

WESTERN RACINE COUNTY SEWERAGE DISTRICT MEETING

Tuesday, November 7, 2017

President Bakke called the public hearing to order at 7:00 PM. Present at the time were the five WRCSD Commissioners, plant manager Jeff Bratz, and representatives from: the Village of Rochester, the Town of Waterford, and the Waterford Sanitary District.

Bakke read the notice of the public hearing as published. He identified the Commissioners and our plant manager Jeff Bratz. He asked that each person who spoke to identify themselves as they spoke, so others knew who they were. Lastly, he mentioned that the connection fee, as part of this public hearing, was for properties within the Western Racine County Sewerage District (WRCSD) who had not paid the capital cost part of the present sewerage treatment plant. He then called for comments and/or questions.

Dan Dickinson, representing the Waterford Sanitary District (WSD), asked under what legal authority could WRCSD make a municipality (or the Waterford Sanitary District) act as an agent to collect the connection fee for WRCSD. He stated he has no problem with a property having to pay, but just wanted to know where the requirement is that requires WSD to collect the connection fee. Is there a state law or statute ? He also spoke to some differences between WRCSD and WSD boundaries, with the presumption that if a property is within WSD boundaries, WSD will presume the property is also within WRCSD boundaries. There would be a need to communicate better between us. There is really no contract between WSD and WRCSD, so unless there is a state statute or something, WSD is not going to collect the connection fee. He does not want to be our agent, but instead wishes to have WRCSD do the collecting. He does not mind forwarding any requests to connect to us. He said that our fees are our fees and he does not want his customers to pay costs to collect our fees. He then spoke to the WRCSD right to inspect any and all records at WSD. He indicated they use an outside firm, and if required to provide open records documents, using the outside firm, they will be charging for those requests. Minor requests that the WSD can handle, he will share without issue.

Jeff Bratz indicated that WRCSD had created some documents, maybe 10 years ago or so, to give guidance to the three municipalities who are the customers of WRCSD, as to what the procedures were to be used for properties to connect to WRCSD. Perhaps it is time to again share those with our 3 customers, as there are all new faces now, who perhaps have never seen those guidelines.

Dan said he would like to alert anyone within the Town of Waterford, or WSD, who is aware of anyone wishing to connect, to be aware of the need to communicate with WRCSD about the connection.

Dale Gauerke, representing the Town of Waterford, mentioned the \$3000 in the Resolution and the \$3000 in our proposal, and wished to understand the difference.

Jeff Bratz said that there presently is a \$3000 annexation fee, established in 1998, for all properties outside of the WRCSD boundary, that wish to be annexed to the WRCSD. The connection fee, being discussed today, is a separate \$3000 fee for vacant properties within the WRCSD that need to connect to the municipal sewer pipe. Properties that had paid an annexation fee would not need to pay the connection fee. They discussed a vacant property within Waterford Woods, never built upon, as an example.

Jeff said that that vacant property had never paid a fee, and under our proposal, would have to if they choose to build and connect to the municipally owned sewer pipe in the road. A perfect example – the property being discussed is within WRCSD boundary, is vacant and never paid a fee to connect. The proposed connection fee covers vacant properties within WRCSD and the existing annexation fee covers properties outside of WRCSD boundary lines.

Dale indicated he did not understand why.

Jeff indicated that vacant property, that has been within the WRCSD boundary for the last 40 to 50 years, had not paid anything toward the treatment plant, but if those vacant lots were built upon today, without any connection fee in place, still would not pay toward the treatment plant sitting and ready to receive these additional vacant lot sewerage flows. None of those vacant lots contributed anything toward any improvement to the treatment plants as it was upgraded in 1988 or 2005. Simply put, a connection fee would relieve the burden on existing connected customers, who have paid into the capital costs of having the plant ready to receive additional flows. The connection fee is to make it fair so all vacant property owners pay their fair share of the capital costs of the sewer plant. You three muni's all have connection fees, that are in place to help pay for the infrastructure already in place. Our proposed connection fee is the same thing, except it covers the treatment plant infrastructure.

Dan stated an example – when WSD was created, about 1100 homes paid for excess capacity, that was to be built into the sewer plant at that time. The plant was sized to serve maybe 3000 homes within WSD, however, only 1100 paid, and those who had vacant properties did not pay for excess capacity. Some 30 years later, those 1100 who paid, have been paying all along, and vacant properties have not. So vacant properties that now connect, and get part of the capacity, should pay - as a matter of fairness. The connection fee will be the vehicle to collect the excess capacity amount. Is it fair for those 1100, who have paid for the infrastructure, to pay yet again when the plant is expanded the next time ?

Dale commented that this extra charge is going to discourage development.

Jeff, acting as the devils advocate, asked then why WSD is allowed to charge. Doesn't that also discourage development ?

Dale asked about how the \$3000 was derived. He also questioned the \$500 administrative fee.

Jeff explained that the amount was determined by our engineer, using a standard engineering sewerage formula. The \$500 is intended only for larger parcels outside of WRCSD, because there is a lot of additional work required to annex those properties. It does not really apply to

the connection fee.

Chris Johnson, representing the Village of Rochester, asked about properties, a hook up fee and who owns the pipe.

Jeff said that WRCSD just processes the sewerage flows, we do not own any sewer lines other than our interceptor. Our proposed connection fee is just for those flows. Not to pay for the pipe, which is owned by the Village of Rochester, but just to have the plant ready to be able to process sewerage. The actual pipe on the property, is owned by the property owner, and the pipe in the road, is owned by the municipality. When the last plant expansion happened in 2005, existing customers were charged a rather large increase in our flow fees, to cover capital costs, which was unfair. With this connection fee, WRCSD can start to recover those capital costs, so that when a future expansion is needed, the funds will be there to help those additional expansion costs. He has no idea of how much would be collected by this new fee. Just that this money would be available to help with the next expansion, so as an example, the initial costs will not result in a 60 percent increase, but hopefully only 30 percent.

Chris then asked about phosphorus. Will there be a charge for that ?

Jeff said that our need to spend to treat (and/or remove) phosphorus will depend on a number of things in the future. At this point there is no way to determine what those costs will be, until the DNR puts forth permit rules for our plant. But be aware, it might be very costly, as the limits the DNR is talking about now might not be easily achievable.

Betty Novy, also representing the Village of Rochester, said she believes this connection fee will present a burden on her municipality to collect, indicating that when she collects a fee she gets the wrath. This connection fee would increase that wrath, which really should be on put WRCSD. She mentioned that since there is a separation of systems (WRCSD owns the plant and the Village owns the pipe in the road) there should also be a separation for who collects the connection fee for the plant. She then spoke to cost, indicating that she believes this added cost will make prospective residents build elsewhere. She said the fee should be layered. Bottom line – she would like WRCSD to collect their fee and she would like the fee to be reduced.

Chris asked about our haulers. Do they pay their fair share.

Jeff spoke to how we charge, the hauler rates specifically. The haulers actually pay between 25 and 30 percent of the overall annual costs to run the treatment plant. WRCSD needs to be careful that our charges to haulers remain reasonable, or we will lose the haulers and then the rates to the muni's will need to be raised by a large percentage. Short answer – yes they more than pay their fair share.

Chris that said that he is not against the connection fee, but wishes to work something out between the Village of Rochester and WRCSD.

Dale asked how we compare with surrounding municipalities. Can we provide information on connection fees and flow charges ?

Jeff said there are a lot of sources already out there for that information.

Chris indicated that they (V Rochester) are with us, but they do not want to shoulder the burden.

Gil Bakke said the only source of revenue for WRCSD is the municipal customers we have. If the haulers stop coming to the plant, then our rates will have to increase substantially.

Dale asked about new subdivisions.

Jeff explained using ElderCare cottages as an example. Their property was outside of our boundary line, and as such, when we annexed that property, we worked with him to determine his charges, and allowed him to do his development in stages. In other words, a new subdivision property can pay up front, or pay as you go, after talking with us to work some kind of payment plan out with us, which is also part of the look back fee reasoning. If the subdivision is fully within our boundary lines, the same would apply – up front or talk to us.

Dale asked about the Mamerow farm – have they paid.

Jeff said no fees have been collected, as there is no infrastructure in place, so no fees paid at this time.

Dale mentioned impact fees. He wishes the fee to be consistent.

Betty asked about the Runzheimer development, as a different example.

Jeff said our agreement with them is that additional fees will be paid as they develop. We have attached language to each of these types of property deeds that will trigger when they develop.

Jeff said that once a village annexes a property, WRCSD cannot remove that property. He talked about the Walgreen property that the Village of Waterford annexed and then un-annexed. They can do that, but WRCSD cannot. Once a property is annexed to WRCSD, that property can never be un-annexed from WRCSD.

Gil closed the public hearing at 8:21 pm – indicating that WRCSD will take the comments under consideration, and decide what to do next.

Motion by Chris Bennett, second by Frank Czuta.

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Lynn Tamblyn

Secretary WRCSD