivering water. Deep wells are not recharging. Need to get into a new mindset and conservation is the way to go. Only big industry has meters to know exactly what they are using. Discussion of rate options and other municipalities who use some of them.

NEW BUSINESS continued:

Baker Tilly will present more information when they come back with a rate increase. Recommends a simplified rate increase as a cost of living rate.

MOTION (Kaminski/Baum) to accept the recommended 3% simplified rate increase with a date to be determined by the Public Service Commission, give permission to apply. Discussion on the way the agenda was written and if a decision can be made or if it has to go before Village Board. General Public needs to be notified.

MOTION (Kaminski/Baum) to amend to come before the Village Board on Monday, October 6, 2014 for approval of the recommended 3% simplified rate increase. Carried.

Discussion of filing time etc. **Motion as amended, carried.**

ADJOURNMENT:

MOTION (Hansen/Goetter) to adjourn the meeting at 6:56 p.m., carried by roll call vote.

**Jilline Dobratz
Village Deputy Clerk**