



March 3, 2021

Mr. David J. Casper, President
Heart of the Valley Metropolitan Sewerage District
801 Thilmany Road
Kaukauna, WI 54130

Dear President Casper and Commissioners:

I am impelled to write this letter to express my and the City of Kaukauna's disappointment and opposition to action taken at the March 2, 2012, Heart of the Valley Metropolitan Sewerage District (HOVMSD) Special Meeting. The Commission voted to fund the HOVMSD Interceptor rehabilitation project on the flow charge parameter at that meeting.

As the HOVMSD Commission is aware, the original HOVMSD interceptor construction was financed by the member communities on the "reach" method of cost allocation, whereby a municipality shares the costs of only that portion of the interceptor system that it uses. The reach method was promoted and defended by the HOVMSD before the Wisconsin Public Service Commission in 1980 and the reach methodology was upheld and used to finance the original interceptor construction. The City argues that the reach method still has validity, and some financing methodology should have been used to eliminate the City from having to finance major portions of the interceptor that it never has used and never will use.

The interceptor project is estimated to cost \$22 million dollars and when completed will result in a new pipe installed inside the existing interceptor pipe that is failing. This new pipe will be designed to function even after the original concrete interceptor pipe completely fails. It will last for decades and is essentially a new interceptor.

The City of Kaukauna contributed approximately 39% of the total flow volume treated by the HOVMSD in 2020. Under the financing method (flow volume) approved March 2 by the HOVMSD Commission, the City of Kaukauna and its sanitary sewer users would be responsible for \$8,580,000 of the project costs!

There isn't any way I can support the decision that will result in my constituents having to spend \$8.5 million for an HOVMSD asset that they had limited financial responsibility for when it was originally constructed, and, most importantly, never use and never will use.

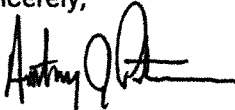
In the numerous HOVMSD Community Meetings and business meetings, I have heard many comments and statements concerning how the HOVMSD applies fairness and equitability in its operations and dealings with the member communities. "He who uses the most, pays the most," and "The more you use, the more you pay," are two statements I jotted down from previous meetings. I am having a hard time squaring those comments with the action taken by the HOVMSD on March 2

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The financial implications to the rate payers in the City of Kaukauna are too significant for us not to review options to prevent the City and its rate payers from subsidizing rate payers in other communities. I would not be doing the job I was elected to do if I stood by idly while this undue burden is placed on us.

The item will be discussed at the City of Kaukauna Board of Public Works at its March 15, 2021, meeting. Please let me know if you or a representative of the HOVMSD would like to address the Board and explain the reasoning used by the Commission in determining the rationale used to arrive at the flow volume parameter financing decision and how it is fair and equitable to the City of Kaukauna.

Sincerely,



Anthony J. Penterman
Mayor

C: Brian Helminger, District Manager, HOVMSD
HOVMSD Commissioners
City of Kaukauna Alderpersons
Village of Little Chute
Village of Kimberly
Village of Combined Locks
Darboy Sanitary District