



CITY OF MERRILL
COMMITTEE OF THE WHOLE
AGENDA • TUESDAY APRIL 13, 2021

Regular Meeting

City Hall Council Chambers

5:00 PM

To attend virtually, call 314-474-2747 and meeting PIN 800 652 148#

- I. Call to order
- II. Pledge of Allegiance
- III. Public Comment
- IV. Agenda Items for consideration:
 1. Update on Public Fire Protection (PFP) transfer from property tax to water Bills, as well as preliminary Water Rate Study
 2. American Rescue Plan (ARP) preliminary Finance Director Recommendations
 3. Strand Associates proposal for East Side Water Storage Tank
- V. Adjournment

Water Rate Summary Trilogy Consultants Meeting 3-30-2021

Attending Meeting: Erik Granum (Trilogy), Christine DeMaster (Trilogy), Dave Johnson, Tom Hayden, Kathy Unertl, Gabe Steinagel, Angie Holz, Rod Akey

PSC Guidance/ Requirements

- PSC approved the simplified 3% water rate increase for 4-1-2021
- Transfer of \$125,000 Public Fire Protection requires a full water rate study
 - Preliminary analysis shows a projected Rate of Return for 2021 to be negative 0.16%, although cash flow remained strong with fewer infrastructure projects
 - Preliminary estimates recommend the following increases;
 - Maximum 35.7% (\$540,000) which would achieve the 4.9% ROR the PSC recommends
 - PSC minimum operating allowance of 0.6% ROR based on 6% of operating and maintenance costs, would allow for a minimum rate increase of 11.8% (\$180,000)
 - Trilogy will confirm/discuss with PSC what options are moving forward
 - Trilogy will provide a rate table based on meter size and use

Finance Director Notes:

Please see follow-up information from Trilogy (after PSC contact), Net Operating Income*, and Age of Water Main information.

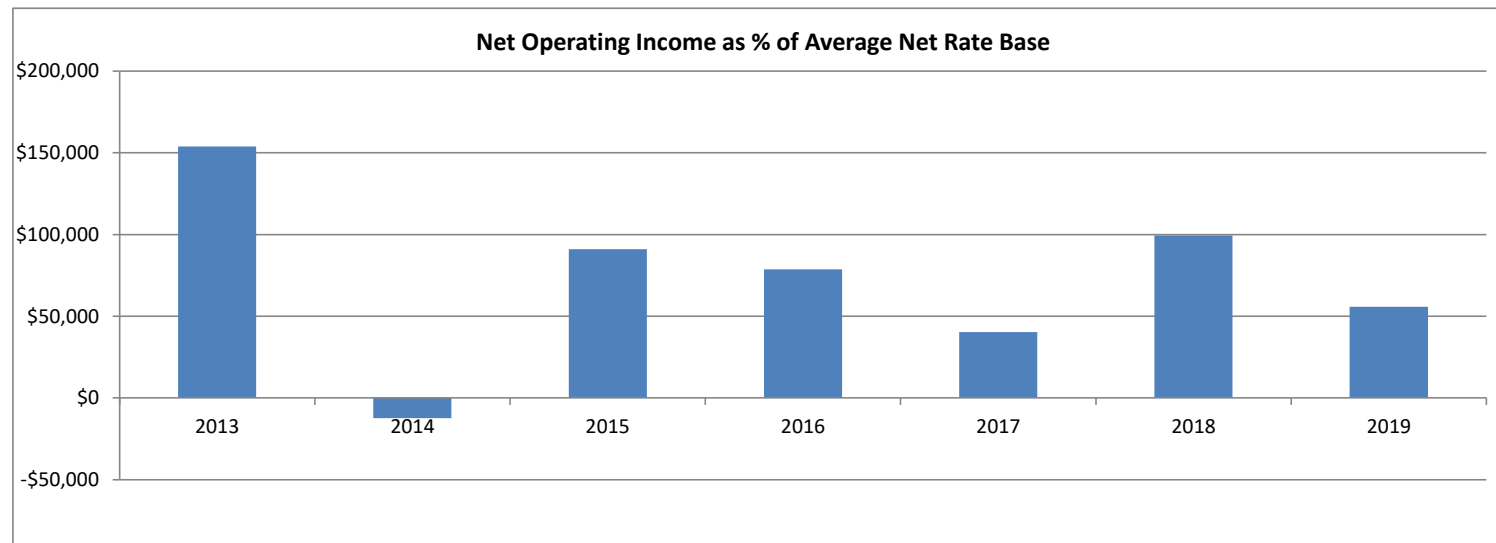
Utility Manager Gabe Steinagel reports that the City of Merrill has no lead services on Water Utility side. There could be some random water services on the homeowner's property.

*The 2020 audit is pending by CLA (CliftonLarsonAllen LLP) and the Merrill Water Utility Annual Report to Wisconsin Public Service. Report should be available by early May 2021.

City of Merrill Water Utility

Net Operating Income %

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Pending
Net Operating Income	\$153,994	(\$12,343)	\$91,114	\$78,688	\$40,252	\$99,547	\$55,895	
Net Operating Income as % of Ave. Net Rate Base	2.43%	-0.17%	1.27%	1.05%	0.51%	1.26%	0.69%	
% Change From Previous Year	0.15%	-2.60%	1.44%	-0.22%	-0.54%	0.21%	-0.57%	



The Wisconsin Public Service Commission (PSC) approved 10% Water Rate increase effective 12/1/2013 related to water treatment improvements. The severe 2013-2014 winter conditions included community-wide running water, overtime to thaw services/mains, and numerous water main repairs.

There were 3.00% Simplified Water Rate adjustments effective July 1st, 2015 and July 1st, 2016, and a 2.5% adjustment effective August 1st, 2017.

The Wisconsin Public Service Commission authorized a 3.0% Simplified Water Rate adjustment effective April 1st, 2021.

Unertl, Kathy

From: Erik Granum <egranum@trilogy-llc.com>
Sent: Wednesday, March 31, 2021 10:17 PM
To: Unertl, Kathy; Christine DeMaster
Subject: Re: Merrill - Next Steps 4/13th Meeting & Rate Table
Attachments: Bill Comparison.pdf

Kathy,

Attached is a bill comparison for customers of various use and meter sizes, plus a statewide comparison for average residential bills. For the existing rates, I included the shift in the PFP since that has already been approved by the Council. If you want anything revised or shown differently, let me know.

As I mentioned earlier, I spoke with Kathy Butzlaff this afternoon. She confirmed that she is unaware of any time the PSC had approved a rate case resulting in a negative return on investment for the utility. However, she also said that there has been a shift in policy that would make them more open to approving a lower rate of return, if it's shown that the utility can meet its obligations and stay financially healthy. Recently, the Village of Harrison got a case approved using the operating allowance, so I think that is possible as long as their other criteria are met. She mentioned several items they typically look at:

- Meeting all debt service requirements
- Maintaining a positive net income after making interest payments
- Days cash on hand - look for a minimum of 90 days, with a goal of 180 days
- Any upcoming infrastructure needs, specifically:
 - Anything contained in the latest DNR sanitary survey
 - Lead service lines that need to be addressed
 - Age of water mains, especially if they are overwhelmingly of 1940s - 1960s vintage

Nothing in that list above jumps out at me as being a big barrier to getting the rate increase minimized, unless there's something in the sanitary survey that needs to be addressed.

Let me know of anything else you need for the Committee of the Whole meeting.

Thanks
 Erik

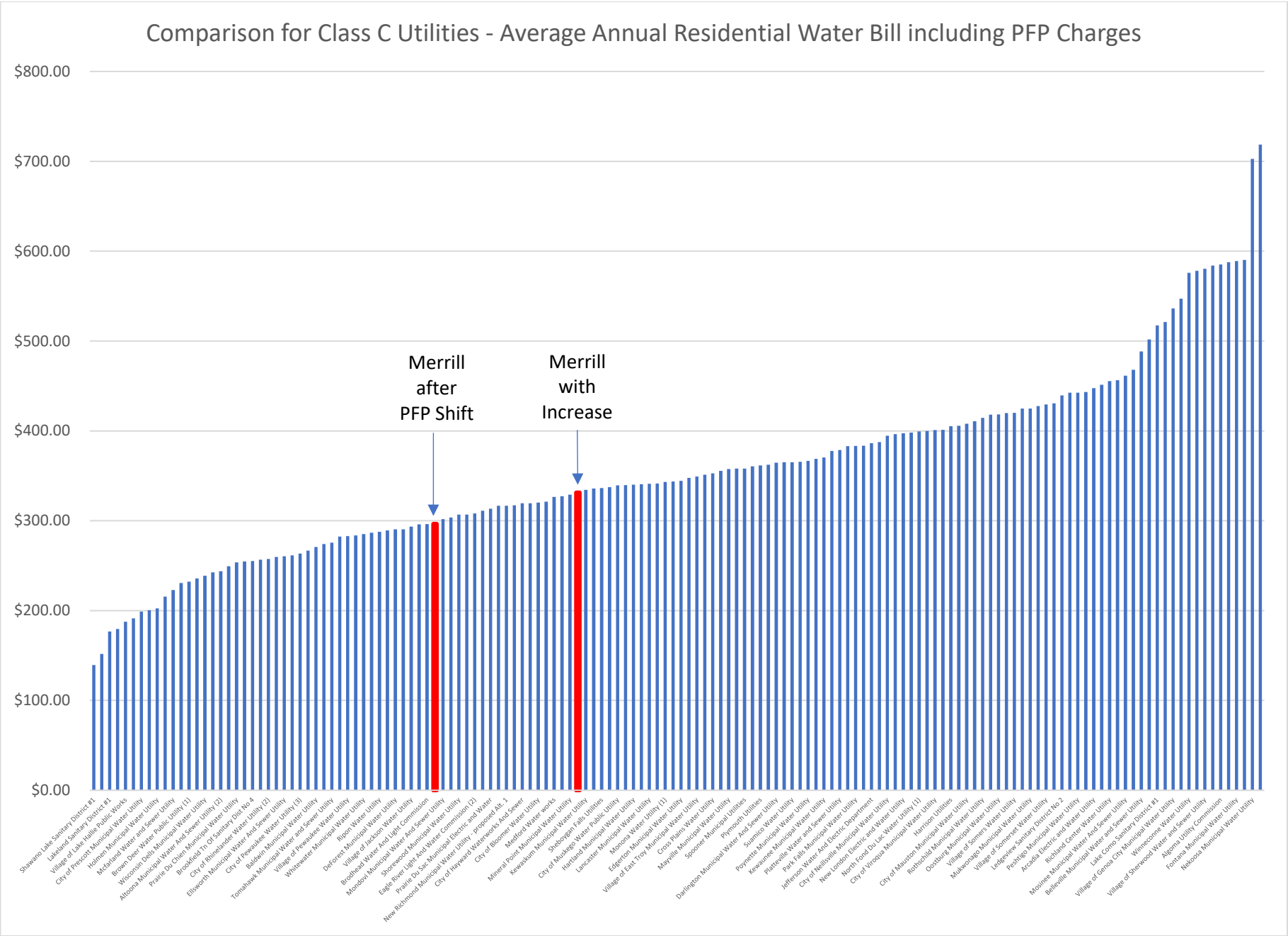
Erik A. Granum, MUP
Principal/Senior Consultant
Trilogy Consulting, LLC
 169 East Wisconsin Ave, Suite R
 Oconomowoc, WI 53066
 Phone: (920) 723-2169
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Attachment: Water Rate Study 2021 - Status (5852 : Water Rate Study)

Customer Bill Comparison for Example City Customers by Class and Size

Quarterly Bill with Public Fire Protection							
Customer Class	Customer Size	Meter Size (Inches)	Billed Volume	Bill at Current Rates after PFP Shift	Bill at Estimated Increased Rates	Dollar Change	Percentage Change
Residential	Small	5/8	6	\$60.40	\$67.52	\$7.12	11.8%
Residential	Average	5/8	11	\$74.10	\$82.82	\$8.72	11.8%
Residential	Large	5/8	20	\$98.76	\$110.36	\$11.60	11.7%
Residential	Very Large	1	45	\$207.98	\$232.44	\$24.47	11.8%
Multi-Family	Small	1	40	\$196.73	\$219.84	\$23.12	11.7%
Multi-Family	Average	1 1/2	96	\$397.45	\$444.54	\$47.09	11.8%
Multi-Family	Large	2	200	\$727.89	\$814.47	\$86.58	11.9%
Multi-Family	Large	3	300	\$1,153.15	\$1,290.44	\$137.29	11.9%
Commercial	Small	5/8	15	\$85.06	\$95.06	\$10.00	11.8%
Commercial	Average	3/4	34	\$137.12	\$153.20	\$16.08	11.7%
Commercial	Large	2	350	\$1,065.39	\$1,192.47	\$127.08	11.9%
Commercial	Very Large	3	2,000	\$4,488.15	\$5,024.44	\$536.29	11.9%
Industrial	Small	3/4	50	\$176.06	\$196.76	\$20.70	11.8%
Industrial	Average	1	118	\$372.23	\$416.40	\$44.18	11.9%
Industrial	Large	2	1,000	\$2,527.89	\$2,830.47	\$302.58	12.0%
Industrial	Very Large	3	5,000	\$9,768.15	\$10,934.44	\$1,166.29	11.9%
Public Authority	Small	3/4	30	\$126.16	\$140.96	\$14.80	11.7%
Public Authority	Average	1	70	\$264.23	\$295.44	\$31.22	11.8%
Public Authority	Large	2	400	\$1,177.89	\$1,318.47	\$140.58	11.9%
Public Authority	Very Large	6	2,500	\$6,319.88	\$7,073.86	\$753.98	11.9%

Attachment: Water Rate Study 2021 - Status (5852 : Water Rate Study)



Age of Water Mains

Feet of Main												
	Pipe Size (a)	pre-1900 (b)	1901-1920 (c)	1920-1940 (d)	1941-1960 (e)	1961-1970 (f)	1971-1980 (g)	1981-1990 (h)	1991-2000 (i)	2001-2010 (j)	2011-2020 (k)	Total (l)
1.5								263	171			434
2.0		1685	233	1584	4361	929	216	558	28	2162	535	12291
4.0							10				14	24
6.0		2849	5311	2739	30566	19222	26083	16516	23104	13709	11633	151732
8.0				541	9283	10939	9062	11962	27631	17967	6531	93916
10.0					3291	20043	8185	4323	7986	218	1537	45583
12.0				37	7527	4340	17871	15505	20640	4337	7554	77811
16.0								5775				5775
Total		4534	5544	4901	55028	55473	61427	54902	79560	38393	27804	387566

City of Merrill - American Rescue Plan (ARP) - Federal Grant

City of Merrill has been allocated total of:

ARP Amount

\$890,000

by mid-June 2021, City will receive

\$445,000

Total 2021

in 2022, City will receive another \$445,000

For the 2021 investment, Finance Director Kathy Unertl recommends the following allocations:

Proposed
2021 Budget

Potential Protective Equipment/Supplies
- see actual 2020 and projections for 2021

\$70,000

Allocations to Community Event Sponsors
Lincoln County Fair Association
Wisconsin River Pro Rodeo

\$15,000

\$7,500

There could be more? Suggest referring to
Merrill Tourism Commission (Room Tax)

\$43,100 Preliminary

Strand Associates - Water Tower Engineering
- has been identified East Side infrastructure
need since 1985 & is important for future
community tax base growth

\$109,400

Offset City of Merrill Revenue Decreases
- anticipate potential lower 2021 revenues for
Parks & Recreation
T.B. Scott Library
Merrill Enrichment Center

\$200,000

\$445,000

Total 2021

Note: Besides potential Protective Equipment/Supplies in 2022,
balance should go toward East Side Water Tower with completion by 2024 deadline

Attachment: ARP - Finance Director (5853 : American Rescue Plan)

City of Merrill - COVID-19 Protective Expenses

Department	2020 Amount	2021 Projected
Elections	\$4,255	\$1,000
City Maintenance	\$5,981	\$7,500
Police	\$2,926	\$4,000
Fire	\$4,144	\$4,000
Ambulance-EMS	\$19,093	\$25,500
Library	\$6,477	\$7,000
Parks & Recreation	\$6,370	\$7,000
Aquatic Center	\$0	\$5,000
Festival Grounds	\$3,714 Bldg. Lighting*	\$4,500
Bierman Building	\$1,068	\$4,500
	<u>\$54,029</u>	<u>\$70,000</u>

*Sell Building Lighting - to facilitate COVID testing
(Paid through WI Road to Recovery)

City of Merrill - Revenues Comparison 2020 to 2019

Note: Need Federal guidance on potential eligible items

		2020 Actual	2019 Actual	Difference
10 40000-44100	Liquor & Malt Licenses	-11,100.92	-25,501.68	14,400.76
10 40000-48110	Interest - Investments	-28,911.52	-59,151.90	30,240.38
10 42200-46230	CPR/First Aid Training	-3,780.00	-9,073.50	5,293.50
10 43620-48305	Garbage Sticker Rev	-3,540.85	-6,181.50	2,640.65
10 45110-46710	Library Revenue	-7,067.11	-13,744.37	6,677.26
10 45200-46720	Park Revenue	0	-12,651.31	12,651.31
10 45200-46722	Park Shelter Reservation Rev.	-4,112.77	-10,952.95	6,840.18
10 45300-46750	Recreation Revenue	-3,018.00	-49,274.32	46,256.32
10 45400-46735	Multi-Purpose (Smith Ctr.)	-42,279.53	-60,690.13	18,410.60
10 45400-46736	MARC Concession Rev.	-600	-2,400.00	1,800.00
10 45420-46734	Aquatic Center Revenue	-543	-48,951.65	48,408.65
10 45420-46735	Aquatic Concession Revenue	-208.89	-28,157.70	27,948.81
24 45304-41210	Room Tax	-63,998.19	-101,621.15	37,622.96
24 45513-46732	Expo Center Revenues	-700	-8,624.56	7,924.56
62 40000-48100	Interest - Investments	-710.72	-9,123.89	8,413.17
63 40000-41195	Interest-Capital Replacement	-5,863.35	-22,216.51	16,353.16
63 40000-48100	Interest - Investments	-562.61	-2,654.42	2,091.81
		<u>-176,997.46</u>	<u>-470,971.54</u>	<u>293,974.08</u>

Attachment: ARP - Finance Director (5853 : American Rescue Plan)



Strand Associates, Inc.®
910 West Wingra Drive
Madison, WI 53715
(P) 608.251.4843

April 5, 2021

Mr. Roderick Akey, P.E.
Director of Public Works/City Engineer
City of Merrill
1004 East 1st Street
Merrill, WI 54452

Re: East Side Elevated Water Storage Tank

Dear Mr. Akey:

Thank you for the opportunity to submit our proposal to the City of Merrill for the East Side Elevated Water Storage Tank project. As you know, the preliminary design for the tank was completed by our firm in 2018 as part of the *East Side Water System Conceptual Design Report*. We understand the City would like to proceed with the design and construction of a new 300,000-gallon elevated water storage tank built to match the overflow elevation of the existing elevated tanks. This was described as *Alternative 1* in the 2018 report.

This letter provides a proposed scope of services, tentative project schedule, and fee. This proposal updates our January 2017 proposal that was submitted prior the *East Side Water System Conceptual Design Report*. Our updated proposal includes some scope items that were included as preliminary design tasks in the 2017 proposal but were not included in the 2018 report. Examples include a topographic survey, geotechnical assistance, and the Public Service Commission of Wisconsin (PSC) construction authorization. Those tasks are included below under *Design Services*.

Scope of Services

We propose the following scope of services for the project.

Design Services

- Coordinate a pre-application meeting with the Wisconsin Department of Natural Resources (WDNR) and PSC. This step is encouraged by the agencies as a way of conveying project objectives and timelines before submitting for permits and construction authorization. Conducting this meeting as the first step in the project will set the stage for a smooth approval process and accurate scheduling.
- Conduct a Topographic Survey. We will conduct a topographic survey of the selected elevated tank site and develop a preliminary site layout and grading design. The site survey will document the surface conditions and property boundaries and will also incorporate known underground utilities and structures. We will coordinate our survey with Digger's Hotline and Utility companies to have underground utilities marked prior to performing our survey.
- Provide Geotechnical Assistance. The geotechnical borings will determine soil types and estimated soil bearing pressures that are critical to the foundation designs for the elevated tank. We propose the City directly hire the geotechnical firm and we will coordinate the work to be performed.
- Review Tank Design Criteria with the City. We will present costs and benefits of each to enable the City to make informed decisions prior to final design. Our goal is to provide a facility that fully meets the City's expectations.

Attachment: Strand-East Side Elevated Storage Tank (5854 : East Side Water Storage Tank)

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- | | |
|-------------------------------|---------------------------|
| o Tower mixing | o Intruder alarms |
| o Cathodic protection | o Chlorination taps |
| o Cellular service provisions | o Chlorine analyzer |
| o Drain and mud valves | o Sample taps |
| o Altitude valve | o Obstruction lighting |
| o Pressure transducer | o Valve vault elimination |
| o Temperature probe | o Paint options |
- Prepare an engineering report in compliance with NR 811 requirements. This will include a letter describing the project details and a copy of the 2018 report as an attachment.
 - Prepare 50 percent drawings, technical specifications, and front-end documents for a new elevated tank. Contract and bid documents will be prepared along with technical specifications. The final bid documents will use language and forms specific to the Safe Drinking Water Loan Program (SDWLP), as necessary. The contract documents will be based on the Engineers Joint Contract Documents Committees (EJCDC) Standard General Conditions to include special contract conditions, the City's desired insurance and special conditions, and the bidding and contract completion requirements. We will submit 50 percent documents to the City for review.
 - Incorporate City review comments, as appropriate, and prepare 90 percent drawings and bid documents for permitting and final review by the City. Submit documents to the City and WDNR.
 - Submit application to PSC for "Authorization to Construct." At the completion of the design stage, a more detailed schedule and opinion of probable construction cost will be available that can be sent to the PSC for review and authorization to proceed with construction.
 - Prepare an updated opinion of probable construction cost for the project.
 - Incorporate the City's and permitting agency's comments, as appropriate, and finalize drawings and technical specifications.

Bid-Related Services

- Provide bid-related assistance, including answering bidders' inquiries, attending the bid opening, and providing a bid tabulation. We intend to use electronic bid documents using QuestCDN and provide up to five hard copies of the final plans and specifications for distribution.
- Prepare a letter summarizing the bids received and recommending consideration of contract award based on information provided by the contractor, including that the bidder involved:
 - Maintains a permanent place of business.
 - Has adequate plant and equipment to do the work properly and expeditiously.
 - Has appropriate technical experience.
 - Submits a satisfactory performance record.
- Hold a preconstruction meeting to familiarize the contractor with the site, any special work conditions, and payment issues. Meeting minutes will be prepared and distributed after the meeting.

Construction-Related Services

- Attend the preconstruction meeting, review shop drawings, and provide construction schedule updates. A preconstruction meeting will be held to familiarize the contractor with the site, any special work conditions, and payment issues. Meeting minutes will be prepared and distributed after the meeting. We believe that shop drawing review is an important step. We use a Shop Drawing Record Form to log in and track shop drawings required for the project. We also propose to send copies of the shop

Mr. Roderick Akey
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drawings to the City for final approval prior to actual equipment installation, preventing unwanted equipment from showing up on-site.

- Provide construction observation. We understand the importance of on-site construction observation during major construction tasks, such as compaction, concrete pours, water main installations, steel surface preparation, and painting. Our efforts will be directed toward determining for the City that the completed project will conform to the contract document requirements.

Our design engineers will act as our part-time resident project engineers. We feel this provides a strong connection between the design and field observation to provide the best project. The tank specifications will outline the welding and painting requirements and will follow American Water Works Association (AWWA) D-100 standards. Requirements will be included in the specifications for welding inspection and the necessary weld seam x-rays required to be taken in the field. These requirements will provide the level of care needed to complete the project in conformance with the referenced standards.

- Review pay requests and change orders. As a normal part of the construction administration process, we will review periodic pay requests based on the contractor's progress in the previous month. Our intent during pay request review is to recommend payment for items that have been completed and for materials that are located on site. We will also prepare any change orders, as necessary, based on modifications made during the project.
- Provide startup and training. We will coordinate the startup and training of various pieces of equipment and tank components. We will be in attendance for the startup and training for each required system.
- Perform final walk through. As a normal project procedure, we will coordinate a final walkthrough to visually confirm that items identified on previous 'Items to be completed or corrected' are completed to the City's satisfaction. Any remaining items will be added to a final 'Items to be completed or corrected', which will be tied to release of retainage and final payment approval.
- Prepare record drawings. We will draft record drawings based on the contractor's marked-up drawings maintained throughout the project construction. Record drawings will be transmitted in paper and/or electronic format.
- Coordinate disinfection and water sampling observation. Our contract documents will require disinfection of the elevated tank and water main be performed by the contractor. Our typical tank disinfection process utilizes approved AWWA disinfection methods, eliminating the requirement to waste any water after filling the tank. Safe bacteriological samples in accordance with AWWA standards will need to be received.

It will be important to coordinate flushing of the tank and the fill/draw pipe prior to proceeding with the disinfection. We will be onsite during this work to make sure flushing is occurring and proper disinfection methods are being utilized. After receipt of safe bacteriological sample results, the tank can be placed into active service.

- Submit post-construction warranty claims. Because it is difficult to predict what claims may arise during the warranty period, we recommend that a 10-month inspection of the booster station and a full climb inspection of the tank be completed. This will enable any items observed to be repaired under the 1-year warranty correction period. We have included this post-construction warranty inspection in our scope.

Attachment: Strand-East Side Elevated Storage Tank (5854 : East Side Water Storage Tank)

Mr. Roderick Akey
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Safe Drinking Water Loan Program Assistance

The City will benefit from our long history of funding assistance using the SDWLP. The following tasks will make sure the City successfully navigates the loan requirements during design, bidding, and construction.

The City will need to submit the *Intent to Apply (ITA)* and *Priority Evaluation and Ranking Formula (PERF)* forms ahead of the October 31, 2021, deadline. Assuming the City receives a favorable priority score and continues to pursue the loan, we will provide assistance with the following tasks.

- Submitting the following by the June 30, 2022, deadline:
 - Engineering Report
 - Biddable plans and specifications
 - *Financial Assistance Application* – The City will need to gather much of the financial information needed for the application and pass two resolutions specific to the loan. We will guide the City through the application to make sure the schedule for completing the application is met.

Other items required for the application with which we will assist include:

- Environmental review
 - *Green Project Reserve* form, if applicable
 - Endangered resources review
- Upon completion of the bidding process, submit the completed bid forms required by the loan program.
 - Prior to loan closing, prepare the first *Request for Disbursement* and assist the City, as needed.
 - During construction, work closely with the City to submit periodic *Request for Disbursement* forms and confirm receipt of certified payroll forms.
 - Upon completion of construction, assist the City with final loan closeout documents and attend the final walk-through with WDNR loan administration staff.

Project Schedule

It is anticipated that design and permit assistance will be complete in September 2021, with construction starting in November 2021. We have discussed the construction schedule with tank contractors. If the contractor can complete foundation construction by spring 2022, it is anticipated the tank can be painted and placed into service by the fall of 2022. However, any delays because of weather or other unforeseen conditions will likely result in the project being completed in the spring of 2023. Extending the construction schedule into 2023 will provide more flexibility in construction and provide for more competitive bids from tank contractors. This will also allow for more appropriate environmental conditions to be present during the coating application. We are prepared to extend our services out into mid-2023 to accommodate the more conservative construction schedule.

Task	Duration (months)	Estimated Completion Date
WDNR/PSC Pre-Application Meeting	1	May 5, 2021
Elevated Tank Design	4	August 20, 2021
WDNR and PSC Reviews (overlap with design)	3	October 15, 2021
Elevated Tank Bidding and Construction	12	October 31, 2022*

*Possible completion in spring of 2023.

Attachment: Strand-East Side Elevated Storage Tank (5854 : East Side Water Storage Tank)

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Fee

We proposed the above scope of services for a total estimated fee of \$109,400. This fee is broken out as follows.

Task	Fee
Design Services	\$43,500
Bid-Related Services	\$4,500
Construction-Related Services	\$49,400
Safe Drinking Water Loan Assistance	\$12,000
Total	\$109,400

Should there be any questions regarding our proposal, please feel free to contact us.

Sincerely,

STRAND ASSOCIATES, INC.®



Michael J. Forslund, P.E., Senior Associate
 Project Manager

P210.381/MJF:mah



Steven B. Kluesner, P.E., Senior Associate
 Quality Control Engineer

Attachment: Strand-East Side Elevated Storage Tank (5854 : East Side Water Storage Tank)