

**CITY OF FORT ATKINSON**  
City Council Minutes ~ December 1, 2020

**CALL MEETING TO ORDER.**

Pres. Becker called the meeting to order at 7:00 pm via Zoom.

**ROLL CALL.**

Present: Cm. Housley, Cm. Johnson, Cm. Kotz, Cm. Scherer and Pres. Becker. Also present: City Attorney, City Clerk/Treasurer, City Engineer, City Interim Manager, Police Chief and Wastewater Supervisor.

**APPROVAL OF MINUTES OF NOVEMBER 17, 2020 REGULAR COUNCIL MEETING.**

Cm. Johnson moved, seconded by Cm. Scherer to approve the minutes of November 17, 2020 regular council meeting. Motion carried via Zoom.

**PUBLIC HEARINGS**

None.

**PUBLIC COMMENT**

None.

**PETITIONS, REQUESTS AND COMMUNICATIONS**

None.

**RESOLUTIONS AND ORDINANCES**

None

**REPORTS OF OFFICERS, BOARDS AND COMMITTEES**

- a. *Minutes of Finance Committee meeting held November 17, 2020.*
- b. *Minutes of Plan Commission meeting held November 24, 2020.*
- c. *Minutes of Historical Society Board of Directors meeting held October 15, 2020.*

Cm. Kotz moved, seconded by Cm. Johnson to accept and file the Reports of Officers, Boards and Committees. Motion carried via Zoom.

- d. *Report by Interim City Manager.*

Interim Manager Berner stated the Council will have a special meeting on December 8<sup>th</sup>. No action was taken.

**UNFINISHED BUSINESS**

- a. *Review and approve Sewer Use Ordinance revisions.*

Supervisor Christensen reviewed the Ordinance for the sewer rate structure. The purpose is to update the rate structure to current standards and to adjust rates to repay the upcoming Clean Water Fund loan for the construction of plant updates and phosphorus related upgrades.

Cm. Housley moved, seconded by Cm. Johnson to approve and adopt Sewer Use Ordinance Revisions. Motion carried unanimously by a roll call vote via Zoom.

*b. Review and approve resolution adopting rate increases for Wastewater Utility.*

Supervisor Christensen reviewed the October 6<sup>th</sup> draft Sewer Rate Study presented by Trilogy Consulting. The study outlined the restructured sewer user rates proposed for 2021-2023. The rate increases presented are needed to repay the upcoming Clean Water Fund loan for the Wastewater Utility update and phosphorus compliance upgrades. Rate increases that are sufficient to repay the approximately \$16.5 million CWF loan must be adopted prior to the loan closing at the beginning of the project.

Cm. Kotz moved, seconded by Cm. Johnson to approve Resolution adopting rate increases for Wastewater Utility. Motion carried unanimously by a roll call vote via Zoom.

*c. Recommendation from Plan Commission to approve CSM on Hoard Rd - Extra-Territorial.*

Engineer Selle reviewed the CSM to create two lots. Both lots will be one-acre residential building sites. No comments or concerns were provided by Departments.

Cm. Scherer moved, seconded by Cm. Johnson to approve the CSM on Hoard Road – Extra-Territorial. Motion carried via Zoom.

#### NEW BUSINESS

*a. Review and approve purchase of ten Mobile Radios and two VHF Control Stations for Police Department as budgeted.*

Chief Bump provided the quotes as a 2021 Capital Outlay purchase not to exceed \$39,800.

Cm. Scherer moved, seconded by Cm. Housley to approve purchase of ten Mobile Radios and two VHF Control Stations for Police Department as budgeted not to exceed \$39,800. Motion carried unanimously by a roll call vote via Zoom.

*b. Review and approve 911 Joint Powers Agreement with Jefferson County Sheriff's Department.*

Interim Manager Berner reviewed the annual agreement. There are no costs associated with this agreement.

Cm. Kotz moved, seconded by Cm. Johnson to approve 911 Joint Powers Agreement with Jefferson County Sheriff's Department and to authorize signature. Motion carried via Zoom.

*c. Review and approve the removal of PILOT payments by Water Utility on all new water main placed into service.*

Engineer Selle stated, in mid May the City Council supported the submission of a rate case to the Public Service Commission, seeking to establish a dedicated main replacement funding mechanism through expense depreciation. Part of the discussion in May included a recommendation to forego future increases to the Utility's annual PILOT payment to the City associated with increased investments in water main replacements. The PILOT payment is made on the value of the infrastructure owned by the Utility as the Utility is a non-profit. Assets are defined as hydrants, mains, valves, reservoirs, etc. The agreement is to not value the NEW main that is installed using expense depreciation funds.

The Utility will continue to pay approximately \$300,000 to the General Fund for existing assets, plus PILOT on new additions except water mains financed with expense depreciation. However over decades as the water main is replaced, the retired main will be deducted from the assets subject to the PILOT calculation and the value of this new main will not be added to the value of assets subject to PILOT.

From the City's perspective the payment into the General Fund will continue as it has in past years. The increase in this payment, associated with the value of new mains, is what will be missed. The portion of the Water Utility assets currently composed of water main is 55%. This percentage would increase with the installation of new main, but gradually over time. Loss of this long-term revenue is not expected to incur a significant impact on the financial health of the General Fund.

As shown on the attached chart, PILOT payments to the City are expected to increase over time even if main replacement funded with expense depreciation are excluded from the calculation. Foregoing PILOT on water main replacements funded with expense depreciation are projected to save utility ratepayers almost \$400,000 per year by 2045.

One of the questions of the PSC is whether the City Council has specifically supported foregoing the Utility's PILOT (payment in lieu of taxes) to the City each year. This payment is made on the value of the infrastructure owned by the Water Utility. The Water Utility is a non-profit, thus the value of their assets are not taxed. Assets are defined as hydrants, mains, valves, reservoirs etc. To overcome this, a PILOT payment is made to the General Fund. The payment has averaged a little over \$300,000 averaged over the last 5 years.

Cm. Housley moved, seconded by Cm. Johnson to remove of PILOT payments by Water Utility on all new water main placed into service. Motion carried unanimously by roll call vote via Zoom.

#### MISCELLANEOUS

*a. Grant operator licenses.*

Cm. Johnson moved, seconded by Cm. Scherer to approve the granting of operator licenses. Motion carried via Zoom.

*b. Adjourn to closed session after regular council meeting pursuant to Section 19.85 (1)(e), Wisconsin Statutes, to consider sale of property.*

Cm. Scherer moved, seconded by Cm. Johnson to Adjourn to closed session after regular council meeting pursuant to Section 19.85 (1)(e), Wisconsin Statutes, to consider sale of property. Motion carried unanimously by a roll call vote via Zoom.

#### CLAIMS, APPROPRIATIONS AND CONTRACT PAYMENTS

*a. Verified claims.*

Cm. Scherer moved, seconded by Cm. Johnson to approve list of verified claims presented by the Director of Finance and to authorize payment. Motion carried unanimously by a roll call vote via Zoom.

# ADJOURNMENT

Cm. Scherer moved, seconded by Cm. Johnson to adjourn. Meeting adjourned at 7:33 pm.