

Financing for Main Street to sap village's credit power

Written by CAROL POMEDAY
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Stormwater utility, higher sewer rates likely to cover project expenses

The Village of Belgium's financial adviser told officials they should consider creating a stormwater utility and raise sewer rates to help pay the village's share of utility work and reconstruction of Main Street.

The utility work will begin in mid-May, but Main Street will be open to traffic during the construction.

Dave Wagner of Ehlers in Brookfield put together a financing package that calls for borrowing \$2.8 million from the State Trust Fund.

The financing includes two 20-year loans at 4% interest — \$1.3 million for water main upgrades and \$697,000 for new PVC sanitary sewer lines. In addition, Wagner recommended borrowing \$404,000 over 10 years at 3% interest for water meter upgrades to a remote-read system and \$392,000 over five years at 2.75% interest for private laterals.

Property owners along Main Street in the construction area are responsible for the laterals from the street to their home or business. They can choose to pay the amount in full or have it put on their 2012 taxes at no interest.

Owners may also finance the project at the village's borrowing rate, 2.75%, with repayment assessed on their tax bills over five years.

The 20-year loans can be refinanced if funds become available through the state's Clean Water Fund or Safe Drinking Water Fund, Wagner said.

The water and sewer lines, which are in parking lanes, will be upgraded or replaced this summer. The storm water system will be upgraded next year when the road is reconstructed by Ozaukee County.

Wagner said this year's loans will leave the village with only \$2 million in borrowing capacity by mid-2013. Prior to undertaking the storm water work and Main Street reconstruction, the village will need to increase its borrowing power by either refinancing one of the larger two loans or issuing revenue bonds for a newly created storm water utility.

Other communities have done that, he said.

Wagner also recommended the sewer rate be increased 5%. The village's water rate increased 3% this year.

At a joint meeting of the Finance and Personnel and Public Utilities committees on Monday, Wagner's recommendation was unanimously forwarded to the Village Board, which meets Monday, March 12.

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“The fact of the matter is, this work is overdue and has to be done,” Trustee Vickie Boehnlein said. “But we want to be up front that this is what it will cost and rates will go up.”

Trustee John Hise said, “My concern is we’re putting ourselves in a position if there’s an emergency, we’ll be really strapped.”

Wastewater Supr. Neil Anderson said with recent upgrades, there shouldn’t be any costly emergencies like the sink hole that developed on Main Street and had to be repaired.

“The last few projects we’ve done have had benefits. There is less storm water entering the system and it has reduced cost of operation in the long run,” Anderson said.

Wagner will be at the board meeting to explain the financing.