



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

Water Utility

**MEQUON MUNICIPAL WATER UTILITY COMMISSION**  
**Regular Meeting**  
**Tuesday, September 10, 2024**  
**7:15 PM**  
**Christine Nuernberg Hall**

**Agenda**

- 1) Call to Order, Roll Call
- 2) Approval of Meeting Minutes  
**Action requested: review and approve**
  - a. May 14, 2024, Minutes
- 3) Discussion and Possible Action
  1. Authorization to Purchase 350 Water Meters and Associated Appurtenances in an Amount Not-to-Exceed \$120,000
  2. Amortization of Depreciation Costs for Private Water Trusts
- 4) Adjourn

*Dated: September 10, 2024*

*/s/ Andrew Nerbun, Chair*

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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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Water Utility

**MEQUON MUNICIPAL WATER UTILITY COMMISSION**  
**Regular Meeting**  
**Tuesday, May 14, 2024**  
**7:15 PM**  
**Christine Nuernberg Hall**

**Minutes**

1) Call to Order, Roll Call

Meeting called to order at 8:03 PM

**Present:**

Commissioner Andrew Nerbun  
 Commissioner Kelly Tolocko  
 Commissioner Dale Mayr  
 Commissioner Jeffrey Hansher  
 Commissioner Gregg Bach  
 Commissioner Brian Parrish  
 Commissioner Peter Bratt  
 Commissioner William Gebhardt  
 Commissioner Robert Strzelczyk -- **Excused**

Also present: City Administrator Jones, City Attorney Sajdak, City Clerk Fochs, Director of Public Works/City Engineering Lundeen, Director of Community Development Tollefson, Assistant Director of Community Development Zader, Administrative Assistant Schlereth, Acting Finance Director Keyser, Water Utility Supervisor Voigt, press and interested public.

2) Approval of Meeting Minutes

a. April 9, 2024, Minutes

**RESULT:** **Approved by Voice Acclamation [Unanimous]**  
**MOVED BY:** Commissioner Gebhardt  
**SECONDED BY:** Commissioner Bach

Attachment: 5-11-24 (9668 : May 14, 2024 Mintes)

**AYES:** Nerbun, Tolocko, Mayr, Hansher, Bach, Parrish, Bratt, Gebhardt  
**NOT PRESENT:** Strzelczyk

3) Discussion Items

a. Approval of Reimbursement for Swan Ridge Farms: Milwaukee Water Works Meter Pit and Upsized Transmission Main

b. Motion to Approve

**RESULT:** **Approved by Roll Call Vote [Unanimous]**  
**MOVED BY:** Commissioner Bach  
**SECONDED BY:** Commissioner Mayr

**AYES:** Nerbun, Tolocko, Mayr, Hansher, Bach, Parrish, Bratt, Gebhardt  
**NOT PRESENT:** Strzelczyk

4) Adjourn

a. Motion to Adjourn at 8:06 PM

**RESULT:** **Approved by Voice Acclamation [Unanimous]**  
**MOVED BY:** Commissioner Mayr  
**SECONDED BY:** Commissioner Gebhardt

**AYES:** Nerbun, Tolocko, Mayr, Hansher, Bach, Parrish, Bratt, Gebhardt  
**NOT PRESENT:** Strzelczyk

Respectfully Submitted,

*Ren Schlereth*  
*Administrative Assistant*

Attachment: 5-11-24 (9668 : May 14, 2024 Mintes)



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Office of Mequon Municipal Water Utility Commission

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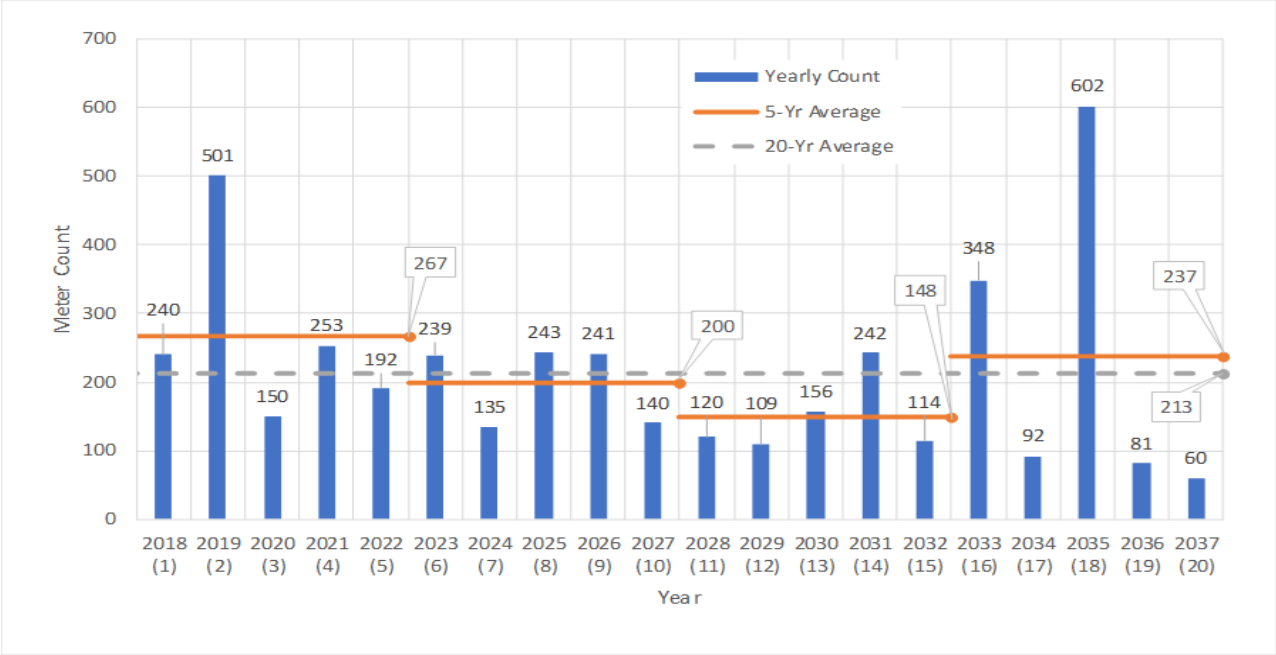
**TO: Mequon Municipal Water Utility Commission**  
**FROM: Jim Voigt, Director of Operations**  
**DATE: October 30, 2023**  
**SUBJECT: Authorization to Purchase 350 Water Meters and Associated Appurtenances  
in an Amount Not-to-Exceed \$120,000**

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### **Background**

A Utility Meter Study, approved in March 2018, recommended following a proposed meter replacement schedule. The proposed schedule averages yearly meter replacements over a 5-year period to meet the Public Service Commission's replacement regulations. Based upon the recommended replacement schedule, the Mequon Water Utility should replace meters on a 5-year rolling average basis.

The Meter Study indicated in 2025 (see chart below) that the Utility should reduce its annual replacement number to approximately 200 meters per year. Based on the issues staff has encountered due to COVID-19's impact on supply chains, it is recommended that the Utility purchase 250 meters for the meter replacement project in 2025 as a safety buffer. In addition to the meter replacement program, the utility installs meters and radios for new homes and On Main Not Using additions. There are several developments that are currently under construction which will require a significant number of meters for new installs in 2025/26. Highland Meadows, Swan Ridge, and Torrey Drive to name a few for reference. As such, staff recommends ordering 100 additional meters and radios for inventory and installation in anticipation of these new installations.



**Analysis**

Existing meters will be replaced with Badger Meter nutating disc meters and 9-dial encoded registers. In addition to the new meter, new Riva endpoints will be installed in AMR mode and could be converted to an AMI mode in the future, per the recommendations of the Meter Study.

**Fiscal Impact**

The total cost of the 2025 Water Meter Purchase and Associated Appurtenances will be \$120,000. Costs are split between the vendors - Badger Meter for the meter registers and United Systems for the Itron radios. The not-to-exceed cost breakdown is as follows:

- Badger Meter: 350 Meters and Registers - \$60,000
- United Systems: 350 Itron Riva Radios - \$50,000

The expense will be included in the FY2025 utility budget, however, as noted due to delay in receipt of equipment, staff is requesting authorization to place the order.

**Recommendation**

Staff recommends the Water Utility Commission approve the Authorization of 2025 Water Meter Purchase for 350 Meters and Associated Appurtenances in an Amount Not-to-Exceed \$120,000.



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Office of Engineering

**TO: Mequon Municipal Water Utility Commission**  
**FROM: Kristen Lundeen, Director of Public Works/City Engineer**  
**DATE: September 10, 2024**  
**SUBJECT: Amortization of Depreciation Costs for Private Water Trusts**

### **Background**

Over the past few months, several private water trusts have contacted the Mequon Water Utility inquiring about the cost to connect. Section VI.D. of the Water Connection Policy defines the main financial factors considered including the System Depreciation, a Revenue Credit and Gap Financing.

Numerous private water trusts have determined that they do not have capital funding sufficient to either complete the work required on the private infrastructure, or to pay the depreciation cost to the Mequon Water Utility. One of the private water trusts inquired as to whether the Mequon Water Utility would consider amortizing the depreciation costs.

The intent of this agenda item is to introduce the concept of amortization of the depreciation costs for private water trusts and determine whether the Water Utility Commission would consider an amendment to the Water Connection Policy to include this option.

### **Analysis**

For many private water trusts, the special charge to the residents for either addressing the private infrastructure needs or paying the connection fee to the Mequon Water Utility is significant. Conventional lenders are not typically open to lending to a private water trust, limiting the options for financing. That led to an inquiry as to whether the Mequon Water Utility would consider amortizing the depreciation costs.

Of note, depreciation costs do not require an expenditure of the Mequon Water Utility, nor does it immediately impact the costs to existing rate payers. Water Connection Policy Appendix D: System Depreciation Valuation defines that the valuation is based on the Public Service Commission depreciation rates for Wisconsin Municipal Water Utilities that apply service life as the basis to determine replacement value and current system value of water system facilities.

In other words, since the infrastructure is not new, as it is with a build and contribute model, the private water trust must pay the Mequon Water Utility the difference in the value of new infrastructure and the value of the infrastructure that the private water trust is dedicating. The private water trust's depreciation payment to the Mequon Water Utility acknowledges that repairs or replacement will be required sooner than that required for new infrastructure. The depreciation payment would be deposited into the Mequon Water Utility capital account to be

utilized once a project is warranted. Therefore a delay in payment does not directly impact the Mequon Water Utility or its rate payers, except in the case of catastrophic failure. Note that catastrophic failure can also occur with new infrastructure, although less likely.

If considered, staff recommends that the Water Utility Commission base the amortization of depreciation costs on language similar to that implemented for special assessments. That allows for consistency in financial policy as it relates to spreading fixed costs among multiple users. Attached is an excerpt of the most recent City special assessment for the sanitary sewer project on Wauwatosa Road.

Staff advocates that the Water Utility Commission consider maintaining:

- Payments would be added to the annual tax role.
- Property owners would be given the option to pay in full to avoid interest charges.
- The pay back period would be defined. The City has generally used 10 years, but that can be vetted further.
- If a property is sold, the remaining balance would be due in full.

If the Water Utility Commission favorably endorses moving forward with draft policy language, staff would initiate the following:

- The Finance Department would review the interest rates. This special assessment was passed in 2015, therefore a change in rate should be evaluated.
- The option for deferral would have to be reviewed/discussed. Preliminarily, staff anticipates recommending against a deferral in this type of application, since all parties would connect as a condition of the project (unlike the sanitary sewer project).
- All references to time of connection would be removed. With the sewer project, many property owners elected to keep the private system until it failed, and then connect to the public sanitary sewer. With the private trusts, the infrastructure does not allow for some homes to remain on the private system and others to connect to the public system.
- Paragraph 12 would be deleted.

Until the contract with Milwaukee Water Works is amended, the connection of homes on private water trusts would also help the Mequon Water Utility meet the requirement for an 80/20 split of new connections versus existing homes.

### **Fiscal Impact**

As noted, if the Mequon Water Utility accepts the donation of an existing private water trust, there is no immediate cost to the Mequon Water Utility. Amortizing the depreciation cost simply collects that fee over time, rather than upfront. Any contemplated interest fees can address the potential loss to the Mequon Water Utility for investment revenue. It also potentially incentivizes connection, allowing the private water trusts to add customers and revenue to the Mequon Water Utility sooner than if the private water trust must collect the depreciation costs prior to connection.

Please note that the attached language allows for residents to pay the full amount to avoid

interest fees.

**Recommendation**

Staff recommends that the Water Utility Commission direct staff to either draft policy language to provide an option for amortizing depreciation costs or to inform the private water trusts and amortization is not an option.

Attachments:

Example Special Assessment Language (PDF)

**Excerpt from Resolution 3278**

7. That the assessments may be paid by a single payment by October 1, 2015 for the entire assessed amount or in 10 annual installments to the City Treasurer, in accordance with the following provisions:
  - a. Property owners must notify the City in writing of the intent to pay by installment no later than October 1, 2015.
  - b. Any portion of assessments not paid in full as of November 1, 2015 will be placed upon the 2015 tax bill. By default, the balance will be placed on the tax roll as an installment payment.
  - c. Each annual installment payment shall bear additional interest on the amount due at the rate of 3.75% per year.
8. That installments or assessments not paid when due shall bear additional interest on the amount due at the rate of 3.75% per year.
9. That the levied assessment against any parcel is due in full at the time of sale of any parcel. In the event that only a portion of a parcel is sold, only that proportional share of the levied assessment attributable to that portion shall be due.
10. That the assessment may be deferred until July 1, 2025 or until the time of connection to the public sanitary sewer system, whichever is the earliest, in accordance with the following provisions:
  - a. Property owners must notify the City in writing of the intent to defer payment no later than September 1, 2015.
  - b. If an individual, undividable parcel is connected to the public system as a part of this project, deferral is not an option. However, the parcel may request the installment payments.
  - c. Deferred payments to bear interest at the compound rate of 6.0% per annum on the cumulative unpaid balance as of October 1, 2015.
  - d. Deferred assessments are subject to annual interest accrual. Assessments deferred for the full 10 years until 2025 bear 10 years of interest at the rate of 6.0% per annum. Assessments deferred, but paid in full prior to 2025 bear a prorated interest at the rate of 6.0% per annum, based upon the amount of time elapsed since October 1, 2015.
11. That the time of connection as applied to any parcel or subdivided lot subject to the assessment shall be defined as the connection on any such parcel or subdivided lot of a private lateral to the public sanitary sewer system.
12. That at the request of a benefitted property owner made before July 1, 2025, the City may enter into a written agreement with the property owner as to the manner in which the special assessment for the owner's property is to be allocated if the land is to be divided into more than one parcel through a subdivision plat.