

# VILLAGE OF ALLOUEZ

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**DRAFT**

## Department of Public Works

Mr. Thomas Sigmund, Executive Director  
NEW Water  
Green Bay Metropolitan Sewerage District  
2231 North Quincy Street  
Green Bay, WI 54302

October 17, 2017

RE: Comments on the 2018 GBMSD Annual Budget  
Village of Allouez

Dear Mr. Sigmund;

The Village of Allouez submits the following comments on the proposed 2018 NEW Water (GBMSD) Annual Budget.

### General Comments

First, the Village appreciates the opportunities provided by NEW Water to participate in annual budget discussions and other NEW Water projects over the past few years. We believe that customer involvement has benefited both NEW Water and customers, and resulted in customer buy-in to the NEW Water projects. For example, implementation of the new wastewater charge billing structure, and the new billing procedure improves the accuracy of cost allocations to NEW Water customers and was supported by the customers.

The NEW Water decision to optimize the use of *Reserve Funds* is appropriate and supported by Allouez and other customers. The amount of current reserve funds is more than sufficient to meet future needs, especially for the interceptor sewers. Reallocation of a portion of the current reserve funds for future small capital projects is prudent, and establishing a more definitive reserve funds policy with appropriate financial targets is a positive step. We encourage NEW Water to proceed on this path in a responsible manner.

The draft 2018 NEW Water budget proposes a small decrease in the municipal combined sewer rate. Through a combination of use of reserve funds, completing the R2E2 debt service rate increase, no WPS electrical rate increase, budget credit for on-site energy generation, and other factors; NEW Water is able to propose the lower sewer rate. This is important because many municipal customers have significant sanitary sewer replacement projects so stable NEW Water sewer rates help with freeing funds for the municipal projects.

The Village recommends that the current customer involvement in the interceptor study and plan for repairs continue thru the project. This is an important project and the opportunity for joint projects and other cost savings is important.

#### 2018 Budget Comments

The Village of Allouez encourages the NEW Water Commission to adopt the proposed reserve funds policy changes, and utilize excess reserve funds in a responsible manner. Hopefully, the new policy will help to manage future customer sewer billing rates. These are funds paid for by customers and should be utilized to the benefit of the NEW Water customers.

The Village recommends that the reserve funds policy changes be summarized, and the new policy be provided to NEW Water customers to enhance customer understanding of the reserve funds policy. The reserve funds topic has been a customer question, and this will improve understanding of the policy.

The Village encourages NEW Water to continue to scrutinize the 2018 budget for cost savings and implement any additional cost savings measures possible before the final budget adoption. One suggestion follows.

The two significant 2018 capital projects--the Clarifier Rehabilitation Design project and the East River Interceptor Rehabilitation Design project--may offer some cost savings. The estimated project costs are \$12.2M and \$3.8M, respectively. The Village recommends that NEW Water procure the consultants for these projects with a high consideration for the engineering costs (greater than technical qualifications). For example, a consultant selection evaluation based on 50% or more on engineering cost is suggested. Any consultant NEW Water requests a proposal from is already assumed to be technically qualified, thus cost can be a larger factor in selection. The Village also suggested that NEW Water consider offering customer participation in the larger project.

With regard to the planned annual capital projects, please evaluate whether planned annual projects (in each annual budget) can in fact be completed and funds expended in the budget year. This has been a past request, and it appears this may still be experienced. An alternative is to allocate capital funds over two or more years.

Summary

Allouez appreciates the opportunity to comment on the proposed 2018 NEW Water budget.

The Village supports many of the technical and project efforts in this budget.

The Village requests that engineering cost for the next capital projects be a high priority in selection of the engineering consultants for these two projects.

Please consider these comments in your final budget deliberations.

Sincerely,

James Rafter  
Village President

Craig Berndt, P.E.  
Director, Public Works