



Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

115 DELAFIELD STREET
WAUKESHA, WI 53188-3615

Telephone: (262) 521-5272 • Fax: (262) 521-5265 • E-mail:
contactus@waukesha-water.com

MEMORANDUM

DATE: May 2, 2024

TO: City of Waukesha Mayor and Common Council

FROM: Daniel S. Duchniak, P.E.
General Manager

RE: New Operations Center for Water Utility

The Water Utility is beginning the process to develop plans for, and move into, a new Operations Center. I wanted to take a moment to explain how the Water Commission and Utility staff arrived at the conclusion that this is necessary.

The building the Water Utility currently resides in dates back to 1886. Several major additions have been made to the building, with the last one completed in the 1970's. In June 2021, as utility staff were preparing the 2022 Water Utility Budget, several significant maintenance issues associated with our building were discovered that needed to be addressed. With millions of dollars forecasted to address some of these issues, staff suggested the Water Commission hire a consultant to analyze the existing building to determine if these investments were in the best interest of the utility moving forward, or if another option would be more economical.

The Water Commission authorized a facilities study (attached) to evaluate our existing facility and determine improvements necessary to meet the forecasted future needs versus the potential of buying an existing facility, if available, or building a new facility. The purpose of the study was to determine if the current facility would meet the future needs of our operations given the capital investment needed for the required maintenance on an older building. We also wanted to review the safety impacts on our operations staff related to the new two-way traffic flow on North Street and the large number of garage doors onto North Street that our current building has which prevent safe ingress and egress from the building.

While the safety of our Operations staff is a key factor, there were many other issues with the existing building and site that needed to be evaluated. These include the following: leaking roofs, structural deficiencies, inefficient HVAC, security, lack of ADA compliance, asbestos remediation in two areas, lack of centralized storage which hampers response times, difficulty housing larger fleet vehicles and equipment, inefficiency of operations due to building layout, safety of staff due to access to the building during the day through multiple doors, drive-through drop box for payments not connected to the building and many more.

Kueny Architects, LLC was hired to perform the analysis. The analysis concluded that it would be more cost effective for the Utility to construct a new building rather than modify the existing building and site.

This was reported to the Commission during a presentation at the April 2022 Water Commission meeting. Based on the discussion with the Commission, Utility staff began to plan for a new Operations Center by including it as part of the 2022 budget and five-year financial plan. Maintenance activities on the existing building were also deferred following the study to save the investment and put the additional funds towards a new facility.

Staff began to analyze a variety of properties across the City and concluded the property on Chapman Drive would be the best location for the new Operations Center. This location would place us near the Department of Public Works and the Clean Water Plant, which would allow for operational efficiencies to be better realized. It also has easy access to main road arterials in the city for dispatching of our crews and is located in the central portion of the city which allows for quicker response times during emergencies.

Staff has worked with the current owner of the Chapman Drive parcel and has negotiated an agreement to purchase the approximately 11-acre parcel for \$750,000. The agreement calls for \$50,000 of earnest money and provides for a 6 month "inspection" period that allows the Utility to complete its due diligence on the property and apply for Construction Authorization from the Public Service Commission.

The Water Commission is always very aware of the concern over water rates. During the financial planning for the new water supply, the need for major improvements at the current building site was known. As part of the financial plan, the water utility included the cost for major renovations, or a new building, within the financial projections. As part of the budget process and financial planning, the Utility budgeted \$19.1 million for the building upgrades/new operations center. The rate projections that have been shared with the public have not changed because of this project at this point.

The Water Utility continues to pursue federal funding for the major expenditures associated with the new water supply and utility operations to offset costs for our customers. We received a \$530,000 grant in 2023 that was used toward the new elevated storage tank on the booster station site, and we recently received a \$4,029,621 grant in 2024 for abandoning our existing wells and monitoring water quality. These are expenditures that would have been incurred regardless, however, will now be paid for through grant proceeds, reducing those expenditures for the rate payers.

Once the existing well sites are abandoned, the Utility will look to sell those sites to defer costs for the new building. We are projecting between \$2,500,000 to \$3,000,000 proceeds from the sale of those parcels, and our current headquarters site, to offset the new Operations Center costs. All of those parcels are currently tax-exempt due to the ownership being the city. These parcels would then be eligible for re-development thus providing additional tax revenue to the city. In addition, the Utility PILOT payment to the City for the new Operations Center would increase close to \$300,000 each year based on 2023 calculations.

There is due diligence the Utility needs to complete before the land purchase is finalized. This includes the environmental assessment on the property and construction authorization from the Public Service Commission. We expect these processes to take approximately 6 months to complete, during which time the design process will begin. Once approval from the PSC has been granted, we would move into bidding and construction of the new facility, expecting to break ground late 2024, or early 2025, at the earliest. The construction completion date would be late 2025, or early 2026.

If you have any questions, please don't hesitate to contact me at any time.

Thank you.