

Kaukauna, WI  
March 17, 2026

The regular meeting of Kaukauna Utilities Commission was called to order at 2:00 p.m. by Secretary John Moore. Commission members present were John Moore, Pennie Thiele, Sue Hennes, Greg Lenz, Paul Van Berkel, and Tony Penterman. Also present were Michael Avanzi, Dave Pahl, Zach Moureau, Tara Schmitz, Aaron Wallin, Amy Brick, Sam Brittnacher, Brittany Simonson, Neil Jack, Joe Minor, Aiden Humphreys, Josh Warden, and Andy Vanden Heuvel from KU, Richard Heinemann and Lawrie Kobza from Boardman Clark, Justin Fischer from Baird, and Brian Roebke.

It was moved by Pennie Thiele, seconded by Tony Penterman to excuse the absence of Commissioner Lee Meyerhofer.

All members voted aye.

Motion Carried

General Manager Michael Avanzi introduced employees Joe Minor, Josh Warden, Neil Jack, and Aiden Humphreys. He informed the Commission of the following personnel changes: Joe Minor has been promoted to Distribution Superintendent; Josh Warden has been promoted to Lead Line Technician; Neil Jack has moved to Line Foreman; and Aiden Humphreys has accepted the Apprentice Line Technician position.

It was moved by Sue Hennes, seconded by Greg Lenz to approve the minutes of the February 26, 2026 Commission meeting.

All members voted aye.

Motion Carried

Engineering & Operations Director Dave Pahl discussed the Oil Head Seal Replacement Project for Unit #2 at the Kaukauna City Hydro Plant informing the Commission three bids were received and evaluated.

Contractor	Bid Amount
Thompson – HCMS	\$1,393,475
Miron Construction	\$302,000
Northern Machine	\$366,000

Although Miron Construction submitted the lowest bid, staff identified concerns during the evaluation process. Following a thorough review, staff recommended awarding the contract to Northern Machine.

It was moved by Greg Lenz, seconded by Sue Hennes to authorize the General Manager to award the contract for the Kaukauna City Plant Unit #2 Oil Head Refurbishment and Unit Inspection to Northern Machine in the amount of \$366,000.

Roll Call Vote:

Tony Penterman      aye  
John Moore            aye  
Paul Van Berkel      aye  
Sue Hennes            aye

Pennie Thiele            aye  
Greg Lenz                 aye

Motion Carried

Commissioner Lee Meyerhofer joined the meeting via Teams at 2:14 p.m.

Engineering & Operations Director Dave Pahl informed the Commission that the necessary information regarding the generator and gearbox replacement at the John Street Plant was not yet available and requested that this item be tabled until the April meeting.

It was moved by Paul Van Berkel, seconded by Pennie Thiele that consideration of this item be tabled until the April Commission meeting.

All members voted aye.

Motion Carried

General Manager Michael Avanzi discussed the Water Treatment System Improvements (WTSI) Project informing the Commission that KU solicited bids for the project starting in early December 2025. This project consists of a complete overhaul of the Kaukauna water treatment system. The existing Main Filter Plant and ground storage reservoirs will be decommissioned and a new Water Treatment Plant 1 (WTP1) with a 750,000 gallon ground storage reservoir will be constructed adjacent to the City Pool. The existing Well #9 building (at Riverside Park) will be demolished, and a new Water Treatment Plant 2 (WTP2) will be constructed in its place as an addition to the existing Well #9 filter plant building. Both treatment facilities will house new water treatment equipment consisting of pressure filters and reverse osmosis (RO) filtration. The existing Well #4 building will be demolished and rebuilt to ensure the well building and top of the well are raised out of the floodplain. Raw water transmission piping will be installed to direct raw water from Well #8 to WTP2 and from Wells #4, #5, and #10 to WTP1. Lastly, backup generators will be installed at all treatment and supply facilities to improve water system resiliency. Several of KU's existing water treatment facilities are well beyond their useful life and delay of this project would pose a significant risk of system failure.

Bid opening for the general construction contract took place on Tuesday, January 27<sup>th</sup>. A total of four bids were received with all bids within approximately 7% (\$2,116,250) of each other. CBS Squared (CBS2) provided a letter of recommendation for the lowest responsible bidder. CBS2 provided a comparison of the low bid to the engineer's opinion of probable estimate and to the original estimate. The low bid was approximately 19% higher than the engineer's opinion of probable estimate and 126% higher than the engineer's original estimate. Rising construction and material costs along with additional infrastructure requirements have increased the overall project cost significantly.

All bids received met the specifications. Mid City Corporation (Mid City) is the lowest bidder at \$30,339,950. The next lowest bidder was approximately \$1,960,000 higher, but all three of the other bidders were within 7% of the lowest bid. Due to the construction cost, KU has been evaluating cost savings measures that could be incorporated into the project. Based on construction cost estimates, there are approximately \$1,500,000 in potential construction savings associated with these items including some of the optional items captured in the bid tabulation. Per the construction contract language, change orders can be initiated with the contractor and adjustments made to the contract based upon mutual agreement between the owner, engineer, and contractor. Alternate items were also included consisting of pricing for Cummins generators instead of Caterpillar and a credit for removing the Davis Bacon wage rates and American Iron and Steel requirements associated with Safe Drinking Water Loan Program (SDWLP) funding. There were no savings associated with the alternate generator pricing and no savings associated with removal of the SDWLP funding requirements after factoring in other more costly funding

alternatives such as revenue bonds. Additionally, KU has been approved for \$1M in federal funding for the project that would follow similar requirements to SDWLP.

Mid City is a union signatory contractor and has completed numerous multi-million-dollar water infrastructure projects in the last 10 years. This included a granular activated carbon facility for PFAS treatment located at another Wisconsin municipal utility. After discussions with the municipal facility staff, Mid City completed the project safely and on schedule. Several unexpected construction changes were encountered during the project, but Mid City worked with the utility to ensure resolution of these issues. In addition, KU reached out to several other utility references and engineering consultants, and all provided positive reviews of Mid City’s staff and workmanship. As stated in CBS2’s letter of recommendation, Mid City has the equipment and experience necessary to complete the project.

As identified in the plans and specifications, bids are valid until March 27, 2026. Mid City has indicated that they are willing to extend the validity of the bid by 30 days, if needed. If an extension is needed beyond 30 days, Mid City would need to ensure there were no significant increases for major equipment suppliers or subcontractors. They have indicated there may be impacts to the construction schedule but are willing to work with KU regarding schedule impacts. Costs associated with the treatment options evaluated during the Water Study were updated based on the construction costs received during the solicitation process. The table below depicts these updated construction costs. At a minimum, due to the condition of the main water treatment plant, KU must make a significant investment in its treatment system. As shown in the table, the baseline option that must be done at a minimum is \$24.7M. For an additional \$10.2M initial investment, KU can provide the community with enhanced water quality for generations to come, and reverse osmosis is the most economical option to accomplish this.

Treatment Option	Capital Cost Estimate	20 Year Operating Cost Estimate	Capital Costs + 20 Year Operating Costs
WTP – Pressure Filtration	\$24,700,000	\$9,760,000	\$34,460,000
WTPs – Pressure Filtration + Ion Exchange	\$39,200,000	\$19,980,000	\$59,180,000
WTPs – Pressure Filtration + RO	\$34,950,000	\$19,040,000	\$53,990,000
WTPs – Pressure Filtration + Pellet Softening	\$41,100,000	\$18,060,000	\$59,160,000
Surface Water from Appleton	\$22,100,000	\$45,540,000	\$67,640,000
Surface Water from Green Bay/Wrightstown	\$28,400,000	\$33,100,000	\$61,500,000

Although construction costs associated with maintaining our existing treatment method at the new water treatment plant are lower, this would still increase the average customer’s water bill by approximately 43.5% (\$16.06) but provide no change in the water quality delivered to the customer. This rate impact increases to approximately 74.4% (\$27.47) to incorporate reverse osmosis and provide customers with drastically improved water quality. With the reduced hardness, customers could save on their overall expenses associated with water softener maintenance/salt, bottled water purchases, and in-home water filtration systems. There would also be savings associated with appliance replacement costs.

Due to the increase in project costs, KU is anticipating a two-step rate increase with the first step effective in 2027 prior to project completion and the second step in 2028 near the end of the project. This increase is needed to ensure the water utility meets its financial obligations. Due to the increase in project costs of more than 10%, a notification was filed on February 13<sup>th</sup> with the Public Service Commission of Wisconsin (PSC) in accordance with the Certificate of Authority (CA) issued in May 2025. In addition to the PSC, the Wisconsin Department of Natural Resources (WDNR) is currently performing plan review.

The main components that would significantly impact bid prices have been addressed and WDNR approval is anticipated in April.

KU staff have provided consistent public communication on this project since the start of the Water Study. To continue this transparency, a public press release and fact sheet have been created to inform the public about the increase in project costs and status. These documents highlight the importance of the WTSI project, conditions of the existing infrastructure, and anticipated rate impacts. If the project is awarded, below is the communications timeline in the near term.

- Wednesday, March 18th – press release + fact sheet sent to KU employees, posted to KU website and social channels including Kaukauna Community News
- Tuesday, March 24th – fact sheet included as bill insert for cycle 2 of March bills (Kaukauna residential + business). Include bill message leading customers to the fact sheet and website for full press release.
- Wednesday, March 25th – press release runs in Times Villager
- Week of April 6th – KU Connect – Residential Edition – include fact sheet + press release
- Friday, April 10th – fact sheet included as bill insert for cycle 1 of April bills (Kaukauna residential + business). Include bill message leading customers to the fact sheet and website for full press release

Justin Fischer, Managing Director of Public Finance at Baird, and Finance & Administration Director Aaron Wallin presented on the financial impact of the WTSI project. Given the magnitude of the WTSI project, the water utility does not have sufficient cash reserves to fund the construction project until permanent long-term financing is secured. To be able to proceed with the project, the water utility will need to obtain a funding source to cover project costs until at least June 2027 when the water utility expects to close on a SDWLP 30-year loan for the entire cost of the project. The project costs through June 2027 are expected to total approximately \$20 million. Two options were considered: 1) A Bond Anticipation Note (BAN) for \$20 million and 2) One or multiple Lines of Credit (LOC). The cost of the two alternatives was evaluated. For the BAN, the estimated interest cost from bond issuance until permanent financing is in place at project completion is \$1.4M. However, this is offset by an estimated \$402K in interest income as excess cash will be invested until needed. The net cost of construction financing with the BAN is estimated to be \$1.0M. Using a LOC to support construction, the estimated interest cost until permanent financing is in place at the end of the project is \$1.2M with no opportunity to offset by interest income.

Commissioner Lee Meyerhofer arrived in person at 3:03 p.m.

It was moved by John Moore, seconded by Pennie Thiele to authorize the General Manager to award the construction contract for the Water Treatment System Improvements Project (W24-01) to Mid City Corporation in the amount of \$30,339,950.

Roll Call Vote:

Sue Hennes	aye
Lee Meyerhofer	aye
Greg Lenz	aye
Pennie Thiele	aye
Paul Van Berkel	aye
John Moore	aye
Tony Penterman	aye

Motion Carried

It was moved by Greg Lenz, seconded by John Moore to authorize Kaukauna Utilities to proceed with the issuance of the Bond Anticipation Note in the amount of \$20,000,000 subject to project approval by the Public Service Commission of Wisconsin with a maximum interest rate of 4.5%.

Roll Call Vote:	John Moore	aye
	Pennie Thiele	aye
	Greg Lenz	aye
	Lee Meyerhofer	aye
	Paul Van Berkel	aye
	Sue Hennes	aye
	Tony Penterman	aye

Motion Carried

General Manager Michael Avanzi expressed his appreciation to all those involved for their support and hard work over the past four years on this project.

The Commission reviewed the monthly reports. Finance & Administration Director Aaron Wallin explained that, due to higher-priority matters, staff were unable to finalize the Electric and Water Financial Statements prior to the meeting. He will distribute the completed statements via email shortly after the meeting.

General Manager Michael Avanzi reviewed a new monthly report, Bid Solicitation Results and Project Awards, which will be included in the Commission packets going forward.

General Manager Michael Avanzi reviewed highlights from the monthly department updates informing the Commission that the Wisconsin Department of Transportation has revised their purchase agreement at Kaukauna North Substation to include the cost to move the fence. In the previous revision, they were going to give KU a waiver to keep the fence as constructed. However, after surveying was completed, they changed direction. There was a minor cyber incident at KU on March 5, 2026 when an employee was phished while verifying they were not a “bot”. The system detected the issue, isolated the workstation, and alerted the appropriate personnel. As a precautionary measure, the workstation was rebuilt before it was allowed back on KU networks. Staff received the decision matrix for the electric rate case from the Public Service of Wisconsin. The auditors are at KU this week. Communications Specialist Brittany Simonson provided a brief overview of updates and changes being made to the website. The Electronics Recycling Event will be held on Saturday, April 25<sup>th</sup> from 9am – noon. A KU employee encountered a commercial business installing a private well last month. The business did not notify City or KU staff prior to installation. Staff have instructed facility personnel that a private well operating permit must be issued, and a cross inspection must be performed before operation of the well.

General Manager Michael Avanzi informed the Commission the MEUW Annual Conference will be held in Madison, May 12-14, 2026. This will include a legislative day at the state capitol on the 12<sup>th</sup> and a Utility Governance Roundtable meeting on the 13<sup>th</sup>. If anyone would like to attend, please let Amy know.

The Commission chose not to adjourn to closed session pursuant to Wis. State Statute 19.85(f) for review of data Kaukauna Utilities is prohibited from making public under Wis. Stat. 196.137, including Kaukauna Utilities Write Off Journal details, Check Register details and Customer Usage and Billing.

It was moved by John Moore, seconded by Sue Hennes to approve the February accounts receivable write-offs.

Roll Call Vote:	Tony Penterman	aye
	John Moore	aye
	Paul Van Berkel	aye
	Sue Hennes	aye
	Lee Meyerhofer	aye
	Pennie Thiele	aye
	Greg Lenz	aye

Motion Carried

It was moved by Paul Van Berkel, seconded by Sue Hennes that checks numbered 1985 through 2000, 11391 through 11506, and checks numbered 82417 through 82477 in the amount of \$4,672,530.61 be approved for payment.

Roll Call Vote:	John Moore	aye
	Pennie Thiele	aye
	Greg Lenz	aye
	Lee Meyerhofer	aye
	Paul Van Berkel	aye
	Sue Hennes	aye
	Tony Penterman	aye

Motion Carried

It was moved by John Moore, seconded by Greg Lenz to adjourn to Closed Session pursuant to Wis. State Statute 19.85(1)(g) to confer with legal counsel for the governmental body who is rendering oral or written advice concerning strategy with respect to litigation in which it is or likely to become involved at 4:08 p.m.

All members voted aye.	Motion Carried
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It was moved by Tony Penterman, seconded by John Moore to return to open session at 5:23 p.m.

All members voted aye.	Motion Carried
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It was moved by Tony Penterman, seconded by John Moore to adjourn.

All members voted aye.	Motion Carried
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The meeting ended at 5:24 p.m.

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John P. Moore  
Secretary

Minutes prepared by Amy Brick