

# STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 17, 2025 – 5:30 p.m.

Stoughton, WI

Page No. 1

**Location:** Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office  
600 South Fourth Street, Stoughton, Wisconsin  
Optional Virtual Participation: GoToMeeting ID 711-016-053

**Members Present:** Citizen Member Carl Chenoweth, Citizen Member David Erdman (Chair), Alderperson Regina Hirsch, Alderperson Daniel Payton, Mayor Tim Swadley, Citizen Member Dustin Thoren (Vice-Chair)

**Excused:** None

**Absent:** Alderperson Greg Jensen

**Others Present:** Ehlers Senior Municipal Advisor David Ferris, Ehlers Senior Financial Specialist Casey Griffiths, Stoughton Utilities Assistant Director Brian Hoops, Stoughton Utilities Finance Manager Shannon Statz, Stoughton Utilities Director Jill Weiss

**Call to Order:** Chairperson Erdman called the regular Stoughton Utilities Committee Meeting to order at 5:30 p.m. Chenoweth, Erdman, Hirsch, Swadley, and Thoren were present in person and Payton was present virtually.

**Verification of Quorum:** The chair verified that a quorum of the committee membership was present.

**Certification of Compliance with Open Meetings Law:** Hoops certified that the meeting had been properly noticed in compliance with open meetings law. Hoops noted that the meeting could not go into closed session as the meeting agenda had noted was a possibility due to the description of the agenda item not being specific

**Public Comments:** Mayor Swadley informed the committee that the City of Stoughton had become a Wisconsin Green Tier Legacy Community to advance sustainability goals and to gain access to additional grant opportunities.

**Utilities Committee Consent Agenda:** Stoughton Utilities staff presented and discussed the Stoughton Utilities Committee consent agenda items. Erdman highlighted a fire call that had occurred the day prior where staff from Stoughton Utilities electric and water divisions were called upon to disconnect service at the request of the fire department. Hirsch noted the included billing insert for the Nights & Weekends Smart Plan and expressed interest in having the program and time-of-day rates become a standard program for all customers. Discussion followed.

Motion by Erdman, the motion seconded by Thoren, to approve the following consent agenda items as presented, with the year in the January 27, 2025 meeting minutes being updated to 2025:

- a. Minutes of the January 27, 2025 Regular Utilities Committee Meeting
- b. Stoughton Utilities Payments Due List Report
- c. Stoughton Utilities Activities Report
- d. Communications

The motion carried unanimously 6 to 0.

# STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 17, 2025 – 5:30 p.m.

Stoughton, WI

Page No. 2

The chair elected to move New Business Item 3 ahead in the agenda to accommodate the guests from Ehlers who will presenting the materials.

**Stoughton Utilities 2025 Water and Sewer Revenue Bonds Issuance:** Stoughton Utilities staff informed the committee that our 2025 operating budget included a debt issuance for our 2024 capital projects. After working with financial advisors, it was determined that the best course of action would be to include the 2025 projects in this debt issuance as well, rather than seek safe drinking and clean water fund loans, with the goal of attracting additional bondholders and more favorable interest rates. Staff proposed that the utility issue revenue bonds, which do not count towards the City's debt limit since they are pledged by water and sewer revenues.

Stoughton Utilities staff introduced David Ferris and Casey Griffiths from Ehlers who presented the pre-sale reports for the water utility and the wastewater utility revenue bonds. Discussion followed.

It was noted that If approved by the Stoughton Utilities Committee and recommended for approval by the Stoughton Common Council, the utility will move forward with presenting a parameters resolution for approval at the February 25, 2025 Common Council meeting. If passed by the council, this resolution will allow Utilities Director Weiss and/or Finance Manager Statz to approve the sale without returning to the Stoughton Common Council for final approval. Quarles & Brady LLP is working on finalizing the parameters resolution and therefore it is not available for the committee to review at this time, however will be presented to the Stoughton Common Council. Discussion followed.

Weiss arrived at the meeting at 6:08 p.m.

Motion by Chenoweth, the motion seconded by Hirsch, to approve and recommend that staff proceed with preparations for, and creation of a parameters resolution for a 2025 Water System Revenue Bond Issue in the amount of \$1,605,000 and Sewerage System Revenue Bond Issue in the amount of \$2,100,000, with a combined amount of approximately \$3,705,000, and recommend approval of the same to the Stoughton Common Council. The motion carried unanimously 6 to 0.

Ferris and Griffiths left the meeting at 6:11 p.m.

**Status of the Utilities Committee recommendation(s) to the Stoughton Common Council:** Stoughton Utilities staff presented and discussed the following items from the Stoughton Utilities Committee that were recently approved and/or placed on file by the Stoughton Common Council:

**Consent Agenda:**

1. Minutes of the October 17, 2024 Regular Utilities Committee Meeting
2. Stoughton Utilities Payments Due List Reports
3. Stoughton Utilities Financial Summaries
4. Stoughton Utilities Statistical Report
5. Stoughton Utilities Investment Summaries
6. Stoughton Utilities Activities Reports

**Business:**

1. Stoughton Wastewater Utility 2025 Rate Adjustment (First Reading)

Discussion followed.

# STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 17, 2025 – 5:30 p.m.

Stoughton, WI

Page No. 3

**Stoughton Utilities Facilities Needs Assessment:** Stoughton Utilities staff informed the committee that included in the Stoughton Utilities 2025 operating budget were funds to begin site and facility engineering for construction of a new Stoughton Utilities Administration Building. During discussions with the committee on this topic throughout 2024, staff pointed to the ownership of land at 3201 McComb Rd adjacent to the Stoughton Utilities West Substation as the best possible location for a new facility, however staff has also considered alternate potential sites for construction. Alternate sites would come with additional expense for land appraisals, surveys, and purchase costs, with land within and near the city limits currently selling at high costs per acre.

Staff explained that they are asking the committee to express a commitment to a specific site prior to the utility beginning to accrue costs, or to express interest in having staff continue to explore alternate sites and bring forth a budget amendment to the committee for funds for land acquisition.

Swadley informed the committee that he saw potential for other development on the land owned by the utility adjacent to the West Substation. Potential uses might include the city funding the construction of underground utilities to the site to make it more attractive for sale to private developers and the city or the DOT acquiring the adjacent property and constructing an extension of the existing roundabout. Swadley stated that the city is currently discussing a future public safety building, with part of the planning efforts including a study to locate potential sites based on historical call data. Swadley also discussed a prior DOT review of the utility substation site as a park-and-ride location, and potential concerns about utility site access from McComb Rd. Swadley also recommended the committee take a tour of the current building at a future meeting to understand the utility's needs. Discussion followed.

Chenoweth and Hirsch expressed support for committing to the substation site for construction of a new utility building. Reasons given included the fact the utility already owned the land, the unknown costs and timelines of potential development and sale of the existing site, the unknown costs for acquisition of a new site, and the timeline the utility will be facing for relocation if the current building is sold. Hirsch requested the input of Erdman, Payton, and Thoren, who all concurred. Discussion followed.

Staff discussed the site and potential layout options, including potential subdivision of excess lands not required for utility facility construction, which could have a variety of potential uses including the potential as a future site of a park-and-ride.

Motion by Hirsch, the motion seconded by Chenoweth, to direct staff to use the previously budgeted funds to proceed with a feasibility study of constructing a new Stoughton Utilities Administration Building at 3201 McComb Rd and begin preliminary site engineering, and to recommend the same to the Stoughton Common Council at an upcoming meeting. The motion carried 5 to 1 with Swadley voting No.

**Stoughton Utilities Administration Building Lease Agreement Between Stoughton Utilities and the City of Stoughton:** Stoughton Utilities staff presented and discussed a draft lease agreement between the City of Stoughton and Stoughton Utilities. Staff explained that there has been a rental agreement for the Stoughton Utilities Administration Building at 600 South Fourth Street between the city and the utility since 1995 when the utility first remodeled and occupied space within the building following the city's purchase of the building. Since that time, the rental lease agreement was renewed in 1998 and 2018. The city originally purchased the building for approximately \$368,000 in 1995 and since that time the utility has invested over \$2.2M in building improvement and maintenance.

Staff explained that the current rental lease agreement expired February 28, 2023, and Stoughton Utilities and City of Stoughton staff have been working together to draft a revised lease agreement that better reflects the relationship between Stoughton Utilities and the City of Stoughton. This effort has included language reviews of

# STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 17, 2025 – 5:30 p.m.

Stoughton, WI

Page No. 4

the current lease and proposed draft revisions by attorneys from Stafford Rosenbaum LLP and Boardman & Clark LLP, and financial review by Baker Tilly US LLP.

Staff explained that while potential lease revisions have been discussed in 2023 and 2024, rent has not been paid since there is not a lease document that could be provided to its financial auditors to support the payments of \$106,302.24 in 2023 and \$128,061.98 in 2024 requested by the city. Staff explained that we must have a valid lease and invoices from the city to support any expenditure from the utility to the city. Erdman stated his agreement.

Staff explained that one key point brought up by Boardman & Clark has been that the city cannot charge its municipal utility a rent that exceeds the amount it pays for maintenance and depreciation. Staff explained that the general principal behind this is that the city cannot make a profit off of its utility and transfer ratepayer funds to the city to fund city operations. Discussion followed.

Staff explained that a lease has been drafted by Boardman & Clark and presented to the Utilities Committee and the City of Stoughton for review. Key terms of the lease include payment of \$234,364.22 in holdover rent for years 2023 and 2024 to the City of Stoughton, an ongoing base rent beginning at \$20,000 in 2025 and increasing 3% annually, with an initial lease term of one year with annual extensions thereafter. The Stoughton City Attorney has been reviewing the draft lease but has not provided utility staff with any comment. Discussion followed.

Swadley stated that he disagrees with the idea that the city can not profit off of its municipal utility, and that he will be reaching out to Boardman & Clark asking for citations that support their opinion. Without a legal opinion with specific case law or statutory language cited, he will not support any lease agreement that only assesses maintenance and depreciation as a base rent and that doesn't reflect fair market value. Swadley also stated that if such citations are provided, he will be expressing his concerns to the Public Service Commission of Wisconsin. Discussion followed.

Motion by Chenoweth to table the item to allow Swadley time to seek more information. The motion died for a lack of a second. Staff pointed out that city finance staff is seeking a quick resolution so payment can be issued by the utility for the holdover rent for 2023 and 2024. Discussion followed.

Motion by Hirsch, seconded by Chenoweth to approve payment of the holdover rent for 2023 and 2024 but to not approve the draft lease agreement. Discussion followed. Hirsch withdrew the motion.

Erdman pointed out that the draft lease allows through July 1 for discussions to continue before notice is required to terminate the lease without a 2026 renewal. He suggested the lease be approved as-is to allow the hold-over rent to be paid, for 2025 to be addressed, and for additional research and discussions to occur prior to the lease renewal. Discussion followed.

Motion by Erdman, the motion seconded by Chenoweth, to approve the draft lease for the Stoughton Utilities Administration Building, with such changes necessary to finalize the lease as are acceptable to and recommended by attorneys from Stafford Rosenbaum LLP and Boardman & Clark LLP, and recommend approval of the same to the Stoughton Common Council at an upcoming meeting. The motion carried unanimously 6 to 0.

**Bad Debt Account Write-Offs through December 31, 2024:** Stoughton Utilities staff presented and discussed the Bad Debt Account Write-Offs through December 31, 2024. Customer account balances and unpaid invoices totaling \$8,212.03 were proposed to be written off as uncollectible and recorded as a 2024 operating expense. Discussion followed, and additional details were provided about some of the debts.

# STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 17, 2025 – 5:30 p.m.

Stoughton, WI

Page No. 5

Motion by Hirsch, the motion seconded by Thoren, to approve the Bad Debt Account Write-offs through December 31, 2024 and recommend the approval and the adoption of the corresponding resolution to the Stoughton Common Council. The motion carried unanimously 6 to 0.

**2024: Year in Review:** Stoughton Utilities staff presented and discussed the Stoughton Utilities 2024 Year In Review publication, which discussed the utility's efforts and activities in the community, including energy efficiency, renewable energy, system reliability, economic development, community outreach, and more. Hirsch noted that the report should be included with their Green Tier Legacy Community materials. Discussion followed.

**Utilities Committee Future Agenda Items:** Stoughton Utilities staff informed the committee that future agenda items include a tour of the Stoughton Utilities Administration Building and a mutual aid response policy. Staff would also report back details of the sale of the utility revenue bonds discussed earlier, as well as provide an update on the ongoing PSCW water rate review. Discussion followed.

**Adjournment:** Being no further business before the committee, motion by Chenoweth, the motion seconded by Thoren, to adjourn the meeting at 7:47 p.m. The motion carried unanimously 6 to 0.

Respectfully submitted,

Brian R. Hoops

Assistant Stoughton Utilities Director