

**FINANCE COMMITTEE MEETING**  
Tuesday, April 11, 2017 – 5:00 P.M.  
MUNICIPAL BUILDING COUNCIL CHAMBERS  
*AGENDA*

1. Call to Order and Roll Call
2. Public Comments and/or Communications
3. Approval of Minutes – March 14, 2017
4. Administrator's Report
5. Finance Director's Report
6. Review of:
  - a. Treasurer's Report (City Investments) for March, 2017
  - b. Bank Reconciliation
  - c. Financial Statements for March, 2017
  - d. Warrant 17-03
  - e. Professional Services over \$5,000 not previously approved under contract
7. Consider the Preliminary Special Assessment for concrete curbing on Mound Road for the 2017 Street contract, and set the Public Hearing for May 16, 2017.
8. Consider enrollment into a Municipal Agreement to purchase Sodium Chloride through the Wisconsin DOT cooperative purchasing program.
9. Review Bids for the 2017 Street Improvement Contract
10. Future Agenda Items
11. Adjourn

Posted \_\_\_\_\_ By: Susan Kitzman, City Clerk

**\*\*Note: A quorum of the members of the City Common Council who are not also Committee members may be in attendance to gather information and participate in discussion about an issue over which they have decision making ability. This may constitute a meeting of the Common Council pursuant to State ex rel. Badke vs. Greenfield Village Board, 173 Wis. 2d 553, even though the Common Council will take no formal action at this meeting. This meeting must be noticed appropriately and is intended to comply with the requirements of Badke and the Wisconsin Open Meetings Law.**

Requests from persons with disabilities who need assistance to participate in this meeting or hearing should be made to the City Clerk's office at 262-728-5585 with as much advance notice as possible.

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**FINANCE COMMITTEE**  
**March 14, 2017**

**Call to Order:** Chairman DeWitt called the regular meeting of the Finance Committee to order at 5:10 pm in the Municipal Building Council Chambers.

**Roll Call:** Members Present: Chairman DeWitt, Alderman Johnson and Schroeder. Also Present: City Administrator Pieroni, Director of Public Works Wendorf, Finance Director Hayden, Treasurer Wiese, Golf Pro Piecha, Mayor Nieuwenhuis and City Clerk Kitzman.

**Public Comments and/or Communications:** None.

**Approval of Minutes:** Alderman Schroeder moved to approve the minutes of February 14, 2017, seconded by Alderman Stebnitz and unanimously carried.

**Administrator's Report:** No report.

**Finance Director's Report:** Ms. Hayden clarified that the June meeting will be on June 8<sup>th</sup>. The first item on the agenda will be the review of the review of the 2016 Audit by Baker Tilly. It was noted that the Water and Sewer Commission would also be in attendance for this portion of the meeting.

**Treasurer's Report (City Investments) for February, 2017:** Alderman DeWitt asked about accounts still at Town Bank. Finance Director Hayden reviewed the remaining accounts. The CDs are being moved as soon as they come due. There is about \$100,000 in the main checking account at Town Bank to make sure any direct deposits or ACH draws are covered. Alderman Schroeder moved, seconded by Alderman Stebnitz, and unanimously carried, to approve the Treasurer's Report for February, 2017.

**Bank Reconciliation:** No comments.

**Financial Statements for February, 2017:** Alderman DeWitt questioned why the health life and disability accounts for many departments are at 40% which is high for this time of year. Ms. Hayden will review the accounts.

**Warrant 17-02 and Professional Services over \$5,000 not previously approved under contract:** Alderman Schroeder questioned the LW Allen bill for SCADA repair. Mr. Wendorf explained the SCADA system controls the wells. He also asked where The Parts Place is located. Staff noted it is in Elkhorn and prices are checked frequently for the lowest cost on repair parts.

Alderman Stebnitz moved to recommend to the Common Council the approval of Warrant 17-02 and the Professional Services over \$5,000. The motion was seconded by Alderman Schroeder and unanimously carried.

**Consider proposal for bunker renovation from K. Rhodes Company of Milton, WI, for a total not to exceed \$43,916.92, with an additional \$2,000 in contingency funds to be made available if necessary:** Golf Course Manager Dan Piecha reviewed this continuation of the bunker renovation program. When asked about donations to the capital improvement fund, Piecha explained some of the smaller projects have been removed from the capital budget and will be addressed through the use of donated funds. One example is the possible netting around the driving range. There is a commitment to continue to raise money, but the projects to be funded with the donated dollars have changed. The bunker project will be completed in 2018. Some drainage issues will also be addressed. Effective in

2019, work will start on the cart paths. Ms. Pieroni noted that once the cart paths are completed staff hopes that these areas of the course can be used for cross country skiing and snow shoeing, subject to the ability to successfully protect the greens.

Alderman Stebnitz moved to recommend to the Common Council the approval of the bunker renovation proposal from K. Rhodes Company of Milton, WI, for a total cost not to exceed \$43,916.92, with an additional \$2,000 in contingency funds to be made available if necessary. The motion was seconded by Alderman Schroeder and unanimously carried.

**Consider supplemental agreement with Stanley Consultants for professional services relating to High Strength Wastewater Discharge Billing in the amount not to exceed \$9,750.00:** Ms. Pieroni reported that significant progress was made with Andes Candies. Additional assistance from Larry Thomas will be needed to complete the process. Alderman Stebnitz asked if Andes could decide to stick with the old billing process. Ms. Pieroni indicated that if they wanted the City to continue to bill them based on the testing methodology, strong consideration to must be given to returning to a monthly testing cycle coordinated through WalCoMet so that the testing periods are aligned.

Alderman Schroeder moved to approve the supplemental agreement with Stanley Consultants for professional services relating to High Strength Wastewater Discharge. The motion was seconded by Alderman DeWitt and unanimously carried.

**Consider amendment relating to Sewer Utility WalCoMet (Treatment) rates:** Ms. Pieroni explained that WalCoMet is continuing to allocate more of the debt service costs to the customer unit charge. Several years back, a significant amount of the debt service costs previously covered by connection charges was transitioned to the customer unit component of the rate structure. The City, at that time, modified the customer unit and volume rates to reduce the impact to its residential customers. It was noted that the staff was recommending that the City begin phasing out these adjustments. The average residential customer should experience a slight decrease in annual costs. Users who use very little water will have a slight increase.

Alderman Stebnitz moved to recommend to the Common Council passage of the ordinance amending Title 9, Chapter 3 relating to Sewer Utility Regulations and Rates. The motion was seconded by Alderman Schroeder and unanimously carried.

**Consider Professional Services Proposal from Ehlers for services related to the 3-year extension on the life of Tax Increment District No. 4:** Ms. Pieroni explained Ehlers will provide professional services to bring the issue before the Joint Review Board. The City will also need a member to serve on the Joint Review Board to in lieu of the City Administrator, noting that having the City Administrator serve in this capacity creates some coordination issues as a result of the open meeting requirements. Alderman DeWitt noted that the cost was significantly lower than the amount discussed during the budget process. Ms. Pieroni noted that this was due to the fact that an amendment to the project plan was not required for consideration of the 3-year extension.

Alderman Stebnitz moved to approve the proposal from Ehlers & Associates relating to the Professional Services to be provided in conjunction with the proposed three-year extension of TID #4. The motion was seconded by Alderman Schroeder and unanimously carried.

**Consider additional advance of 2016 Room Tax Revenue to the Tourism Commission in the amount of \$45,000:** Alderman DeWitt asked how the Tourism Commission will be able to pay the money back to the City. Ms. Pieroni explained that the dollars that the City is required to allocate to

tourism promotion and tourism development annually significantly exceeds the dollars that will be advanced. Noting that staff is estimating that it will take about three years for the Commission to be on a cycle where the funds can be collected in one year and then actually used in the next. The Committee briefly discussed a premier resort tax and how it could reduce room tax.

Alderman Schroeder moved to recommend to the Common Council the approval of an additional advance to the Tourism Commission in the amount of \$45,000, (for a total, when added to the previously approved advance of \$78,000, of \$123,000) with the understanding that this advance is to be paid back to the City. The motion was seconded by Alderman Stebnitz and unanimously carried.

**Consider First Amendment to IGA providing Police Services to the Village of Darien:** Ms. Pieroni reviewed the latest revisions from the City Attorney to the draft 1<sup>st</sup> amendment to the contract for Police Services with the Village of Darien.

Alderman Stebnitz moved, seconded by Alderman Schroeder and unanimously carried to recommend to the Common Council the approval of the 1<sup>st</sup> Amendment to the Intergovernmental Police Protective Services Agreement by and between the City of Delavan and the Village of Darien.

**Consideration of waiver of fees for Telecare Program:** Ms. Pieroni explained the Telecare Program provides for daily contact of shut-ins. She noted that they used to use the meeting room in the basement and continue to use it periodically, noting that more of the volunteers are starting to make the calls from their homes. The City has annually charged them a small fee to cover the cost of the phone service. Staff is recommending offering continued use of the room at no charge.

Alderman Stebnitz moved, seconded by Alderman Schroeder and unanimously carried to allow use of the lower level office space by representatives of the Telecare Program at no charge.

**Future Agenda Items:** None.

**Adjourn:** There being no further business to come before the Finance Committee the meeting adjourned at 5:50 p.m. upon a motion by Alderman Schroeder, seconded by Alderman Stebnitz and unanimously carried.

Susan Kitzman  
City Clerk

These are not official minutes until approved by the Finance Committee.



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## Memorandum

**To:** Finance Committee, Common Council, and Water and Sewer Commission  
**From:** Kelly E. Hayden  
**Thru:** Denise Pieroni  
City Administrator  
**Date:** April 7, 2017  
**Subject:** Finance Director's Report

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### Audit

The draft audit has arrived and is under review. The MDA will be prepared from the final draft and be submitted back to the auditors to include with the published copy. Everyone is on board for the Thursday, June 8, 2017 audit presentation at a joint finance and water/sewer commission meeting. Council members not sitting on the finance committee or water/sewer commission are encouraged to attend.

### Positive Pay

One of the banking services we requested during our banking RFPs was that of positive pay. We have been working with ACS, our software company, and the bank to implement the service. Positive pay, is a service that aids in fraud prevention. The City will send our check register to the bank and the bank will verify that the check number and dollar amount matches our register file. In the event, a check is presented that does not match, the check will not be cashed. Our test file is at the bank and we are just waiting for bank confirmation that we are good to go. The service should be active for our next check run.

### Court/Parking Cash Register Program

Staff sat through a demo of the TIPPS cash register program, which was originally thought to provide the option of downloading our receipts collected through the cash register and then interface with the TIPPS program. After the demo, we discovered that it is actually a separate cash register program that is applied directly to the TIPPS program, but it does not communicate with our ACS financial program. We have some concerns and audit trail obligations that we are not convinced are addressed, but are still investigating. We are currently waiting on references to come from TIPPS so we can see how other municipalities handle the third-party receipting. We also have a small server obstacle to overcome. To meet the DOJ audit we separated courts to sit on our server, but parking is still on the PD server. The TIPPS cash register needs access to both files. More to come at a later date.

### PCards

During the RFP banking interviews, we had very positive feedback from US Bank regarding their purchase cards. We are currently in discussion with US Bank to bring these P Cards to the City of Delavan. They offer many benefits, such as rebates for the City, along with the option to program usage. We will continue to report on our progress. A demo of the P cards will be scheduled in April.

### **Delinquent Personal Property**

The City has a significant volume of delinquent personal property on the balance sheet dating back to a number of years. Annually we send letters to attempt collection efforts. This year we mailed the letters and are following up with multiple phone calls, holding all checks issued, if applicable (i.e.: tax refunds for real estate), and we are asking for Finance committee members to endorse the City's past practice of refraining from conducting business with our delinquent tax payers, until they have settled their accounts. Jennifer will send a monthly list to department heads so they are aware of who they can and cannot conduct business with. We have made some headway with our two largest delinquencies, Pioneer Landscaping and Bergamont Brass. Together they owe over \$10,000 of the \$25,000 delinquent amount. Both have agreed to payment plans.

### **Investments**

For years, the City has held their brokered CDs with UBS, a Texas based office, and Morgan Stanley, a Minnesota based office. We attempted to bring these investments into local offices; however, ran into dead ends. Edward Jones does not deal with municipal clients and while we thought we had some progress with Town Bank and the Wintrust Investments, that also proved to be a very difficult encounter. At this time, we will continue to renew our investments with Smith Barney, no fees, and phase out from our UBS ties, as they do charge an annual fee. The Utility is also planning on moving some of its cash to the LGIP, as it is currently paying .61% and we would like to keep their funds liquid during the construction of Hwy 50.

### **Shut Off Notices**

The utility is now sending our monthly shut off notices to Mailcom for processing and mailing. The monthly shut off notices became quite time consuming for staff to print, fold, stuff and mail, and we ended up paying overtime and taking time away from other projects to send them out. Mailcom has agreed to complete the entire process for \$.20 over postage cost. Monthly we send out anywhere from 400-600 notices.

### **April Utility Bills**

The utility bills that will be mailed out next week will include a stuffer indicating our new WalCoMet sewer rates, along with a notice of the Statewide Tornado Drill on Thursday, April 20<sup>th</sup>, and the upcoming Prescription Drug take back on Saturday, April 29, 2017.



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## Memorandum

**To:** Members of the Common Council  
**From:** Mark Wendorf, Director of Public Works  
**Thru:** Denise Pieroni, City Administrator  
**Date:** April 6, 2017

**Subject:** Consider Preliminary Special Assessment Resolution for Mound Road curbing.

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**Executive Summary:** Part of our 2017 Street Improvements is the proposed reconstruction of Mound Road from Racine Street to Hallberg Street. The work on this street would have potentially assessable concrete curbing construction. The Public Works Committee recommended installing curbing at their February 28<sup>th</sup> meeting.

**Key Issues:** The City can only assess for public improvement after first determining who the affected property owners may be, and then notifying those property owners of the proposed potential costs. Those proposed assessments are then subject to a Public Hearing before the Common Council for consideration.

**Budget Impact:** If these assessments are assigned, the revenue would be received over the next several years. Typically, curbing costs amount to about 5% of a roadways construction.

**Recommendation:** The City policy's for assessment define that initial curbing installation is 100% the responsibility of the adjoining property owner(s), and that replacement curbing is a 100% City cost.

**Recommended Action:** Move for adoption of the proposed preliminary Special Assessment Resolution to allow for future discussions on the merits of the project.

PRELIMINARY RESOLUTION NO. \_\_\_\_\_

PRELIMINARY RESOLUTION DECLARING INTENT TO EXERCISE SPECIAL ASSESSMENT POWERS UNDER SECTION 3-2-2, MUNICIPAL CODE, AND SECTION 66.0703, WISCONSIN STATUTES (Under City's Police Power)

RESOLVED, by the Common Council of the City of Delavan, Wisconsin:

1. The Common Council declares its intention in the exercise of its police power, for municipal purpose hereinafter stated, under Section 3-2-2, Municipal Code, and Section 66.0703, Wisconsin Statutes, to levy special assessments upon properties deemed benefited within the following described area(s) for the following improvements:

Installation of initial concrete curbing on both sides of Mound Road from the south line of Racine Street to the west line of Hallberg Street.

2. The total amount assessed against properties in such area(s) shall include the cost of the improvements plus administrative and professional or other direct and indirect costs; no parcel not deemed to be benefited shall be assessed.

3. The number of annual instalments in which the assessments, inclusive of interest, against any parcel may be paid shall be determined at time of future public hearing to be held pursuant to Section 3-2-6, Municipal Code, and Section 66.0703(7)(a), Wisconsin Statutes.

4. The Director of Public Works is directed to prepare a report consisting of:

A. Preliminary or final plans and specifications for said improvement.

B. An estimate of the entire cost of the proposed work or improvement.

C. A statement that the property against which the assessments are proposed is benefited and a schedule of proposed assessments against the respective parcels and the basis therefore which shall be reasonable.

Upon completing such report, the Director of Public Works is directed to file a copy thereof in the City Clerk's office for public inspection.



5. Upon receiving the report of the Director of Public Works, the Clerk is directed to give notice of a public hearing on such report as specified in Section 3-2-5, Municipal Code, and Section 66.0703(7)(a), Wisconsin Statutes. The hearing shall be held at the Council Chambers in the Municipal Building at a time set by the Clerk in accordance with Section 3-2-5, Municipal Code, and Section 66.0703(7)(a), Wisconsin Statutes. A copy of the Notice of Public Hearing shall be mailed at least ten (10) days prior to the hearing to every interested person. The hearing shall commence not less than ten days nor more than forty days after publication of the Notice.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk



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## Memorandum

**To:** Members of the Finance Committee  
**From:** Mark Wendorf, Director of Public Works  
**Thru:** Denise Pieroni, City Administrator  
**Date:** March 27, 2017

**Subject:** Purchase of Sodium Chloride on the WisDOT Cooperative Purchasing Program

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**Executive Summary:** The past five winter seasons the City has utilized the WisDOT cooperative purchasing program for sodium chloride (road salt). The City realized significant cost savings on these bulk purchases. There are both cost savings and certain risks associated with utilizing cooperative purchase contracts.

**Background:**

Season	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
WisDOT	\$56.80	\$52.30	\$52.04	\$50.48	\$51.92	\$59.71	\$60.96	\$60.96
City bid	\$63.35	\$64.12	\$65.48					
Purchase	634	642	300	700	782	940	520	547

Based upon our average amount of seasonal material usage, we have been saving about \$6,500 per season by utilizing the WisDOT cooperative purchasing program. On the down-side, if we had been on this purchasing program in 2011, when we only used 300 tons of salt due to a much warmer winter, we would have been **required** to take delivery of over 200 additional tons. As our current storage capacity is only about 400 tons, we have budgeted to construct a larger storage building with capacity equal to our annual usage.

**Key Issues:** Last year the 2016-17 State cooperative program was announced via email on March 31<sup>st</sup>, with an enrollment deadline of April 25<sup>th</sup>, which did not allow for this issue to come before this Committee. This year’s deadline is April 13<sup>th</sup>, which predates our regular Council meeting date.

**Budget Impact:** Our 2017 budget includes \$45,000 for salt and deicer purchase. As of March 21<sup>st</sup> we had expended \$37,662 on treated salt purchase, and our storage building is full.

**Recommendation:** While there are drawbacks to using the WisDOT program, the potential exists to realize significant cost savings in winters with normal precipitation.

**Recommended Action:** Move for enrollment into a Municipal Agreement to purchase Sodium Chloride through the Wisconsin DOT cooperative purchasing program for a seasonal fill amount of not less than 600 tons of salt for the 2017-2018 season, and to forward this information to the full Council for acknowledgement.

## Mark Wendorf

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**From:** Meinholz, Lisa - DOT <Lisa.Meinholz@dot.wi.gov>  
**Sent:** Tuesday, March 21, 2017 9:13 AM  
**To:** DOT Salt  
**Subject:** 2017-2018 SODIUM CHLORIDE MUNICIPAL AGREEMENT AND LETTER  
**Attachments:** Letter to Local Officials for 2017-2018 Salt Contract.pdf; Municipal Salt Agreement 2017-18.doc

Dear Local Official,

Your Unit of Government is invited to join in the Wisconsin DOT 2017-2018 road salt contract. We are currently deciding whether we are going to renew or rebid the current contract, therefore, we do not know any pricing detail at this time.

The attached letter and information document from Rose Phetteplace is very important. Please read the letter before you fill out your municipal agreement.

If you decide to join the 2017-2018 salt contract please fill out the attached Municipal Agreement, save it and send it to [saltadmin@dot.wi.gov](mailto:saltadmin@dot.wi.gov). **You must return the Municipal Agreement to this address.** You will receive a confirmation indicating the agreement was received. It may take a day or two for you confirmation response. Print the confirmation and put it in your file.

If you have any questions regarding your salt storage facility or current inventory, contact Mike Sproul at 608-266-8680.

Once we receive the 2017/2018 pricing and contract details, you will receive your ordering instruction packet via e-mail. If you have any other questions, feel free to contact me at 608-266-3651.

Thank you,

*Lisa Meinholz  
Financial Specialist/Contract Administrator  
Bureau of Highway Maintenance  
608-266-3651  
608-267-7856 Fax*

MUNICIPAL AGREEMENT TO PURCHASE SODIUM CHLORIDE ON WISDOT BID (March 2017)

**THIS AGREEMENT MUST BE SIGNED, DATED, AND RECEIVED BY LISA MEINHOLZ  
(saltadmin@dot.wi.gov)**

**WISDOT, Bureau of Highway Operations, P.O. Box 7986, Madison, WI 53707-7986)  
NO LATER THAN 5 PM ON THURSDAY, APRIL 13, 2017.**

Annually the Wisconsin Department of Transportation, Bureau of Highway Maintenance takes bids for sodium chloride to be used as a deicing agent. For the 2017-18 bid the Department will receive a single, combined price to include three categories of delivery services for its road salt needs. They are:

1. Guaranteed Early Fill - this service is to take delivery of salt that will fill the purchaser's storage facilities to capacity. Salt contractor is required to complete delivery by November 10, 2017. The contract guarantees the salt contractors that 100% of the bid quantity shown as guaranteed early fill will be taken by the purchaser at the price awarded to the salt contractor. It obligates the salt contractor to deliver this guaranteed quantity. Early fill salt can be ordered as soon as the contracts are signed by the salt contractor. Salt contractors may ship road salt starting on the contract award date and concluding delivery by November 10, 2017 for 75% of the early fill quantity and December 1<sup>st</sup> for the remaining 25%. The purchasing agency (Municipality or DOT) must order the salt by the dates described above. Any unordered salt by these guidelines may result in forfeiture of salt in this category.
2. Guaranteed Seasonal Fill - this service is to take delivery of salt that will re-fill the storage facilities after November 13, 2017 and up to April 30, 2018. The contract guarantees the salt contractors that 100% of the bid quantity shown as guaranteed seasonal fill will be taken by the purchaser at the price awarded to the salt contractor, but the request for delivery is made by the purchasing agency. When both guaranteed early fill and guaranteed seasonal fill are contracted for, the municipality should take all early fill first before beginning to take delivery of seasonal fill.
3. Vendor Reserve - the salt contractor assures that it will have a reserve enabling it to provide additional salt up to the quantity let for bid as vendor reserve, which is taken at the discretion of the purchaser at the price awarded to the salt contractor. **The purchaser's vendor reserve cannot be more than 20% of the total of the Early Fill category plus Seasonal Fill category for that municipality.**

The WisDOT Bureau of Highway Maintenance will include the requested salt quantities for local units of government in the quantity for the statewide bid. Participating local units of government must agree to abide by the Special Terms and Conditions of the contract between WisDOT and the Salt Contractor including procedures for ordering, taking delivery, acknowledging receipt of delivery, making payment for salt received, salt quantities, salt unit prices, and assessing penalties. By signing, participants are also agreeing to comply with Administrative Code TRANS 277 which requires registration and compliance at all salt storage facilities. TRANS 277 also requires annual on-site storage facility inspections.

The City of Delavan of Walworth county requests WisDOT to acquire the following  
(Name of Municipality) (County)  
quantity of sodium chloride for the 2017-2018 winter season and agrees to purchase at least the quantities shown in item 3 and item 4 below and to make payment as contractually required.

1. Current Inventory \_\_\_\_\_ tons. (Include tonnage of yet to be delivered salt from 2016/2017 contract.)
2. Estimated Storage Capacity for Road Salt \_\_\_\_\_ tons. (This quantity should be the capacity of storage under roof available for regular road salt and should not include storage needed for sand/salt mix or other products)
3. Guaranteed Early Fill \_\_\_\_\_ tons. (Early fill orders (DT2208) requested after November 1<sup>st</sup>, 2017 may not receive delivery by the November 10<sup>th</sup>, 2017 date and will be at the vendor's discretion.)
4. Guaranteed Seasonal Fill \_\_\_\_\_ tons.  
(Purchaser must take 100% delivery from the time the contract is awarded up to April 30, 2018)
5. Vendor Reserve \_\_\_\_\_ tons. **(This quantity can be no more than 20% of the sum of Items 3 and 4. Quantities that do not meet this requirement will be adjusted accordingly.)**  
(Purchaser may take delivery at its discretion between November 13, 2017 and up to April 30, 2018)



Division of Transportation System Development  
Bureau of Highway Maintenance  
4802 Sheboygan Avenue Room 501  
Madison, WI 53707-7986

Scott Walker, Governor  
Dave Ross, Secretary  
Internet: [www.dot.wisconsin.gov](http://www.dot.wisconsin.gov)  
Telephone: 608-261-6067  
E-mail: [saltadmin@dot.wi.gov](mailto:saltadmin@dot.wi.gov)

March 20, 2017

RE: Participation in 2017-2018 WisDOT Salt Contract

Dear Local Official,

This letter provides information on the Department's plan for purchasing salt for the 2017-2018 winter season. I encourage you to carefully consider this information before deciding whether your local government will benefit from participation in this WisDOT bid for road salt.

Attached is the Municipal Agreement form which needs to be filled out and submitted via e-mail to [saltadmin@dot.wi.gov](mailto:saltadmin@dot.wi.gov) by April 13<sup>th</sup>, 2017. The Department needs this information to begin the salt procurement process.

A challenge for those participating in the bid is determining the quantity of road salt they will request to purchase, with some uncertainty on how much may be needed to finish up the current winter season. When calculating your salt needs for the 2017-2018 bid remember to include any seasonal salt from the 2016-2017 contract that you have not ordered yet as well as any vendor reserve that you are planning on purchasing.

Over the past several years all of the salt contractors servicing Wisconsin have struggled to keep up with the peak demand during the winter season. The transportation system, including ports, depots and private trucking resources, has been routinely pushed to capacity. In addition, salt requested by local governments has continued to become more unbalanced with increasing amounts allocated to seasonal deliveries. In general, large quantities of salt in the vendor reserve category drives up the overall salt price in all categories. The more salt taken in early fill allows for additional dock space and resources to bring salt into the state prior to the Great Lakes possibly freezing up. **WisDOT recommends that all early fill salt be ordered by mid-October.** Early fill salt ordered after that date may no longer be guaranteed by the date's outlined in section 10.1 of the contract.

To help reduce the peak demand the state is maximizing the amount of early fill salt to fill sheds prior to the winter season. We are asking local governments to do the same and fill storage space allocated for road salt to capacity during the early fill season which ends on November 10<sup>th</sup>, 2017. As in recent years, the Department is requiring additional information about salt storage capacity from local governments who wish to be part of the WisDOT salt contract (see attached form). This information is important to ensure local governments participating in the bid are utilizing available storage.

We continue to believe the current cooperative statewide bid is beneficial for both WisDOT and local units of government. Please understand, WisDOT has a role and responsibility to structure the salt contract in a manner that will help aid in timely delivery of salt during the winter season. This process and terms for the WisDOT salt contract may not generate the best results for individual governments, depending on their unique local circumstances. We encourage each local government to carefully consider what approach is best for meeting road salt needs.

Sincerely,

Rose Phetteplace  
Director, Bureau of Highway Maintenance

Important information about the municipal agreement that you should be aware of:

1. Early fill salt can be ordered as soon as the contracts are signed by the salt contractor. Ordering salt early is necessary so the salt contractor has enough time to meet their obligation. WisDOT recommends ordering any category of salt at least two weeks prior to your anticipated delivery date. Early fill salt will still be delivered according to the schedule outlined in Section 10.1 of the Terms and Conditions.
2. Even though early fill is delivered at the vendor's discretion you still need to email a form DT2208 to the vendor so they know delivery locations. Please do not wait until the end of the early fill season to email this form.
3. Salt purchased under this agreement shall only be used on facilities owned and maintained by a municipality. If the municipality has contracted with a private entity to perform winter maintenance the salt purchased under this agreement shall not be used by the private entity on facilities not owned or maintained by a municipality.
4. If you order treated salt it shall be ordered on a dollar per dollar basis. Example: Say regular salt costs \$75/ton and the treated salt cost \$90/ton. If you order 100 tons of regular salt it will cost you \$7,500. If you decide to order treated salt instead it will still cost you \$7,500 but you will only receive 83 tons ( $\$7500/\$90$ ).



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## Memorandum

**To:** Members of the Finance Committee  
**From:** Mark E. Wendorf, Director of Public Works *MEW*  
**Thru:** Denise Pieroni, City Administrator  
**Date:** April 6, 2017

**Subject:** Bids received for the 2017 Street Improvements Contract

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**Executive Summary:** We received bids April 6<sup>th</sup> for reconstructing Mound Road from Highway 11 (Racine Street) to Hallberg Street, and repaving of Marino Avenue from Franklin Street to Franklin Street. Additional paving areas were for some short portions on Hobbs Drive from Hallberg Street to Mound Road, and the replacement of the settled portion of curbing in front of Andes Candies. The low bids received for the base bid were both below the engineer's pre-bid estimate, but exceed our available budgeted amounts for these projects.

**Background:** The City budget includes the two street projects, of Mound Road for \$591,000 and Marino Avenue for \$198,000, and the City Utility budget has \$122,000 for sewer on Mound Road; for a budgeted total of \$911,000. The City Engineers pre-bid construction estimate for this contract was \$883,000.

Subsequent to our two publications of a Notice to Bidders, we received three (3) bids by the due date, however one bid was deemed nonresponsive as it did not include the proper bonding amount. On April 6<sup>th</sup> we opened the two (2) qualified bids. The sealed bid results were:

	<u>Bid Amount</u>
• Musson Bros., Brookfield, WI	\$859,135.00
• Odling Construction, Delavan, WI	\$882,845.00

**Budget Impact:** The total City amount budgeted was \$911,000 for this entire contract. Our engineering costs for these projects will not exceed \$66,400, leaving **\$844,600** in available funding; or a **\$14,535** shortfall using the low bid from Musson Bros.

**Recommendation:** The City Engineers opinion is that Musson Bros. are a responsible and responsive bidder, however as the bid exceeds our budgeted funding, it might be prudent to reject all bids and rebid the project without the Hobbs Drive paving repairs.

**Recommended Action:** Move to recommend to the Common Council to reject all bids received April 6<sup>th</sup> for the 2017 Street and Utility Improvements project, based upon lack of funding. And to further recommend that the Public Works Committee review the project plans for potential rebidding.