



Legislation Text

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971302
SUBSTITUTE 1

THE CHAIR

Substitute resolution to transfer Water Works' funds to the City General Fund so the City can reimburse the Water Works for unrecovered water charges related to Wisconsin Paperboard Corporation.

- Analysis -

This resolution transfers Water Works' funds to the City's Unrecovered Water Rates Special Purpose Account to enable City reimbursement to the Water Works for the unrecovered cooling water charges that were incurred by Wisconsin Paperboard Corporation ("Company") while the Wisconsin Department of Natural Resources performed a feasibility study concerning removal of the North Avenue Dam. The City agreed to provide the cooling water to the Company at discounted rates pursuant to a Cooperation Agreement with the Company. The Water Works' revenue deficit occasioned by the unrecovered water rates from the Company are to be made up by a withdrawal from this Special Purpose Account. The Special Purpose Expenditure is offset by the transfer from the Water Works' retained earnings to the City's General Fund.

Whereas, The City of Milwaukee, on December 14, 1990, opened the gates of the North Avenue Dam to drain the upstream impoundment to facilitate the installation of a 42-inch water main across the river bottom; and

Whereas, The State of Wisconsin Department of Transportation began reconstruction of the North Avenue Bridge at the same approximate time; and

Whereas, Wisconsin Paperboard Corporation ("Company") has a paper-making facility bordering the Milwaukee River north of North Avenue and had been drawing cooling water from the Dam impoundment in connection with the operation of its business; and

Whereas, With the gates of the Dam open, the river assumed its natural course and the Company suddenly lost its ability to draw cooling water from the impounded river; and

Whereas, The Milwaukee Water Works sought and obtained authorization from the Wisconsin Public Service Commission ("PSC") to provide metered cooling water to the Company without charge because of significant water main construction cost savings realized by drawing down the impoundment; and

Whereas, The water main and bridge construction have been completed and with that completion, the PSC permission to provide metered cooling water, at no cost, to the Company has expired effective approximately December 1, 1991; and

Whereas, The City has entered into a Cooperation Agreement with the Company, approved via Common Council Resolution No. 911467, adopted November 25, 1991, wherein the City agreed to provide cooling water to the Company at discounted rates, of \$8,000 per month for the period of December 1, 1991, through November 30, 1992, and \$4,000 per month from December 1, 1992, through the conclusion of either the impoundment draw down or plant modification to accommodate the lowered river level; and

Whereas, The Cooperation Agreement provided that the discounted rates could be achieved either through a PSC approved reduced rate or through other internal City funding sources which would result, on a net basis, in the Company paying the discounted rates; and

Whereas, The PSC did not approve the discounted rates and determined that the Milwaukee Water Works must recover, from some source, the full rates for water delivered to the Company beginning with the effective date of the Cooperation Agreement, i.e., December 1, 1991; and

Whereas, In order to comply with the City's obligations under the Cooperation Agreement, charges for water delivered to the Company that are in excess of the discounted rates paid by the Company will be billed to, and paid by, the City of Milwaukee, through a Special Purpose appropriation (Milwaukee Water Works-North Avenue Dam, account 01-151-9991), so that the Milwaukee Water Works will be able to report full recovery of water rates for all water supplied to the Company; and

Whereas, To provide a funding source to the City to effect such payments, the Milwaukee Water Works will transfer funds from its retained earnings to the City's General Fund for this express purpose; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee that the Comptroller is hereby authorized and directed to transfer \$198,718.60 from

the Retained Earnings of the Water Works' Operation and Maintenance Cash Fund 41-2720-00 to the City's General Fund; and be it

Further Resolved, That the funds so transferred be used for the express purpose of reimbursing the General Fund for that portion of water charges that are in excess of the amounts paid by the Company in accordance with the Cooperation Agreement; and, be it

Further Resolved, That the Department of Public Works General Office is authorized to charge account 01-018-8001 to expend those funds which are deemed to have been appropriated to the Water Department for the specified municipal public purpose.

Water Works

DK:mwb/pa

Doc: paboresl

December 10, 1997