

RESOLUTION 2021-01-06

RESOLUTION REGARDING THE WATER UTILITY'S WELL AND WELLHOUSE NEEDS

WHEREAS, the Trustees of the Village of Merrimac, Sauk County, Wisconsin are committed to providing to all residents safe and reliable water service that serves both potable water needs and adequate flow for fire protection; and

WHEREAS, the Village's 62-year old Well No. 1 is our only well and cannot be taken offline for more than 48 hours, because the 75,000-gallon elevated tank only has enough capacity for approximately 2 days of typical water use; and

WHEREAS, that 48-hour limit means the Village has never been able to perform a multiple-day Detail Cleaning of Well No. 1's screen and water-bearing formation ("aquifer") which should be performed every 16- to 20- years to promote well longevity; and

WHEREAS, that Detail Cleaning cannot be performed until a Well No. 2 is online; and

WHEREAS, Well No. 1 also requires a significant Rehabilitation project to completely replace the antiquated and non-standard electrical system and to bring the wellhouse up to current code; and

WHEREAS, the Wisconsin Department of Natural Resources triennial Sanitary Survey Reports continue to recommend the Village construct a second well, to provide reliable source capacity (see May 28, 2021, Sanitary Survey Report); and

WHEREAS, the process of planning, siting, testing, and construction of a new well requires a minimum of 2.5 years before the new well would be online; and

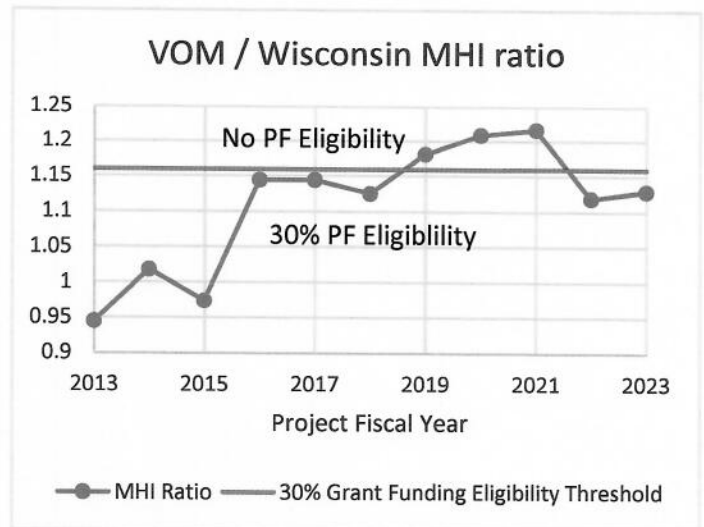
WHEREAS, the closest public water supply is over 10 miles away; and

WHEREAS, the loss of our Well No. 1 prior to having Well No. 2 online would be *catastrophic* for the Village and our property values; and

WHEREAS, aside from its badly-needed Detail Cleaning and Rehabilitation, both of which can be remedied, Well No. 1 is an excellent well, drawing from a very productive aquifer, which produces high quality water; Well No 1 is worth preserving for as long a possible; and

WHEREAS, the Engineer's planning-level Opinion of Probable Capital Costs of the Well No 1 Rehab Project and the Well No. 2 Project are \$265,000 and \$1,635,000, respectively, for a total of \$1,900,000; and

WHEREAS, based on the data from US Census Bureau's most recent 2015-2019 American Communities Survey, which the Wisconsin DNR will use to determine our eligibility for Principal Forgiveness Funding in State Fiscal Year (SFY) 2023 funding cycle, the Village's Median Household Income (MHI) relative to the State of Wisconsin's overall MHI ("MHI Ratio"), the Village will likely qualify for 30 percent (up to \$500,000) Principal Forgiveness (PF) ("Grant") funding from the Safe Drinking Water Loan Program (SDWLP) in the State Fiscal Year (SFY) 2023 funding cycle, for which Plans & Specifications (P&S) must be submitted by June 30, 2022; and



WHEREAS, to meet the June 30, 2022, deadline for P&S requires the Village immediately authorize our Engineer to begin the Well Site Investigation, Preliminary Engineering, and Agency Coordination; and

WHEREAS, based on the trend of MHI Ratio since 2004 and the recent development of several higher-value properties in the Village, it appears likely that SFY 2023 may be the last year the Village qualifies for *any* PF grant funding; and,

WHEREAS, the current SDWLP interest rates are 1.485% for 20-year loans and 1.595% for 21- to 30-year loans; and,

WHEREAS, if the Village pursues the \$1.9M projects and receives 30% (up to \$500,000 PF), financed through a 30-year loan, the yearly payment would be approximately \$59,100, commencing in 2024; and,

WHEREAS, if the Village misses the June 30, 2022, deadline and must wait until SFY 2024 to pursue the Well Projects, the potential loss of the 30% PF funding could increase the debt payment to over \$80,000, not including inflation; and

WHEREAS, via direct charges on utility bills and/or property tax bills, Village of Merrimac residents are required to pay for any project costs over and above Grant Funding, so maximizing the chance for Grant Funding is in our residents' interest; and

WHEREAS, since the Village is vulnerable to the loss of our only water source, and since the process of well siting and construction is 2.5 years, it is in the Village's long-term best interest to begin the necessary Well Site Evaluation and Preliminary Engineering immediately, irrespective of whether the Village Board chooses to pursue those Well Projects in SFY 2023 or later

NOW, THEREFORE BE IT RESOLVED by the Village of Merrimac Board of Trustees:

1. To authorize the President and Administrator to sign a Task Order with Strand Associates to proceed with the next steps for the Well projects.
2. To authorize the President and Village Assistant to identify candidate parcels for siting Well No 2 and approach property owners regarding their interest.
3. To authorize the President to draft a Letter to Village Residents explaining the Water Utility's Well and Financing Needs, for inclusion with the June 2021 Utility Bills and Village Voice.

Adopted and Recorded June 8, 2021

Approved June 8, 2021

APPROVED:



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Philip Budde, President

ATTEST:



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Brian Mooney, Administrator/Clerk/Treasurer