

Kaukauna struggling with potential HOV Sewer District construction assessment

By Tom Collins
Reporter

Kaukauna officials are getting a clearer picture regarding the potential costs they may face for their share of the envisioned Heart of the Valley Sewerage District interceptor rehabilitation project. At this point, city elected and administrative officials do not like what they see.

Mayor Tony Penterman recently sent a letter to HOVMSD officials questioning the potential assessment direction for the proposed interceptor rehabilitation project.

Penterman pegged the difference being the city's estimated portion of the project costs, which he estimated as \$8.5 million of the potential \$22.5 million or as much as 39 percent of the project costs.

"The distribution of project costs has been discussed with the city's common council and concern has been raised that cost allocation may be commensurate with the benefit provided on an equitable basis across the member communities," Penterman wrote.

HOV District President David Casper and HOV District Director Brian Helminger offered their side of the assessment discussion during a detailed presentation offered at the Monday, March 14, edition of

the Kaukauna Board of Public Works.

They explained that, because the project is considered a rehabilitation, there are no federal Clean Water Act or state DNR funds available. While the project is relatively massive it is not considered a new construction project that is eligible for state or federal funding.

The lengthy interceptor piping is to be thoroughly re-lined but since the basic architecture, layout and fittings remain the same it is considered a rehabilitation project, the interceptor piping extends from the sewage treatment plant on Thilmany Road into the river and runs to member communities like Combined Locks, Little Chute and Kimberly.

The interceptor piping has been degraded by years of microbial action inside during the decades since the pipes were installed in 1975 and '76.

Casper said the district plans to assess each community much like the city assesses its residents and businesses for infrastructure work. It uses what is called the "reach" method of assessment. That is a rather unfortunate term used to describe the typical methods to calculate such construction costs.

Casper said the sewer district had

two choices to raise the funds needed for the project. One was the assessment method for each member community while the second was creating a special tax for the project. The commission decided the assessment "reach" method was the fairer choice.

The presentation included information about historic projects. For example, the original HOV interceptor construction in the mid-1970s was a combination of federal Clean Water Act funding plus assessments from each community.

There have been some smaller rehab projects over the years that were paid through reserves garnered from annual rate paying contributions. The projects discussed cost between \$400,000 and \$800,000.

Casper explained the utility collects funds based on both a flat standard rate that each community pays along with fees added for treating each community's particular discharges.

The additional charge for strength of the water discharges creates differences in the bills for each member community. That can be caused by various industrial firm discharges or because one community discharges an element like more phosphorous than another community.

Casper said Kaukauna residents pay roughly \$2.08 per gallon for treating the community's waste water discharged into the system. He said Little Chute and Combined Locks residents pay a higher amount per person because of the higher costs to treat their community input.

Readers might recall recent concerns by Little Chute officials regarding apparently corrosive

amounts of leachate from the Outagamie County Landfill into the Little Chute infrastructure. In turn, that raised the village's treatment costs because of corrosive materials in the leachate and currently is part of a legal dispute with the landfill over the village's billing charges that were the result.

The HOVMSD presentation indicated the basic rate would roughly double with the project payback costs factored in. That would mean an increase from 69.6 cents per 1,000 gallons to approximately \$1.41 per 1000 gallons.

The 2020 cost for the city was \$1,767,885 for treating 150.97 million gallons of discharge.

Casper said at this point the city and HOV "agree to disagree" regarding the potential assessment. Penterman was polite but firm suggesting the city may look at legal options for the situation.

The city's current opinion seems to be that it's estimated 39 percent of the rehabilitation cost "pie" is too large and should be spread more equitably among all member communities.

Casper said the only way to potentially reduce the city costs is to cut back on the volume of discharges into the system.

This seems to be a story that will continue to unfold in the coming months.

Member communities get update on sewerage district

By Brian Roebke
Editor

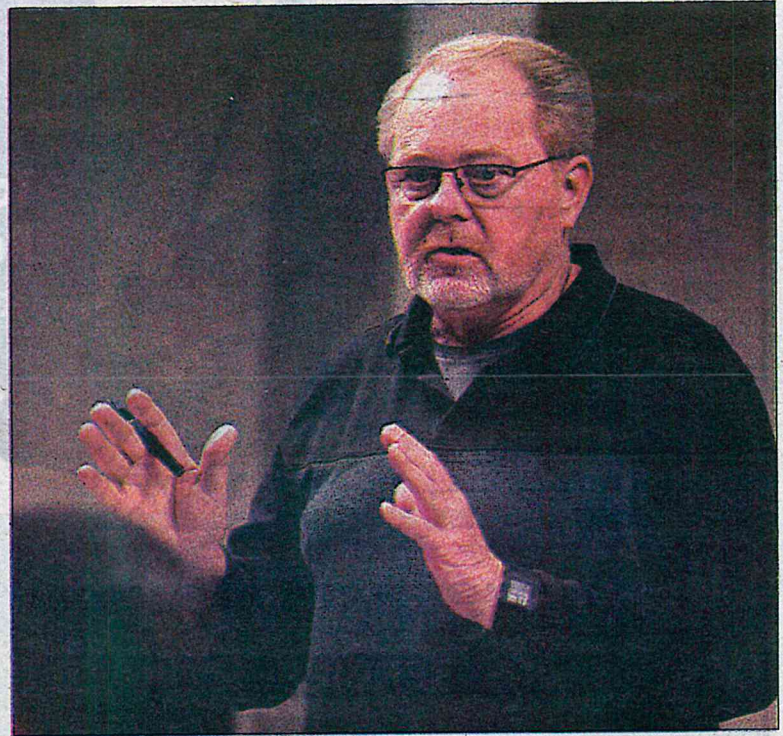
The Heart of the Valley Metropolitan Sewerage District held its quarterly community meeting at the Kaukauna Community Room Thursday where Scott Schramm of Strategic Municipal Services gave a report on the work done on the upcoming sewer interceptor rehabilitation project.

Essentially, the waste water from Kaukauna, Little Chute, Kimberly, Combined Locks and Darboy is piped to a large interceptor pipe buried in the Fox River that flows to the treatment plant in Kaukauna. That pipe has degraded and needs rehabilitation in the form of a plastic liner.

The rehab work will impact many people because it's a big project that will be visible to many people.

Schramm said the capital plan was developed in 2017 and the goal was to have conversations with the individual communities and agencies and parties like the Thilmany mill, Fox locks, and seven agencies

See Sewerage, page 11



Brian Roebke photo

George Schmidt, president of the Darboy Sanitary Sewer District, explains the growth expected in the system he represents at last week's quarterly community meeting of the Heart of the Valley Metropolitan Sewerage District.



Brian Roebke photo

Brian Helminger is the district manager of the Heart of the Valley Sewerage Commission.

Sewerage

continued from page 1

that permits must be obtained from.

Schramm said the project is still on track and a goal for the first half of the year was to revisit the budget to make sure it's still on track.

They've done some "kicking of the tires" in the system to verify what they think the system but looks like but will soon enter every single structure and confirm what Great Lakes TV & Seal saw with their televised inspections done a year and a half ago.

"That's a very key thing that we'll be doing," he said.

During the second half of the year they'll be working on details with individual communities, agencies, and stakeholders.

District Manager Brian Helminger said the system was designed based on population, and the district is at 76.9 percent of the design population of 68,000 people. Current population is about 51,000.

In 2020, they added 365 connections and 912 people.

President Dave Casper said people might reasonably ask why the district is considering refurbishing the system when it's nearing plant capacity, and there are several answers, starting with the system having to continue to serve current population.

It's cost prohibitive to rebuild the entire system, and Donahue and

Associates thinks there's more capacity in the interceptor than the district is being given credit for.

In addition, there are non-brick and mortar things they can do to preserve the capacity and realize a long, successful future for the plant that meets all permits.

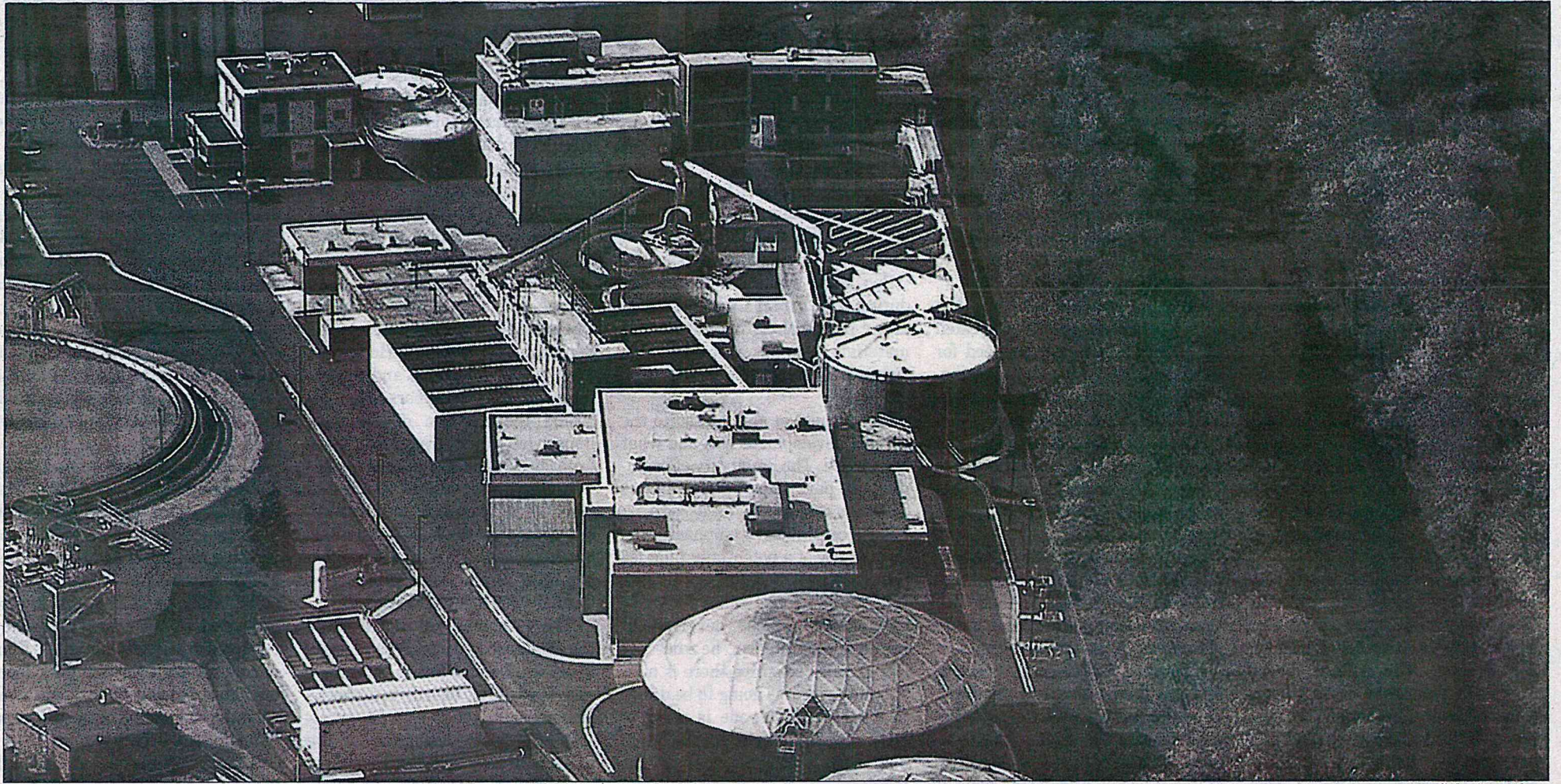
Another way of preserving capacity is imposing a limit on the amount of discharge into the system from industries, which is the cheapest way to do it, because the discharge would be cleaned up at pre-treatment facilities at the location of the discharger.

"The discharger is going to somehow remove an offensive contaminant or an expensive contaminant, a problematic element of their wastewater ... so that when it finally joins the collection system and comes to the plant, it is much more representative of a residential strength than it is of an industrial strength," Casper said.

In his report to representatives of the five communities, Helminger said 2020 was a record year for new connections to the current plant, and the BOD load topped 4 million lbs. for the first time.

Darboy led the way with 177 connections, followed by Kaukauna with 105, Little Chute with 42, Kimberly with 33, and Combined Locks with 8.

Representatives from those communities expect growth to remain strong this year.



Submitted photo

Waste water from Kaukauna, Little Chute, Kimberly, Combined Locks, and Darboy is piped to a large interceptor pipe buried in the Fox River that flows to the Heart of the Valley Metropolitan Sewerage District treatment plant in Kaukauna, located behind the Thilmany paper mill. Treated water is then discharged into the adjacent Fox River.

Information about sewer district plan clarified

By Brian Roebke
Editor

The Heart of the Valley Metropolitan Sewerage District held its quarterly community meeting Thursday at the Kaukauna Community Room, where President Dave Casper disputed some information from a story in the March 24 *Times-Villager*, titled, "Kaukauna struggling with potential HOV Sewer District construction assessment."

It should be noted the mission of the Heart of the Valley Metropolitan Sewerage District is to provide cost-effective wastewater conveyance and treatment for its member communities — Kaukauna, Little Chute, Kimberly, Combined Locks, and Darboy — while protecting public health, safety and the quality of the environment.

Essentially, the waste water from the member communities flows through their sanitary sewers and is discharged to the district's large interceptor sewer pipe buried in the Fox River that flows to the treatment plant in Kaukauna.

This article outlines Casper's view of the presentation the district gave the Kaukauna Board of Public Works at a previous meeting.

The estimated cost of the project

in 2017 was \$22 million. Construction is weather dependent, with anticipated bidding mid-year 2022 along with the award and contract documents being completed for a spring of 2023 construction start, shutting down for winter, and then completion in summer of 2024.

Casper said the commission decided to recover the costs of the loan needed to complete the upcoming interceptor rehabilitation project based on assigning the costs to the flow parameter.

"The mayor and council have gone on record saying they are not in favor of that cost recovery model," Casper said while noting the other communities agree with using the flow parameter model that would cost Kaukauna customers more money to retire the debt from the project.

"I can assure you even with a difference in opinion on how to collect the monies to do the project, the project is absolutely necessary, it is absolutely going to happen, and it's absolutely happening on time," he said. "We don't have any other choices."

Casper emphasized the difference of opinion should not change the continuity and cohesiveness that has made the district a standout

facility in all of the Midwest and everyone involved should be proud of that.

Casper expressed that the article includes issues that are not helpful to the cause and are not accurate.

The first statement that Casper does not agree with is there are not any federal clean water act or DNR funds available.

"What we said was this project is not a construction project so it is not funded in the same way the clean water fund act, which is a loan program, not a grant program," he said. "It is not handled the same way because it is a rehab program."

According to District Manager Brian Helminger, the Clean Water Act was passed in 1972 and at that time there were federal grant monies that were available to offset the cost of upgrading wastewater treatment plants in the state. The Clean Water Fund program is a State of Wisconsin interest rate subsidized revolving loan program available to municipalities to fund costly treatment plant upgrades. Because the interest rate is subsidized the vast majority of wastewater projects are

funded in this manner because it's typically the lowest cost means of funding. Any grant monies available these days are awarded based on the Mean Household Income of the users and being located within a prosperous area of the state. The MHI of the HOVMSD district is too high and it will not qualify.

There are different application forms and rules and regulations on how this happens for making applications to receive funding.

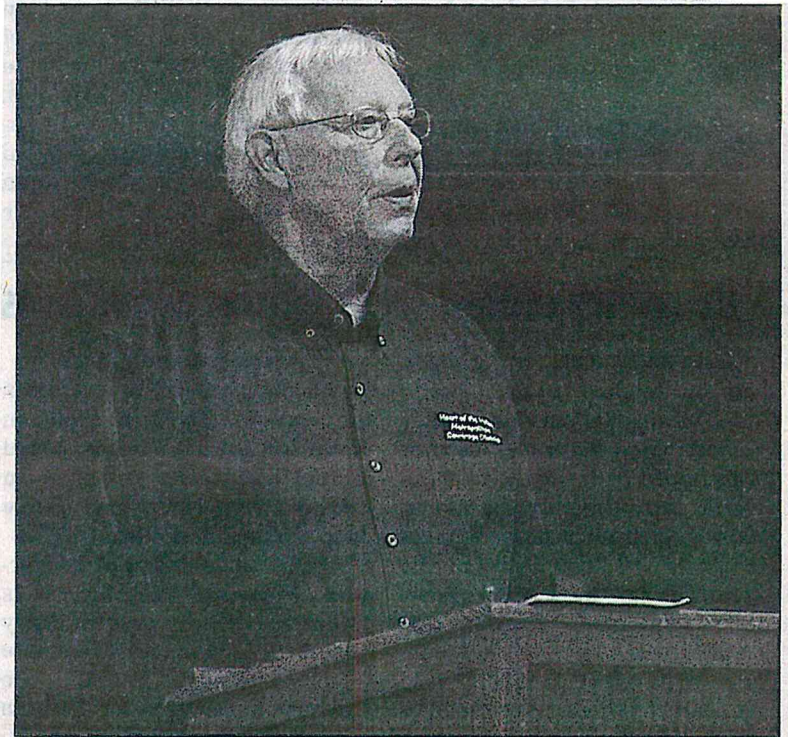
"I did say that the clean water fund act and the DNR handle that differently and that from the DNR's perspective, it's a different enough project from construction that it's

not even required to have a facility plan or extensive review by the departments," Casper said. "The article does not reflect that."

The article suggests the reach method is the way they were going to recover costs but Casper said that is "absolutely wrong and we took an opposite position to that." The HOVMSD Commission has approved paying for the project's annual principal and interest payments utilizing the flow rate parameter in the District Sewer User Charge system.

The original construction of the interceptor was funded by the reach

See Clarified, page 9



Brian Roebke photo

Dave Casper is the president of the Heart of the Valley Metropolitan Sewerage District, representing the Village of Combined Locks.

Clarified

continued from page 7

method, where the farther someone lived away from the plant located alongside the Fox River near the paper mill in Kaukauna, the more they paid for the pipeline.

"What I did say was that the cost recovery of using flow by HOV is somewhat similar to the funding recovery method used by many communities which has a parallel or could be thought of in a similar way to the reach method," Casper said, noting people who have a sewer in front of their house pay based on how many feet of frontage they have. "That's where the similarity ends."

Helminger noted when a municipality establishes new sewer service to an area (think street extension or new subdivision) typically the new customers are charged a "special assessment" to pay for the cost of installing the pipe/manholes that are necessary to provide the sewer service. The assessment is most often based on the feet of frontage that each property owner has that is being served. This process is comparable to the "Reach method" that was used for the initial construction of the district Interceptor in the mid 1970's.

Many years later, when that same pipe/manholes need to be repaired, upsized, relined, or cracks and defects need to be fixed, the cost of those repairs are paid for by the municipality's sewer utility and paid for by all the connected users of the city/village/town. The district intends to pay for this major project by charging all of its connected users of the interceptor which is again comparable to how an individual municipality would pay for its repairs.

He said when the pipe wears out and needs to be repaired like in this case, everybody pays for it, no matter how much water enters the pipe from the house.

"That is exactly analogous to what we are doing here," he said. "Everybody, meaning the five customers in HOV are going to pay for the pipe replacement ... and they always have in all the other projects."

Casper noted he didn't understand what a statement in the story meant: "Casper explained the utility collects funds based on both a flat standard rate that each community pays along with fees added for treating each community's particular discharges."

He said everybody who has a sewer connection pays the same amount whether they live in Timbuktu, Darboy, or Kaukauna.

The flow rate parameter charged per 1000 gallons discharged is exactly the same for all five of the member communities. The district does not increase its charges for communities that are further away from the treatment facility.

"We charge each community exactly the same," Casper said. "The reality is that the sewer bills are not the same."

He made a comparison to two people going to the grocery store checkout with a full cart of groceries. While the volume of products in each cart could be the same, the costs could be different based on the value of the products, comparing T-bone steak to hamburger.

The makeup of 1,000 gallons of sewage does vary among the communities and is accounted for in the user charge system. Additional billing parameters other than flow include suspended solids, phosphorus, BOD (biochemical oxygen demand), ammonia, and chlorides. On that basis, phosphorus and ammonia are the most expensive parameters to treat and so if a community has sewage discharges that are higher in those parameters (in comparison to the others) they pay more for disposal and treatment costs because of "what is in" the sewage.

"If my discharge has a lot of expensive parameters in it, my bill is going to be a lot higher than a guy who has a discharge that has mostly water in it," Casper said.

The city's current opinion seems to be that it's estimated 39 percent of the rehabilitation cost "pie" is too large and should be spread more equitably among all member communities, but Casper said the only way to potentially reduce the city costs is to cut back on the volume of discharges into the system.

Kaukauna did contribute 39 percent of the flow to HOVMSD in 2020.

"We need this project," Casper said. "It is an expensive, complicated, potentially impactful project on people's lives."

Helminger noted the interceptor has reliably served the needs of the district and its member communities for 45 years and this project, when completed, should allow the interceptor to do so for another 45 years.

"The district is taking the necessary steps to repair and protect its critical infrastructure that the district owns and operates for the good of all its member communities," he said.

Casper stressed the district needs to have positivity around this and having people understanding the rules of the game is a win for all.