



11333 N. Cedarburg Road  
Mequon, WI 53092  
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[www.ci.mequon.wi.us](http://www.ci.mequon.wi.us)

Water Utility  
Taped and Televised

**MEQUON MUNICIPAL WATER UTILITY COMMISSION**  
**Tuesday, January 11, 2022**  
**7:15 PM or Immediately Following Committee of the Whole**  
**Christine Nuernberg Hall**

**Agenda**

- 1) Call to Order, Roll Call
- 2) Approval of Meeting Minutes  
**Action requested: review and approve**
  - a. December 14, 2021 Minutes

- 3) Action Items

**Discussion and Possible Action**

- a. Request from the Village of River Hills for Municipal Water Service
- 4) Adjourn

*Dated: January 11, 2022*

*/s/ John Wirth, Chair*

Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and/or gather information about a subject over which they have decision-making responsibility, although they will not take formal action thereto at this meeting.

Persons with disabilities requiring accommodations for attendance at this meeting should contact the City Clerk's Office at 262-236-2914, twenty-four (24) hours in advance of the meeting.

Any questions regarding this agenda may be directed to the Public Works Office at 262-236-2913, Monday through Friday, 7:00 AM - 3:30 PM.



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## MEQUON MUNICIPAL WATER UTILITY COMMISSION

Tuesday, December 14, 2021

7:30 PM

Christine Nuernberg Hall

### Minutes

#### 1) Call to Order, Roll Call

Commissioner Wirth called the meeting to order at 7:30 PM.

##### **Present:**

Commissioner John Wirth  
Commissioner Robert Strzelczyk  
Commissioner Glenn Bushee  
Commissioner Dale Mayr  
Commissioner Jeffrey Hansher  
Commissioner Mark Gierl  
Commissioner Brian Parrish  
Commissioner Kathleen Schneider  
Commissioner Andrew Nerbun

Also present were City Administrator Jones, City Attorney Sajdak, Director of Public Works/City Engineer Lundeen, Deputy Director of Utilities Driscoll, Water Utility/City Water LLC Director of Operations Voigt, and Administrative Assistant Deuster.

#### 2) Approval of Meeting Minutes

a. October 28, 2021 Minutes

**RESULT:** **Approved [Unanimous]**

**MOVED BY:** Commissioner Strzelczyk

**SECONDED BY:** Commissioner Schneider

|              |                                                                             |
|--------------|-----------------------------------------------------------------------------|
| <b>AYES:</b> | Wirth, Strzelczyk, Bushee, Mayr, Hansher, Gierl, Parrish, Schneider, Nerbun |
|--------------|-----------------------------------------------------------------------------|

#### 3) Action Items

##### Discussion and Possible Action

a. Authorizing Public Water Service from the Brown Deer Water Utility for the Property at 5300 W County Line Rd

Attachment: 12-14-21 Mins\_Water Utility Commission (6950 : December 14, 2021 Minutes)

- b. Motion to approve the exemption of 5300 W County Line Road from connecting to the Mequon Water Utility.

**RESULT:** **Approved by Voice Acclamation [Unanimous]**

**MOVED BY:** Commissioner Schneider

**SECONDED BY:** Commissioner Bushee

**AYES:** Wirth, Strzelczyk, Bushee, Mayr, Hansher, Gierl, Parrish, Schneider, Nerbun

- c. Water Services Agreement with Two Hundred Green LLC at the Northeast Corner of Riverview Drive and Green Bay Road in the Village of Thiensville

- d. Motion to approve the Water Services Agreement with Two Hundred Green LLC at the Northeast Corner of Riverview Drive and Green Bay Road in the Village of Thiensville.

**RESULT:** **Approved by Voice Acclamation [Unanimous]**

**MOVED BY:** Commissioner Bushee

**SECONDED BY:** Commissioner Nerbun

**AYES:** Wirth, Strzelczyk, Bushee, Mayr, Hansher, Gierl, Parrish, Schneider, Nerbun

#### 4) Adjourn

- a. Motion to Adjourn at 7:32 PM.

**RESULT:** **Approved by Voice Acclamation [Unanimous]**

**MOVED BY:** Commissioner Parrish

**SECONDED BY:** Commissioner Gierl

**AYES:** Wirth, Strzelczyk, Bushee, Mayr, Hansher, Gierl, Parrish, Schneider, Nerbun

Respectfully Submitted,

*Casey Deuster*  
Administrative Assistant



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Office of Mequon Municipal Water Utility Commission

**TO: Mequon Municipal Water Utility Commission**  
**FROM: Kristen Lundeen, Director of Public Works/City Engineer**  
**DATE: January 11, 2022**  
**SUBJECT: Request from the Village of River Hills for Municipal Water Service**

### **Background**

On December 14, 2021, Director Lundeen received the attached letter from the Village of River Hills, requesting municipal water service for a proposed development. The Village of River Hills does not have its own municipal water utility and is served by private systems. While not specified in the letter, documents on River Hills' website indicate that a 53-acre property was purchased, and approximately 25 acres will be developed with 51 single family homes. A map provided with the request indicates that the development would be served through a 2,740 foot, 8-inch water main extension from the existing Mequon Water Utility water main on County Line Road.

According to the Village Engineer, River Hills is not interested in setting up their own water utility and must request an extension from an adjacent water utility. The closest municipal water utilities to River Hills include the Mequon Water Utility, Fox Point Water Utility and Brown Deer Water Utility. A River Hills connection to the Fox Point Water Utility requires crossing I-43, and a connection to the Brown Deer Water Utility requires crossing the Milwaukee River, both of which would add significant cost to the River Hills project.

The first step of the process is for River Hills to request municipal service. If the Mequon Water Utility approves service for the development, the next step is to confirm with Milwaukee Water Works that the current contract provides for the ability to serve River Hills. The Utility would subsequently make a request to the Public Service Commission (PSC) for the ability to serve in the neighboring municipality. If PSC approves, the two municipalities would enter into an Intergovernmental Agreement (IGA), similar to that with the Village of Thiensville and Village of Bayside. The IGA governs the relationship between the City and the Village for the provision of water services to properties within the Village. Subsequent to the IGA, the developer and the Mequon Water Utility would negotiate a Water Services Agreement, which define the terms for service.

Please note that the letter does not indicate whether the request for municipal water service is restricted to the proposed development. As a voluntary utility, the Mequon Water Utility would not require the customers along the proposed water main route to connect. However, for reference, there are 11 single family home lots that would have frontage along the proposed water main, as well as the University School campus. There is no request for extension beyond the proposed development at this time.

### **Analysis**

At the January meeting, Water Utility Staff is seeking feedback from the Water Utility Commission on the data, information or analysis required for the Commission to react to the request. At a future meeting, the Water Utility Commission will be presented with an agenda item to determine whether an application to the PSC to serve the Village of River Hills should be considered.

Every customer of the utility covers the utilities cost to serve them, plus the current regulated rate of return. As a build and contribute utility, any initial costs or fees would be paid by the developer/River Hills. The terms would be negotiated between the IGA and the Water Services Agreement. Those documents would also address any infrastructure requirements to provide proper fire flow, automatic flushing devices to provide proper water turnover, and any other infrastructure or technical concerns regarding the initial construction. The request assumes that this project will only require 2,740 feet of transmission main. Based on hydraulics in Mequon Water Utility's system, connection may require additional system improvements to support this extension. The project has yet to be modeled to determine if there is adequate fire flow at the end of this long dead end. The documentation can also allow or restrict future or additional connections.

### **Fiscal Impact**

If approved, any connections to the Mequon Water Utility would result in additional customers. Customers pay both flat and volumetric fees for service. In the FY2022 budget, 49% of the Water Utility's expenses are attributed to purchased water, 32% operating and 19% administrative (staff, billing, etc). Purchased water is mostly related to customer demand. Customer meters fairly distribute the individual demand to the appropriate customer. Metered consumption accounts for approximately 88% of purchased water costs. However, 12% of purchased water costs are associated with Non-Revenue Water (leaks - meter inaccuracies - system flushing, etc) that is distributed evenly to all customers.

Please note that due to PSC regulations, all utility customers must pay the same rates. The Mequon Water Utility cannot establish separate rates for customers based upon municipal boundaries or any other criteria.

In initial conversations, it was requested that Utility Staff review whether the development would be self-sufficient, and not directly result in an increased rate to existing utility customers now or in the future.

As previously indicated, the initial cost for construction and connection would be addressed prior to transfer of title to the Utility. Adding customers will ultimately increase revenue, which will be used to offset any increases in operation, maintenance, administrative and capital costs.

With respect to future replacement costs, if the proposed 50-60 customers are the only

customers that connect to the proposed water main extension, then adding this water main will likely increase the cost per customer of the utility to replace the average lineal foot of watermain. The proposed development is a significant distance from the existing utility infrastructure. Typically, the rates customers pay to the utility helps pay for the watermain replacement in front of their home. If no customers are in front of a segment of water main, then the remaining customers rates have to pay for this water main's replacement. Keep in mind, the replacement of this main could be 80 - 100 years in the future and that is a long time for the existing homes to decide to connect to the utility.

The increase in the lineal foot replacement cost does not directly translate to a rate increase, but would increase the demand on the capital budget. Replacement cost is attributed to the Utility's long term capital costs, as the more density on the extension the greater the return the customers provide to the utility. This profit can be set aside for eventual replacement of the system. Without the higher density, it will take longer to build the capital, or require assistance from "other users" to eventually replace the infrastructure.

Both Finance and City Water indicated that it is difficult to quantify a specific number of customers that when added to the utility would result in the need for additional staff. The addition of 50-60 residential customers would not directly result in a requirement for additional staff.

### **Recommendation**

Utility Staff recommends that the Water Utility Commission review the Village of River Hills request for municipal water service and determine what data, information or analysis is required to render a decision. Utility Staff will work with the Village of River Hills to bring that documentation to a future Water Utility Commission meeting.

### **Attachments:**

River Hills Request for Municipal Water Service (PDF)  
 River Hills TID 1 Map (PDF)



**Village of River Hills**  
7650 N Pheasant Ln  
River Hills, WI 53217

Village Hall: 352-8213  
Public Works: 352-0080  
Police: 352-8211

3.a.a

VIA E-MAIL (klundeen@ci.mequon.wi.us)  
December 14, 2021

Ms. Kristen Lundeen  
City of Mequon  
Director of Public Works, City Engineer  
11333 N. Cedarburg Road  
Mequon, WI 53092

RE: Municipal Water Service to River Hills Residents

Dear Ms. Lundeen,

I am writing to formally request that the Mequon Water Utility consider and approve a watermain extension in the Village of River Hills with the purpose of serving municipal water to River Hills residents as retail customers of the Mequon Water Utility.

As you are aware, the Village of River Hills is the owner of the property formerly known as the Eder Farm located at 1600 E. Brown Deer Road. The property is approximately 53 acres in size. Through a series of public meetings, the Village has decided that approximately 24 acres of this property will be developed with single-family housing, while the remainder is slated for a conservancy use, including an MMSD funded storm detention facility.

To develop and build the single-family housing in the developable portion of this property, the Village Board selected Cornerstone Development at their meeting on December 8, 2021, and staff is currently working on a final Development Agreement.

It is the desire of the Village of River Hills Board of Trustees that the proposed housing in this property be served by municipal water obtained from the City of Mequon Water Utility. It is my understanding that you have been conceptually appraised of this desire and that water capacity in suitable quantity would be available through a connection to the existing 8-inch watermain located in the vicinity of the intersection of County Line Rd. and N. Columbia Creek Lane.

River Hills' Village Engineer Clark Dietz Inc. is currently under contract to plan and design this watermain extension and therefore authorized to work with you and your staff in matters related to this project.

Please let me know what the Village can do to assist the City with this process. We are looking forward to working with you on this very important project.

Sincerely,

Tammy LaBorde, ICMA-CM/WCMC  
Village Manager/Clerk/Treasurer

cc: Mustafa Emir (via email)  
Brandon Flunker (via email)

Attachment: River Hills Request for Municipal Water Service (6944 : River Hills Water Request)



