



11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2913
Fax: 262-242-1580

www.ci.mequon.wi.us

Water Utility

MEQUON MUNICIPAL WATER UTILITY COMMISSION

Regular Meeting

Tuesday, December 13, 2022

7:15 PM

Christine Nuernberg Hall

Agenda

- 1) Call to Order, Roll Call
- 2) Approval of Meeting Minutes
Action requested: review and approve
 - a. October 27, 2022 Minutes
- 3) Discussion Items
 - a. A Resolution Approving an Amendment to the Agreement Between the City of Milwaukee and the City of Mequon for the Purchase of Water at Wholesale, Concerning the Relocation of a Second Water Connection Point from Granville and County Line Roads to Swan and County Line Roads
 - b. Approval of a Water Services Agreement with Village of Thiensville along Freistadt Road and Main Street in the Village of Thiensville
 - c. Review of Proposed Terms within an Intergovernmental Agreement for the Provision of Municipal Water Service Between the City of Mequon and the Village of River Hills
 - d. Update Regarding Milwaukee Water Works 2022 Rate Case
- 4) Adjourn

Dated: December 13, 2022

/s/ Andrew Nerbun, 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.



11333 N. Cedarburg Road
 Mequon, WI 53092
 Phone: 262-236-2913
 Fax: 262-242-1580

www.ci.mequon.wi.us

Water Utility

MEQUON MUNICIPAL WATER UTILITY COMMISSION

Regular Meeting

Thursday, October 27, 2022

6:30 PM

Christine Nuernberg Hall

Minutes

1) Call to Order, Roll Call

Present:

Commissioner Andrew Nerbun
 Commissioner Mark Gierl
 Commissioner Jeffrey Hansher
 Commissioner Dale Mayr
 Commissioner Brian Parrish
 Commissioner Kathleen Schneider
 Commissioner Glenn Bushee -- **Absent**
 Commissioner Robert Strzelczyk -- **Absent**
 Vacant Seat -- **Absent**

City Administrator Jones, City Attorney Sajdak, City Clerk Fochs, Public Works Director Lundeen, Police Chief Pryor, Finance Director Engroff, Deputy Director of Utilities Driscoll, Water Utility/City Water LLC Director of Operations Voigt press and interested public.

2) Approval of Meeting Minutes

a. Mequon Municipal Water Utility Commission - Regular Meeting - Aug 10, 2022 7:00 PM

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

MOVED BY: Commissioner Hansher

SECONDED BY: Commissioner Schneider

AYES:	Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider
--------------	--

Attachment: 10-27-22 Mins_Water Utility Commission (8011 : October 27, 2022 Minutes)

3) Discussion and Possible Action

a. Motion to exemption Water Connection Policy for 7625 W. Mequon Road

The Primus Companies are requesting an exemption to extend a water main across the entire frontage at 7625 West Mequon Road. Staff supports the request as no one to the east or beyond would ever need water main extensions to be served. All properties at the North Wauwatosa Road and West Mequon Road intersection, except for 7625 West Mequon Road already have frontage on an existing water main and can be served via existing infrastructure. Staff recommended the approval of the exemption request.

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

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

b. Motion to Amend Water Connection Policy: Connection Fee

The proposed amendment does not represent a change in how the connection fee is calculated, but rather memorializes the methodology to be clear to future costumers.

For non-resident applicants, who have a comparable location, the connection fee would be calculated based upon actual volumetric data.

If the applicant does not have another location, staff would determine the volumetric estimate by finding a similar costumer and use that volumetric data.

If the applicant does not have another location and there is not a similar customer, staff would utilize industry standards to project the volumetric rate.

If approved by the Commission, staff will update the Water Connection Policy document and republish to the website and other locations.

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

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

c. Motion to approve Mequon Municipal Water Utility Financial Policy: Reserve Requirements

Staff is requesting consideration of a policy to address minimum reserve requirements for what's designated in the budget as unassigned funds.

Commissioner Schneider asked how the number of 8% for the reserve was reached. Staff stated that industry standards and rules of thumb in terms of financing and how many months' worth of expenses should be kept in reserve if there was a catastrophic issue. Ultimately the Water Utility wanted to be conservative enough while also not over charging user fees when reaching an amount to have in reserve.

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

Attachment: 10-27-22 Mins_Water Utility Commission (8011 : October 27, 2022 Minutes)

MOVED BY: Commissioner Hansher
SECONDED BY: Commissioner Schneider

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

- d. Motion to award of a Contract for the Mequon Municipal Water Utility Master Plan Update to City Water, LLC, Milwaukee, Wisconsin, in an amount Not-to-Exceed \$68,000.

RESULT: **Approved by Voice Acclamation [Unanimous]**
MOVED BY: Commissioner Parrish
SECONDED BY: Commissioner Hansher

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

- e. Motion Adoption of the Fiscal Year 2023 Mequon Water Utility Budget

Commissioner Parrish asked about the prioritized project Migration to AMI Metering System cost of \$400,000 and how it would benefit Mequon.

Staff explained that the radios Water Utility switched to 3-4 years ago can migrate to a fixed space network. The fixed based network would mean the city installs antennas that can read the meters daily instead of driving around once every 90 days as is currently done.

Commissioner Parrish asked for clarification on the \$587,000 payment to Thiensville. Staff explained this was part of the inter-governmental agreement that was signed.

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

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

- f. Motion Authorization of 2023 Water Meter Purchase for 250 Meters and Associated Appurtenances in an Amount Not-to-Exceed \$68,000

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

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

g. Adoption of the Fiscal Year 2023 Mequon Water Utility Budget

Greg Back (12641 River Forest Circle.) spoke on behalf of the University School of Milwaukee (USM). The school is interested in exploring a connection to city water. USM would like insight on what the cost and terms are with the school and the Village of River Hills.

Conversation ensued that Mequon Water Utility is actively working through the terms and agreement with the Village of River Hills. The city is not at the stage of saying if they will agree to the connection or not. Commissioner Nerbun recommended that City Water facilitate a discussion with the University School of Milwaukee, Village of River Hills and Mequon Utility.

h. Status Update: Residences at Foxtown Water Service Valve Failures

Water Utility is trying to discover what the source of the failure is by having conversations with the contractor and the manufacture.

4) Adjourn

a. Motion to adjourn

RESULT: **Approved by Voice Acclamation [Unanimous]**
MOVED BY: Commissioner Schneider
SECONDED BY: Commissioner Gierl

AYES: Nerbun, Gierl, Hansher, Mayr, Parrish, Schneider

Respectfully Submitted,

Karen Schlereth
Administrative Secretary



11333 N. Cedarburg Road
 Mequon, WI 53092
 Phone:
 Fax: 262-242-9655

www.ci.mequon.wi.us

Office of Mequon Municipal Water Utility Commission

TO: Mequon Municipal Water Utility Commission
FROM: Jim Voigt, Director of Operations
DATE: December 13, 2022
SUBJECT: A Resolution Approving an Amendment to the Agreement Between the City of Milwaukee and the City of Mequon for the Purchase of Water at Wholesale, Concerning the Relocation of a Second Water Connection Point from Granville and County Line Roads to Swan and County Line Roads

Background

On May 10, 2022, the Mequon Municipal Water Commission approved sending a letter to the Milwaukee Water Works (MWW) requesting an amendment to the City's water service agreement. The existing water service agreement with MWW includes provisions for two water supply connections - an existing connection on County Line Road at Wauwatosa Road (North 76th Street) and a future connection at Granville Road (North 107th Street). Each connection has a maximum day water supply of 2.16 million gallons per day (MGD).

The Mequon Water Utility (MWU) requested that the agreement be amended to allow for a connection at either Granville Road (North 107th Street), or Swan Road (North 91st Street). On December 5, MWW sent the attached contract amendment changing the connection point to Swan Road (North 91st Street). In his response to our request, Pat Pauly, the MWW Utility Manager indicated: *"MWW prefers that the new connection location at N. Swan Road replace N. 107th Street, rather than using the "or" clause. We anticipate the (Milwaukee) Common Council approval process will be far simpler."*

Analysis

The Utility prefers the second connection at Swan Road vs. Granville Road. The location change will not only be a benefit to the proposed Swan Ridge development, but it will also allow a future water main extension to the Highlander Estates subdivision to the North, and future Central Growth properties to the East that would loop the second connection to the existing distribution system. A second connection to the existing distribution system will greatly increase the long-term water supply to the Utility and improve the overall reliability of the Utility's entire distribution system.

Fiscal Impact

None.

Recommendation

Staff recommends the Water Commission adopt a resolution to authorize this amendment to the agreement with the City of Milwaukee.

Attachments:

Milwaukee-Mequon Wholesale Water Agreement Amendment (PDF)

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION 3999

A Resolution Approving an Amendment to the Agreement Between the City of Milwaukee and the City of Mequon for the Purchase of Water at Wholesale, Concerning the Relocation of a Second Water Connection Point from Granville and County Line Roads to Swan and County Line Roads

RECITALS

A. Both pending development and an analysis of existing utility infrastructure resulted in a review of the terms of the City of Mequon's existing contract for water service with the City of Milwaukee.

B. As a result, the Mequon Water Utility requested an amendment to the contract with the City of Milwaukee to modify the location of a second water service connection to Swan Road.

C. The Water Utility Commission at its meeting on December 13, 2022, endorsed staff's recommendation.

BASED UPON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin, that :

1. The City's existing agreement with the City of Milwaukee shall be amended as shown in the document attached as Exhibit A, such amendment is approved subject to any clerical, technical and/or legal changes deemed necessary and appropriate by the City Attorney.

2. The Mayor and the City Clerk are authorized and directed to execute and deliver the same.

Approved by: Andrew Nerbun Mayor

Date Approved: December 13, 2022

I certify that the foregoing Water Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on December 13, 2022.

Caroline Fochs, City Clerk

Exhibit A

**AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF
MILWAUKEE AND THE CITY OF MEQUON FOR THE PURCHASE OF
WATER AT WHOLESALE**

This Amendment to the Agreement between the City of Milwaukee and the City of Mequon for the Purchase of Water at Wholesale (“Amendment”) is made as of the ____ day of _____, 2023 (“Effective Date”) pursuant to Wis. Stat. §§ 66.0813(3)(b) and 66.0301 by and between the City of Milwaukee, operating as a water public utility (“Milwaukee”) and the City of Mequon, operating as a water public utility (“Mequon”).

WHEREAS, as of December 10, 2003, Milwaukee and Wisconsin Gas Company (d/b/a We Energies Water Services), operating as a water public utility (“We Energies”), executed an Agreement between the City of Milwaukee and We Energies for the Purchase of Water at Wholesale (“Agreement”); and

WHEREAS, We Energies entered into an Asset Purchase Agreement dated September 5, 2008 pursuant to which it agreed to sell the water system assets of We Energies Water Services to Mequon; and

WHEREAS, upon the sale of the water system assets to Mequon, We Energies assigned to Mequon all of its rights and obligations under the Agreement; and

WHEREAS, by letter dated December 18, 2008, authorized by Common Council Resolution No. 080850, adopted on December 16, 2008, the City of Milwaukee consented to the assignment; and

WHEREAS, under the Agreement, Milwaukee agreed to provide wholesale water service to Mequon at two identified connections: North 76th Street and County Line Road and North 107th Street and County Line Road; and

WHEREAS, Mequon currently receives wholesale water service at the North 76th Street and County Line Road connection and has not established the second connection at North 107th Street and County Line Road; and

WHEREAS, Mequon seeks to move the second connection with MWW to North Swan Road and West County Line Road; and

WHEREAS, by Resolution File No. _____ adopted on _____, 2023, the Common Council of the City of Mequon authorized this Amendment to the Agreement; and

WHEREAS, by Resolution File No. _____ adopted on _____, 2023, the Common Council of the City of Milwaukee authorized this Amendment to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter expressed, it is agreed as follows:

1. Section I.(a) of the Agreement is amended to read:

I. Definitions

- (a) Adequate Water Service – Except as otherwise provided in paragraph II (i) of this agreement, unlimited, uninterrupted service of standard quality water as follows:

Location	Elevation (NGVD) (Center of Intersection)	Minimum Hydraulic Grade (NGVD)	Estimated Maximum Flow Rate (MGD)
N. 76 th St. and County Line Road	682	867	2.16 MGD (1,500 GPM)
N. Swan Road and County Line Road	743	892	2.16 MGD (1,500 GPM)

2. All terms and conditions of the Agreement not inconsistent with the terms of this Amendment remain in full force and effect.

**CITY OF MILWAUKEE, operating
as a Water Public Utility**

**CITY OF MEQUON, operating as a
Water Public Utility**

Mayor Cavalier Johnson

Mayor Andrew Nerbun

City Clerk, James R. Owczarski

City Clerk Caroline Fochs

COUNTERSIGNED:

COUNTERSIGNED:

City Comptroller, Aycha Sawa

Director of Finance and Treasurer

Approved as to form and execution:

Approved as to form and execution:

City of Milwaukee Assistant City
Attorney

Brian C. Sajdak
City of Mequon City Attorney

1048-2022-1141:281634



11333 N. Cedarburg Road
 Mequon, WI 53092-1930
 Phone: 262-236-8150
 Fax: 262-242-9655

www.ci.mequon.wi.us

Office of Mequon Municipal Water Utility Commission

TO: Mequon Municipal Water Utility Commission
FROM: Jim Voigt, Director of Operations
DATE: December 13, 2022
SUBJECT: Approval of a Water Services Agreement with Village of Thiensville along Freistadt Road and Main Street in the Village of Thiensville

Background

On November 3rd, 2022 staff received a request for the Mequon Water Utility to enter into a Water Services Agreement with The Village of Thiensville (Village), for a TID project located around the intersection of Freistadt Rd and Main Street in the Village.

Analysis

Typically, Water Services Agreements are administered through the Development Agreement process. As this development is in Thiensville, the City of Mequon does not have an agreement with the village.

The plan for this water main extension follows the Mequon Water Utility build and contribute policy, where the water main will be built by the Village and contributed to Utility once the project is complete. Mequon Water Utility staff will review the plans and the easement for the water main to verify adherence with the Mequon Water Utility standard specifications.

Fiscal Impact

Staff time for plan review and inspection services will be billed back to the Village as written in the agreement. No other staff costs are anticipated at this time. However in the future, operation and maintenance of the water main facilities, including the main and water service laterals (up to the curb stops) will be required by the Mequon Water Utility. That future cost is unknown, but anticipated to be offset by the rates paid and accrued for providing this utility service.

Recommendation

Staff recommends that the Mequon Water Utility Commission approve entering into a Water Services Agreement with Village of Thiensville, for the Thiensville Crossings water main extension, located around the intersection of Freistadt Road and Main St in the Village of Thiensville, subject to any clerical, technical and/or legal changes deemed necessary and appropriate by the City Attorney.

Attachments:

Water Services Agreement: Freistadt_N Main St Thiensville (PDF)

WATER SERVICES AGREEMENT

This Agreement (the “Agreement”) is made by and between Mequon Water Utility (“Water Utility”) and the Village of Thiensville (“the Village”) (collectively, the “Parties,” individually, a “Party”), this ____ day of ____, 202__.

WHEREAS, pursuant to Section 66.0875, Wisconsin Statutes, the Village has granted to the utility a franchise to operate a public water utility in the Village; and pursuant to such grant the Water Utility is actively engaged in providing public utility water service to customers within the user service area in the Village, as defined in the grant of franchise; and

WHEREAS, the Village and the City of Mequon have entered into an Intergovernmental Agreement on June 22, 2009, and subsequently amended such agreement on May 16th, 2016, which collectively govern the relationship between the Water Utility and the Village for the provision of water services to properties within the Village; and

WHEREAS, There are approximately 28 additional properties within the Village near or on North Main Street or West Freistadt Road, 13 of which are in the newly created Thiensville Tax Incremental District #2, some of which desire water service from the Utility; and

WHEREAS, the Village wishes to design, construct mains, valves, fittings and any and all other facilities necessary to deliver water (the “Water Service Facilities”) to these additional properties; and

WHEREAS, the Village desires to convey to the Water Utility and the Water Utility desires to acquire from the Village, all right, title and interest to the Water Service Facilities..

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. Recitals. The foregoing recitals are accurate and are incorporated and made part of this Agreement.
2. Acquisition. The Village agrees to transfer to the Utility, and the Utility agrees to accept and acquire the assets comprising the Water Service Facilities, pursuant to the terms and conditions of this Agreement.
3. Water Utility Obligations. The Water Utility shall have the following obligations under this Agreement with relation to the Water Service Facilities.

- 3.1 To take title to the Water Service Facilities after a final inspection, by Water Utility, reveals that, at the reasonable discretion of the Water Utility, the Water Service Facilities meet the Mequon Water Standards pursuant to Article 4.2 of this Agreement.
- 3.2 To provide and maintain meter(s) for each connecting property.
- 3.3 To provide water service to all future connecting properties under rates, rules, regulations and conditions of service on file with the Public Service Commission of Wisconsin ("PSCW") or any successor regulatory agency.
- 3.4 To administer the project and any subsequent connections in accordance with the Mequon Water Utility Water Connection Policy.
- 3.5 To maintain the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations and ordinances.
- 3.6 Water Utility shall provide the Village with at least five (5) business days prior written notice of Water Utility's intent to take title to the Water Service Facilities. Said notice shall be provided pursuant to Section 12 of this Agreement.
- 3.7 Prior to processing a Mequon Water Utility Application for a new service to an additional property, Water Utility staff will confirm that the Village processed a plumbing permit for the property.
- 3.8 Village expressly acknowledges future service connections to the water mains from this Agreement are subject to the Mequon Water Utility Connection Policy and fees established within the City of Mequon Fee Schedule.
 - 3.8.1. Connections where the public service lateral was installed with the initial project, the connection is subject to a Water Services Application and fees for the Standard System Costs less the Standard Revenue Credit.
 - 3.8.2. Connections where no public service lateral was installed with the initial project, the connection is subject to a Water Services Application and fees for the Standard Street Lateral Costs and Standard System Costs less the Standard Revenue Credit.
- 4. Obligations of the Village. The obligations of the Village under this Agreement are as follows:

- 4.1 To design the Water Service Facilities for the ultimate user service area, defined as all of the properties along the proposed public infrastructure. The design shall not be limited to those properties connecting as a part of this project.
- 4.2 To construct the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations and ordinances and complying with the Mequon Water Standards which have been provided to Village. The Village shall supply copies of lien waivers from all contractors and/or material suppliers performing work or supplying materials on this project before final acceptance of the Water Service Facilities.
- 4.3 To transfer by bill of sale or instrument of dedication title to the Water Services Facilities to the Water Utility upon written request by the Water Utility and to maintain the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations or ordinances prior to the transfer contemplated by this Agreement.
- 4.4 The Village will pay for all reasonable costs incurred by the Water Utility, or its consultant in the review of the engineering plans, inspection of the construction and/or installation of the Improvements, review of record drawings for City files, and any other costs that may be incurred by the City for this Project. The Village will pay the costs above enumerated within thirty (30) days after being billed by the Water Utility. Past due amounts on invoices generated by the City may be subject to a one and one-half (1.5) percent per month charge, computed from the date of the original invoice.
- 4.5 The Village will adhere to all permit terms from the railroad with jurisdiction over the proposed crossing.
- 4.6 The Village may undertake public financing of the project, and in accordance with Village Ord. No. 1995-06, collect on its own, a plumbing fee for the Standard Local Service Main Cost.
5. Rates. All future customers shall pay standard Mequon Water Utility tariff rates as filed and approved by the PSCW. A copy of the current PSC tariff is attached. These rates are subject to change from time to time, pursuant to approval from the PSCW. A copy of the current tariff is available upon request.
6. Design of Water Service Facilities. The Village shall be responsible for any and all design work associated with the Water Service Facilities and shall obtain design plan approvals from the Water Utility and any and all necessary federal, state or local regulatory agencies or governmental authorities.

- 6.1 Upon the Water Utility approval of the design of the Water Service Facilities, the Water Utility will provide a so-called “Owner Letter” as required by the Wisconsin Department of Natural Resources
7. Construction of Water Service Facilities. Upon completion of construction, the Water Utility shall have the right to take title to the Water Service Facilities, subject to the requirements herein, including provisions for inspection and testing to verify that the Water Service Facilities meet applicable Standards as expressed herein.
- 7.1 Inspection during construction and upon the completion of the construction of the Water Service Facilities will be conducted by the Water Utility. The Water Utility inspectors shall notify the Village contractor of materials or workmanship which are not in compliance with the Standards and require correction prior to connection to Mequon water utility system or any transfer of title to the Water Service Facilities to the Water Utility. All other aspects of construction are the sole and complete responsibility of the Villager, including but not limited to, safety, coordination, construction staking, restoration, erosion control, and processing contractor payment requests.
- 7.1.1 The Parties expressly agree that the Water Utility’s review of the design plans for the Water Service Facilities and inspection of the construction of the Water Service Facilities shall be done solely for the purpose of determining whether or not the Water Service Facilities meet, or will meet, the applicable Standards as expressed herein. The Parties expressly agree the Water Utility shall not be liable for any costs whatsoever associated with or relating to errors in the design or construction of the Water Service Facilities.
- 7.2 Any deviation from the design plans during construction of the Water Service Facilities shall be approved by the Water Utility before the facilities are constructed.
- 7.3 Before the Water Utility accepts transfer of the title for the Water Services Facilities:
- 7.3.1 The Village shall pressure test and bacteriologically sample the Water Service Facilities under the direction of the Water Utility. The Water Service Facilities must pass all testing required by the PSCW, the WDNR, or any other applicable federal, state or local governmental agency testing before the Water Utility accepts transfer of the title for the Water Services Facilities.

- 7.3.2 The Village shall provide recorded copies of easement documents required for all public infrastructure installed outside of the public right-of-way.
- 7.4 The Village's environmental consult for this extension has identified two areas of concern involving the extension near 301 N. Main Street and 132 W. Friestadt Road. While there is no evidence of contamination in these locations where the water main is to be laid, in the event that contamination is identified during construction, the Village will be required to install ductile iron pipes with Vinton, fluorel (FKM) gaskets in these locations. Removal and disposal of contaminated soil and groundwater shall be the responsibility of the Village.
8. Right of Further Extension. The Water Utility reserves the right to further extend its water mains from and beyond the water main extension contemplated by this Agreement. Such extension shall be done without cost to the Village, unless such extension is constructed at the request of the Village.
9. Contingencies. This Agreement shall be contingent upon the Parties obtaining any and all approvals from appropriate federal, state and local governments and agencies relating to this project.
10. Successors and Assigns. This Agreement shall be binding upon the respective heirs, successors and assigns of the Parties.
11. Force Majeure. Neither Party shall be liable to the other for failure, default or delay in performing any of the obligations set forth in this Agreement reasonably attributable to any cause not within the control of the Party affected in which, by the exercise of due diligence, such Party is unable to prevent or overcome. Should any of the foregoing occur, the Parties agree to proceed with diligence to enable each Party to perform its obligations under this Agreement.
12. Notice. Notice to either party under this Agreement shall not be effective unless sent via certified United States mail to the following addresses:
- 12.1 To the Water Utility:
Kristen Lundeen, P. E.
Director of Public Works
City of Mequon
11333 N. Cedarburg Road 60 W
Mequon, WI 53092-1930
- 12.2 To the Village:
Colleen Landisch-Hansen
Village Administrator
Village of Thiensville

250 Elm Street
Thiensville, WI 53092

Either party may change the address of notice by providing notice to the other party pursuant to this section of the Agreement.

13. Indemnification. Both Parties shall indemnify, defend and hold the other Party harmless from any damages, claims or judgments reasonably related to any acts or omissions resulting from the gross negligence or willful misconduct of the Party against whom this indemnification provision is being enforced. This indemnification obligation shall survive the conveyance of the Water Service Facility on the Title Transfer Date.
14. Failure to Enforce. Failure to enforce any provision of this Agreement by either Party shall not be deemed to be a waiver of any other provision of the Agreement.
15. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties. This Agreement may not be modified or altered in any way except by mutual written agreement of the Parties.
16. Governing Law; Venue. This Agreement shall be governed and construed under the laws of the State of Wisconsin. The exclusive venue for any cause of action brought in relation to this Agreement shall be Ozaukee County Circuit Court, Port Washington, Wisconsin.
17. Warranty of Authority. By signing this Agreement, each party warrants and represents that it has obtained all approvals necessary to enter into this Agreement and that each party is authorized to execute the Agreement and to make it binding and enforceable against the Parties.

VILLAGE OF THIENSVILLE

MEQUON WATER UTILITY

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Date: _____

Date: _____



11333 N. Cedarburg Road
Mequon, WI 53092-1930
Phone: 262-236-2913
Fax: 262-242-9655

www.ci.mequon.wi.us

Office of Public Works

TO: Mequon Municipal Water Utility Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: December 13, 2022
SUBJECT: Review of Proposed Terms within an Intergovernmental Agreement for the Provision of Municipal Water Service Between the City of Mequon and the Village of River Hills

Background

Staff previously intended to present the terms and conditions for an Intergovernmental Agreement (IGA) for municipal water service at the October 27 meeting, but efforts stopped when River Hills indicated that the University School of Milwaukee (USM) was no longer interested in partnering on the project. Thereafter, officials from the City of Mequon/Mequon Water Utility, Village of River Hills and University School of Milwaukee (USM) met in late November to resume discussions regarding the potential for municipal water service.

The request for municipal water service is renewed, with the intent to serve USM. While the means, methods and timing of USM's connection have not been determined, there was consensus to move the discussion forward with USM included as a part of the user service area.

Analysis

Staff from the Mequon Water Utility and Village of River Hills previously presented the Water Utility Commission with information to facilitate a decision. The Water Utility Commission indicated it would only consider an extension to River Hills if:

- Connection did not impact existing utility customers with respect to rates and capacity.
- The project was self-sustaining, in that revenues would cover future replacement costs.
- The infrastructure was designed to meet the demands of all properties within the user service area, not just the residential development alone.

A draft intergovernmental agreement between Mequon and River Hills, a copy of which is attached, addresses all of those requirements, as well as standard terms utilized in previous agreements with the Villages Thiensville and Bayside. Specifically:

- Exhibit A defines the River Hills Water User Service Area and is included in the draft document. Exhibit B will include a list of all parcels to be served and will be populated after the map is finalized.
- Sections 2.1 and 2.2 include language similar to that which is contained in the Mequon Code of Ordinances - Section 68-10(b), which requires that revenue derived from the River Hills Water User Service Area exceed the debt service, capital costs and operation costs for the same. It also requires an annual ledger of the revenue be presented to River Hills as reference.

The intent of this section is to address the fiscal responsibility regardless of how many properties connect and when they connect. The requirement is that the River Hills Water User Service Area be self-funding, and that any identified gap be supplemented by the Village of River Hills.

- Section 2.3 requires that any delinquent utility bills be put on the River Hills tax roll and paid to the Mequon Water Utility.
- Section 8.7 addresses infrastructure requirements, including looped connection at two separate locations and casing pipe for the water main installed under Interstate 43. It also includes a provision for an extended warranty on the initial project.

Also included for reference is a draft Water Services Agreement (WSA). The WSA includes the terms and conditions for the project itself, after the IGA is executed and River Hills prepares to move forward with design, bidding and construction of the project.

Fiscal Impact

The agreements are written so that there is no initial cost to the Mequon Water Utility. The IGA requires that the revenue exceed the expenses for the River Hills Water User Service Area. The WSA requires the City's standard "build and contribute" methodology for the necessary infrastructure. The Mequon Water Utility will receive revenue from new customers once they are connected to the system. New customers help spread the utility's fixed costs over more customers, which is a benefit to both the utility and its ratepayers.

Recommendation

Staff recommends that the Water Utility Commission review the draft agreements and advise staff on any revisions required prior to distributing to the Village of River Hills for consideration.

After River Hills reviews and provides any comment on the draft language, the final document will be forwarded to the Water Utility Commission for final consideration. Approval of the agreement will then allow the request for municipal water service to move forward to the Public Service Commission for consideration and approval in 2023.

Attachments:

Intergovernmental Agreement-Mequon and River Hills	(PDF)
Water Services Agreement - Mequon and River Hills	(PDF)

**INTERGOVERNMENTAL AGREEMENT TO PROVIDE WATER UTILITY SERVICE
BETWEEN THE CITY OF MEQUON
AND
THE VILLAGE OF RIVER HILLS**

THIS AGREEMENT (“Agreement”) is entered into this _____ day of _____, 2022, by and between the Mequon Water Utility, a municipal corporation, located in Ozaukee County, Wisconsin (the “Utility”), the Village of River Hills, a municipal corporation located in Milwaukee County, Wisconsin (“River Hills”) (collectively the “Parties”).

RECITALS

WHEREAS, Section 66.0301, Wis. Stats., authorizes villages and cities to contract for the joint exercise of any power or duty required or authorized by statute; and

WHEREAS, Wis. Stat. § 66.0815(2) provides that a village may contract for the provision of public utility service, including water service, within the village; and

WHEREAS, the City of Mequon operates the Mequon Water Utility which provides water service to customers within its service area; and

WHEREAS, the Utility has been requested by River Hills to serve certain properties in the village; and

WHEREAS, the Parties have taken all the necessary actions to authorize this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Section 1. Agreement to Provide Service.

- 1.1 River Hills authorizes the Utility to operate, construct, and maintain a system to sell and supply water to residents and property owners of certain parcels in the Village of River Hills, which is hereby identified in map form as Exhibit A (the “River Hills Water User Service Area”) and identified by Tax Parcel ID Number as listed in Exhibit B attached hereto. Service to properties outside of the River Hills Water User Service Area requires an amendment to this Agreement and approval by both Parties.
- 1.2 The Utility shall use its best efforts to, within one (1) year of a written petition from River Hills for expansion of the Utility’s current Water User Service Area (one hundred eighty (180) days in the case of existing water supply failures in River Hills which threaten human health, safety, or the environment), to provide service outside the existing service area. The Utility shall provide River Hills all data necessary to comply with § 66.0703 Wis. Stats. et. seq. to finance and pay for facilities as mutually agreed upon by River Hills and the Utility.

- 1.3 The Utility shall at all times use its best efforts to secure sources of water supply sufficient to serve the needs of River Hills as may be necessary under this Agreement.

Section 2. Terms.

- 2.1 Any and all debt service, capital costs, and operations costs for the River Hills Water User Service Area must be funded from revenues derived from the River Hills Water User Service Area. Annually, in the second quarter of the year, following bill collection from the four quarterly billing periods from the previous calendar year, the Utility will produce a ledger of the revenue from the River Hills Water User Service Area. The revenue shall be tracked cumulatively from the first date of service.
- 2.2 If at any time the revenue from the River Hills Water User Service Area does not exceed the debt service, capital and operations costs of the River Hills Water User Service Area, River Hills shall pay the Mequon Water Utility for the net difference in cost. This payment shall be due within 90 days of notice, unless otherwise approved by the Water Utility Commission.
- 2.3 River Hills agrees to collect any delinquent Mequon Water Utility bills of the customers within the River Hills Water User Service Area through its statutory tax collection procedure whereby such delinquencies are collected as a special tax against the property benefitted upon the certification of the delinquency by the Utility.
- 2.4 It is expressly agreed that the furnishing of service to the aforesaid River Hills Water User Service Area does not and shall not constitute a holding out by the Utility to provide water service to River Hills itself or to any other person, firm, or corporation residing or located in River Hills, nor does it grant any right to the Utility to provide water service to River Hills itself or to any other person, firm, or corporation residing or located in River Hills. Nor does River Hills commit itself to acceptance of future water service.
- 2.5 If at some future date it becomes economically feasible and convenient to provide direct water service to River Hills, rights are granted to the Mequon Water Utility to require payment under Section 2.2 as of the date of change in service.

Section 3. Permitting and Approvals.

- 3.1 This Agreement is indeterminate as to term under Wis. Stat. §§ 66.0815(2) and 196.54.
- 3.2 In furtherance of this Agreement or any right or option exercised under it, the Utility shall be responsible for obtaining and maintaining in force all permits and approvals (including but not limited to licenses, certifications, approvals, and tariffs) required by local, state, and federal authorities for the public water infrastructure. River Hills shall use its best efforts to expedite the processing of any such permits and approvals.

- 3.3 The Utility will provide service in compliance with generally accepted industry practices and all applicable regulatory standards.
- 3.4 The Utility will retain and maintain all appropriate records of operations and maintenance regarding service to River Hills customers. River Hills will have the right to inspect such records during normal business hours.
- 3.5 The Utility shall restore all River Hills rights of way to their original condition after work in the right of way by the Utility or its agents, and shall indemnify River Hills for bodily injury or property damage from work in or use of River Hills rights of way subject to the provisions of Section 5 below. Any work in an easement is subject to the terms and conditions of that easement.
- 3.6 Mequon Water Utility staff will apply to the Public Service Commission (PSC) for all necessary approvals to effectuate this Agreement. River Hills shall reimburse the Mequon Water Utility for all Mequon Water Utility staff time directly associated with the application process and all applicable charges from the PSC.
- 3.7 River Hills will administer any applicable plumbing permits associated with private infrastructure on individual parcels. Prior to issuing a plumbing permit, River Hills will confirm that the applicant submitted a Water Services Application and associated fee to the Mequon Water Utility.
- 3.8 The Utility will administer any applicable permitting or approvals associated with public infrastructure including services and transmission mains.

Section 4. Rates and Connection.

Unless otherwise set forth in this Agreement, the Utility will charge reasonable nondiscriminatory rates (as between Mequon, third municipalities, and River Hills residents) and shall not require connection by property owners or assess any property owner for fire protection without River Hills's prior written consent. All connections are subject to the Mequon Water Utility Water Connection Policy and applicable fee schedules.

Section 5. Indemnity.

The Utility shall indemnify, defend and hold River Hills, its officers, employees and agents harmless from any and all claims or liability of any kind whatsoever, arising out of operation and/or interruption of service, to the extent such claim or liability is proximately caused by the acts or omissions of the Utility, its agents and contractors. This language notwithstanding, nothing contained within this Agreement is intended to be a waiver or estoppel of the Utility or its insurers to rely upon the limitations, defenses, and immunities contained within Wisconsin Statutes Sections 893.80, 895.52, and 345.05 or common law, and the Utility or its insurers shall not be liable in indemnity, contribution or otherwise for an amount greater than the limits of liability under Wisconsin law.

Section 6. Integrated Agreement.

This document, together with all documents incorporated by reference, sets forth the entire understanding of the Parties and supersedes any and all prior agreements, written or oral, relating to the subject matter of this Agreement.

Section 7. Modifications.

This Agreement can only be amended in writing signed by both parties.

Section 8. Applicable Law: Construction.

- 8.1 This Agreement shall be interpreted in accordance with the laws of the State of Wisconsin.
- 8.2 Captions of any section or paragraph of this Agreement are for convenience or reference only and shall not define or limit the scope of any provisions contained herein. The Recitals in this Agreement are incorporated in and made a part of this Agreement.
- 8.3 The provisions of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law. If any provision is found to be invalid or unenforceable under applicable law: (1) the same shall not affect the validity or enforceability of such provision under any other circumstances or of the remaining provisions of this Agreement; and (2) such provision shall be deemed automatically amended with the least changes necessary so as to be valid and enforceable.
- 8.4 Performance of this Agreement shall not give rise to any actual or implied relationship between the Parties (such as an agency, joint venture or partnership), except as otherwise expressly stated in this Agreement.
- 8.5 This Agreement is the result of negotiations between the Parties and review by their respective counsel. Neither party shall claim or enjoy any presumption as to the interpretation of its terms based on draftsmanship.
- 8.6 Individual projects completed under the terms of this Agreement are subject to the Mequon Water Utility Water Connection Policy, the City of Mequon Standard Specifications for Land Development and are required to obtain a subsequent Water Services Agreement.
- 8.7 The initial project serving any property within the River Hills Water Service Area, subject to a subsequent Water Services Agreement as outlined in Section 8.6, must include the following:
 - 8.7.1 Transmission main sizing sufficient for service and fire flow to all properties within the River Hills User Service Area and meet static pressure requirements of NR811.
 - 8.7.2 Installation of water main from the initial point of service back to County Line Road with a boundary valve.

- 8.7.3 Installation of water main from the initial point of service to the Village of Bayside under I-43. Casing required for the water infrastructure under the interstate crossing.
- 8.7.4 Mequon Water Utility approval of the design, technical specifications and construction plans prior to bidding.
- 8.7.5 Extended warranty requirements with a duration to be defined in the Water Services Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CITY OF MEQUON

Andrew Nerbun, Mayor

Caroline Fochs, City Clerk

STATE OF WISCONSIN)
) ss.
OZAUKEE COUNTY)

Personally came before me this _____ day of _____, 2023, the above-named Andrew Nerbun, Mayor and Caroline Fochs, City Clerk of the City of Mequon, to me known to be the persons who executed the foregoing document, and acknowledged the same.

Notary Public, State of Wisconsin
My Commission:_____

Approved as to Form:

Brian Sajdak
Mequon City Attorney

VILLAGE OF RIVER HILLS

Christopher B. Noyes, Village President

Tammy LaBorde, Village Manager

STATE OF WISCONSIN)
) ss.
MILWAUKEE COUNTY)

Personally came before me this _____ day of _____, 2023 the
above-named _____, Village President and _____,
Village Manager of the Village of River Hills, to me known to be the persons who executed the
foregoing document, and acknowledged the same.

Notary Public, State of Wisconsin
My Commission: _____

Approved as to Form:

Bill Dineen
Village Attorney

Attachment: Intergovernmental Agreement-Mequon and River Hills (7982 : River Hills IGA)

Exhibit A

Map of Water User Service Area

DRAFT

Exhibit B

List of parcels within the Water User Service Area

DRAFT

AGREEMENT

This Agreement (the “Agreement”) is made by and between Mequon Water Utility (“Water Utility”) and the Village of River Hills (“Village”) (collectively, the “Parties,” individually, a “Party”).

WHEREAS, the Village wishes to obtain Mequon water utility service for its development at _____ in the Village of River Hills, Wisconsin (the “Development”); and

WHEREAS, the Village wishes to design, construct mains, valves, fittings and any and all other facilities necessary to deliver water (the “Water Service Facilities”) to the Development ; and

WHEREAS, the Village wishes to convey to the Water Utility and the Water Utility wishes to receive from the Village, title to the Water Service Facilities at the time of the connection of the Water Service Facilities to the Water Utility system.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. Water Utility Obligations. The Water Utility shall have the following obligations under this Agreement with relation to the Water Service Facilities.
 - 1.1 To provide and maintain meter(s) for building(s) in the Development.
 - 1.2 To provide water service to the Development under rates, rules, regulations and conditions of service on file with the Public Service Commission of Wisconsin (“PSCW”) or any successor regulatory agency.
 - 1.3 To maintain the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations and ordinances.
 - 1.4 To take title to the Water Service Facilities after a final inspection by Water Utility reveals that, at the reasonable discretion of the Water Utility, the Water Service Facilities meet the Standards as defined in Section 2.1 of this Agreement.
 - 1.5 Water Utility shall provide the Village with at least five (5) business days prior written notice of Water Utility’s intent to take title to the Water Service Facilities. Said notice shall be provided pursuant to Section 11 of this Agreement.

- 1.6 Prior to processing a Mequon Water Utility Water Services Application, Water Utility staff will confirm that the Village processed a plumbing permit for the property.
2. Obligations of Village. The obligations of Village under this Agreement are as follows:
 - 2.1 To construct the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations, ordinances, the Intergovernmental Agreement with the City of Mequon and complying with the Mequon Water Standards which have been provided to Village. The Village shall supply copies of lien waivers from all contractors and/or material suppliers performing work or supplying materials on this project before final acceptance of the Water Service Facilities.
 - 2.2 To transfer by bill of sale or instrument of dedication title to the Water Services Facilities to the Water Utility upon written request by the Water Utility and to maintain the Water Service Facilities in a manner consistent with any and all applicable federal, state and local statutes, regulations or ordinances prior to the transfer contemplated by this Agreement.
 - 2.3 The Village will pay for all reasonable costs incurred by the Water Utility, or its consultant in the review of the engineering plans, inspection of the construction and/or installation of the Improvements, review of record drawings for City files, and any other costs that may be incurred by the City for this Project. The Village will pay the costs above enumerated within thirty (30) days after being billed by the Water Utility. Past due amounts on invoices generated by the City may be subject to a one and one-half (1.5) percent per month charge, computed from the date of the original invoice.
3. Rates. Village expressly acknowledges that it will pay Mequon Water Utility tariff rates currently in effect. A copy of the current PSC tariff is attached. These rates are subject to change from time to time, pursuant to approval from the PSCW. A copy of the current tariff is available upon request.
4. Design of Water Service Facilities. Village shall be responsible for any and all design work associated with the Water Service Facilities and shall obtain design plan approvals from the Water Utility and any and all necessary federal, state or local regulatory agencies or governmental authorities.
 - 4.1 Design requirements include those outlined in the Mequon Water Utility Water Connection Policy and City of Mequon Standard Specifications for Land Development, in addition to all regulatory standards.
 - 4.2 Upon the Water Utility approval of the design of the Water Service Facilities, the Water Utility will provide a so-called "Owner Letter" as required by the Wisconsin Department of Natural Resources

5. Construction of Water Service Facilities. Upon completion of construction, the Water Utility shall have the right to take title to the Water Service Facilities, subject to the requirements of sections 1, 2, 4 and 5 herein, including provisions for inspection and testing to verify that the Water Service Facilities meet applicable Standards as expressed herein.
 - 5.1 Inspection during construction and upon the completion of the construction of the Water Service Facilities will be conducted by the Water Utility. The Water Utility inspectors shall notify Village contractor of materials or workmanship which are not in compliance with the Standards and require correction prior to connection to Mequon water utility system or any transfer of title to the Water Service Facilities to the Water Utility. All other aspects of construction are the sole and complete responsibility of Village, including but not limited to, safety, coordination, construction staking, restoration, erosion control, and processing contractor payment requests.
 - 5.1.1 The Parties expressly agree that the Water Utility's review of the design plans for the Water Service Facilities and inspection of the construction of the Water Service Facilities shall be done solely for the purpose of determining whether or not the Water Service Facilities meet, or will meet, the applicable Standards as expressed herein. The Parties expressly agree the Water Utility shall not be liable for any costs whatsoever associated with or relating to errors in the design or construction of the Water Service Facilities.
 - 5.2 Any deviation from the design plans during construction of the Water Service Facilities shall be approved by the Water Utility before the facilities are constructed.
 - 5.3 Before the Water Utility accepts transfer of the title for the Water Services Facilities, Village shall pressure test and bacteriologically sample the Water Service Facilities under the direction of the Water Utility. The Water Service Facilities must pass all testing required by the PSCW, the WDNR, or any other applicable federal, state or local governmental agency testing before the Water Utility accepts transfer of the title for the Water Services Facilities.
6. Future Connections. Village expressly acknowledges future service connections to the water mains from this Agreement are subject to the Mequon Water Utility Connection Policy and fees established within the City of Mequon Fee Schedule.
 - 6.1. Connections where the public service lateral was installed with the initial project, the connection is subject to a Water Services Application and fees for the Standard System Costs less the Standard Revenue Credit.
 - 6.2. Connections where no public service lateral was installed with the initial project, the connection is subject to a Water Services Application and fees for

the Standard Street Lateral Costs and Standard System Costs less the Standard Revenue Credit.

7. Right of Further Extension. The Water Utility reserves the right to further extend its water mains from and beyond the water main extension contemplated by this Agreement. Such extension shall be done without cost to Village, unless such extension is constructed at the request of Village. Such extension shall remain inside the River Hills Water User Service Area as defined in the Intergovernmental Agreement.
8. Contingencies. This Agreement shall be contingent upon the Parties obtaining any and all approvals from appropriate federal, state and local governments and agencies relating to this project. This includes approval for the Mequon Water Utility to provide water service in the Village of River Hills by the Public Service Commission of Wisconsin.
9. Successors and Assigns. This Agreement shall be binding upon the respective heirs, successors and assigns of the Parties.
10. Force Majeure. Neither Party shall be liable to the other for failure, default or delay in performing any of the obligations set forth in this Agreement reasonably attributable to any cause not within the control of the Party affected in which, by the exercise of due diligence, such Party is unable to prevent or overcome. Should any of the foregoing occur, the Parties agree to proceed with diligence to enable each Party to perform its obligations under this Agreement.
11. Notice. Notice to either party under this Agreement shall not be effective unless sent via certified United States mail to the following addresses:
 - 11.1 To the Water Utility:
Kristen Lundeen, P. E.
Director of Public Works
City of Mequon
11333 N. Cedarburg Road 60 W
Mequon, WI 53092-1930
 - 11.2 To Village:
Tammy LaBorde, ICMA-CM/WCMC
Village Manager/Clerk/Treasurer
Village of River Hills
7650 N Pheasant Ln
River Hills, WI 53217

Either party may change the address of notice by providing notice to the other party pursuant to this section of the Agreement.

12. Indemnification. Both Parties shall indemnify, defend and hold the other Party harmless from any damages, claims or judgments reasonably related to any acts or omissions resulting from the gross negligence or willful misconduct of the Party against whom this indemnification provision is being enforced. Nothing contained within this Agreement is intended to be a waiver or estoppel of any Party or their respective insurers to rely upon the limitations, defenses, and immunities contained within Wisconsin Statutes Sections 893.80, 895.52, and 345.05 or common law, and the Parties or their respective insurers shall not be liable in indemnity, contribution or otherwise for an amount greater than the limits of liability under Wisconsin law. This indemnification obligation shall survive the conveyance of the Water Service Facility on the Title Transfer Date.
13. Failure to Enforce. Failure to enforce any provision of this Agreement by either Party shall not be deemed to be a waiver of any other provision of the Agreement.
14. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties. This Agreement may not be modified or altered in any way except by mutual written agreement of the Parties.
15. Governing Law. This Agreement shall be governed and construed under the laws of the State of Wisconsin. The exclusive venue for any cause of action brought in relation to this Agreement shall be Ozaukee County Circuit Court, Port Washington, Wisconsin.
16. Warranty of Authority. By signing this Agreement, each party warrants and represents that it has obtained all approvals necessary to enter into this Agreement and that each party is authorized to execute the Agreement and to make it binding and enforceable against the Parties.

VILLAGE OF RIVER HILLS

MEQUON WATER UTILITY

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Date: _____

Date: _____



11333 N. Cedarburg Road
 Mequon, WI 53092-1930
 Phone: 262-236-8150
 Fax: 262-242-9655

www.ci.mequon.wi.us

Office of Mequon Municipal Water Utility Commission

TO: Mequon Municipal Water Utility Commission
FROM: Jim Voigt, Director of Operations
DATE: December 13, 2022
SUBJECT: Update Regarding Milwaukee Water Works 2022 Rate Case

Background

The Milwaukee Water Works (MWW), the Mequon Water Utility's (MWU) largest potable water supplier, has been working with the Public Service Commission of Wisconsin (PSCW) for several years on a water rate case. The MWU has registered as an intervener in this case and has been monitoring the progress of the rate case with the PSCW.

Analysis

MWU is a member of the Milwaukee Wholesale Water User Group. This group is comprised of the suburban water utilities that purchase water from the MWW and distribute the water to their retail customers. The wholesale group, through Boardman Clark Law firm, has been working with the MWW and PSCW to ensure only appropriate costs are charged to the wholesale customers during this rate increase.

Fiscal Impact

The MWW and PSCW staff have come to a conclusion on the final draft rates that they will submit to the PSCW commission members. The MWU water rates paid to MWW will increase by 2.1% based on historical usage if this draft rate's structure is implemented by the PSCW for the MWW. Once the rate case is finalized, the MWU staff will review how this increase impacts the MWU Regulated Rate of Return. Subsequently, MWU staff will determine if MWU should either absorb the increase or file for a Purchased Water Adjustment with the PSCW to pass this increase on to the MWU rate payers.

A copy of the rate case is available upon request.

MWU staff will return to the Water Utility Commission once the rate case is finalized with a recommendation.

Attachments:

Exhibit A: Wholesale Customer Letter to PSC (PDF)
 Exhibit B: Table - 2018 Model vs 2022 MWW COSS (PDF)
 Exhibit C: PSC MWW Rate Case (PDF)



LAWRIE J. KOBZA

ATTORNEY

LKOBZA@BOARDMANCLARK.COM

DIRECT (608) 283 1788

FAX (608) 283 1709

November 29, 2022

Mr. Alex Hanna
 Public Service Commission of Wisconsin
 Division of Water Utility Regulation and Analysis
 4822 Madison Yards Way
 P. O. Box 7854
 Madison, WI 53707-7854

RE: Application of the City of Milwaukee, Milwaukee County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates, Docket No. 3720-WR--109

Dear Mr. Hanna:

I represent the following communities -- Village of Brown Deer, Village of Butler, Village of Greendale, Village of Menomonee Falls, Mequon Water Utility, City of New Berlin, Village of Shorewood, City of Wauwatosa, and City of West Allis -- who have intervened in this proceeding. These communities are jointly referred to as the Milwaukee Wholesale Customer Group (MWCG).

The MWCG has reviewed the information provided in your letter dated November 22, 2022. The MWCG has also reviewed Commission staff's revenue requirement exhibit (PSC REF#: 447467), Milwaukee Water Works' proposed cost-of-service study and rates (PSC REF#: 447702), and Commission staff's proposed exhibit with schedules showing staff's proposed language for MWW's applicable rates and rules.

MWCG has no objection to any of these three exhibits. MWCG agrees that the cost-of-service exhibit and schedule exhibit accurately reflects the cost of service and rate model agreed up by MWW and MWCG. MWCG does not intend to submit any additional information to the Commission in this docket.

If you have any questions, please feel free to contact me.

Sincerely,

BOARDMAN & CLARK LLP

Lawrie J. Kobza

Cc: Patrick Planton
 Milwaukee Wholesale Customer Group

Attachment: Exhibit A: Wholesale Customer Letter to PSC (7973 : Milwaukee Water Works 2022 Rate Case)

TABLE 1

SUMMARY OF MWW COST ALLOCATIONS
2018 COS (AGREEMENT) VS 2022 MWW RATE CASE COS
MWW WHOLESALE CUSTOMERS
MAY 2022

Wholesale Customer	FINAL 2018 TWO-STEP COS MODEL			2022 MWW RATE CASE COS		
	2017 MWW Costs; 2014-17 Pumpage Data; MWW Fire Demand 7,500 gpm for 4 Hours; MWW Proposed Demand Factors; 5.4% ROR			2021 MWW Test Year Costs; 2017-20 Pumpage Data; MWW Fire Demand 7,500 gpm for 4 Hours; MWW Proposed Demand Factors; 2.5% ROR		
	General Service	Public Fire Protection	Total	General Service	Public Fire Protection	Total
Brown Deer	\$ 808,683	\$ -	\$ 808,683	\$ 733,205	\$ -	\$ 733,205
Butler	\$ 225,006	\$ -	\$ 225,006	\$ 207,731	\$ -	\$ 207,731
Greendale	\$ 879,785	\$ -	\$ 879,785	\$ 795,890	\$ -	\$ 795,890
Menomonee Falls	\$ 1,727,802	\$ -	\$ 1,727,802	\$ 1,766,746	\$ -	\$ 1,766,746
Mequon	\$ 657,619	\$ -	\$ 657,619	\$ 671,484	\$ -	\$ 671,484
New Berlin	\$ 1,519,661	\$ -	\$ 1,519,661	\$ 1,553,308	\$ -	\$ 1,553,308
Shorewood	\$ 645,239	\$ -	\$ 645,239	\$ 584,417	\$ -	\$ 584,417
Wauwatosa	\$ 2,783,054	\$ -	\$ 2,783,054	\$ 3,365,614	\$ -	\$ 3,365,614
West Allis	\$ 2,791,525	\$ -	\$ 2,791,525	\$ 2,862,107	\$ -	\$ 2,862,107
County Inst	\$ 592,988	\$ -	\$ 592,988	\$ -	\$ -	\$ -
Wholesale Total	\$ 12,631,362	\$ -	\$ 12,631,362	\$ 12,540,502	\$ -	\$ 12,540,502
Retail Total	\$ 73,618,968	\$ 6,927,563	\$ 80,546,531	\$ 85,224,868	\$ 4,922,298	\$ 90,147,166
MWW Total	\$ 86,250,330	\$ 6,927,563	\$ 93,177,893	\$ 97,765,370	\$ 4,922,298	\$ 102,687,668
CHANGE FROM 2018 FINAL TWO-STEP COS MODEL						
Brown Deer	\$ (75,478)	\$ -	\$ (75,478)			
Butler	\$ (17,275)	\$ -	\$ (17,275)			
Greendale	\$ (83,895)	\$ -	\$ (83,895)			
Menomonee Falls	\$ 38,944	\$ -	\$ 38,944			
Mequon	\$ 13,865	\$ -	\$ 13,865			
New Berlin	\$ 33,647	\$ -	\$ 33,647			
Shorewood	\$ (60,822)	\$ -	\$ (60,822)			
Wauwatosa	\$ 582,560	\$ -	\$ 582,560			
West Allis	\$ 70,582	\$ -	\$ 70,582			
County Inst	\$ (592,988)	\$ -	\$ (592,988)			
Wholesale Total	\$ (90,860)	\$ -	\$ (90,860)			

Attachment: Exhibit B: Table - 2018 Model vs 2022 MWW COSS (7973 : Milwaukee Water Works 2022 Rate Case)

TABLE 2

SUMMARY OF MWW COST ALLOCATIONS
2018 COS (AGREEMENT) VS 2022 MWW RATE CASE COS
MWW WHOLESALE CUSTOMERS
MAY 2022

Wholesale Customer	FINAL 2018 TWO-STEP COS MODEL			2022 MWW RATE CASE COS		
	2017 MWW Costs; 2014-17 Pumpage Data; MWW Fire Demand 7,500 gpm for 4 Hours; MWW Proposed Demand Factors; 5.4% ROR			2021 MWW Test Year Costs; 2017-20 Pumpage Data; MWW Fire Demand 7,500 gpm for 4 Hours; MWW Proposed Demand Factors; 2.5% ROR		
	General Service	Public Fire Protection	Total	General Service	Public Fire Protection	Total
Brown Deer	\$ 808,683	\$ -	\$ 808,683	\$ 733,205	\$ -	\$ 733,205
Butler	\$ 225,006	\$ -	\$ 225,006	\$ 207,731	\$ -	\$ 207,731
Greendale	\$ 879,785	\$ -	\$ 879,785	\$ 795,890	\$ -	\$ 795,890
Menomonee Falls	\$ 1,727,802	\$ -	\$ 1,727,802	\$ 1,766,746	\$ -	\$ 1,766,746
Mequon	\$ 657,619	\$ -	\$ 657,619	\$ 671,484	\$ -	\$ 671,484
New Berlin	\$ 1,519,661	\$ -	\$ 1,519,661	\$ 1,553,308	\$ -	\$ 1,553,308
Shorewood	\$ 645,239	\$ -	\$ 645,239	\$ 584,417	\$ -	\$ 584,417
Wauwatosa	\$ 2,783,054	\$ -	\$ 2,783,054	\$ 3,365,614	\$ -	\$ 3,365,614
West Allis	\$ 2,791,525	\$ -	\$ 2,791,525	\$ 2,862,107	\$ -	\$ 2,862,107
County Inst	\$ 592,988	\$ -	\$ 592,988	\$ -	\$ -	\$ -
Wholesale Total	\$ 12,631,362	\$ -	\$ 12,631,362	\$ 12,540,502	\$ -	\$ 12,540,502
Retail Total	\$ 73,618,968	\$ 6,927,563	\$ 80,546,531	\$ 85,224,868	\$ 4,922,298	\$ 90,147,166
MWW Total	\$ 86,250,330	\$ 6,927,563	\$ 93,177,893	\$ 97,765,370	\$ 4,922,298	\$ 102,687,668
CHANGE FROM 2018 FINAL TWO-STEP COS MODEL						
Brown Deer				-9.3%	n/a	-9.3%
Butler				-7.7%	n/a	-7.7%
Greendale				-9.5%	n/a	-9.5%
Menomonee Falls				2.3%	n/a	2.3%
Mequon				2.1%	n/a	2.1%
New Berlin				2.2%	n/a	2.2%
Shorewood				-9.4%	n/a	-9.4%
Wauwatosa				20.9%	n/a	20.9%
West Allis				2.5%	n/a	2.5%
County Inst				-100.0%	n/a	-100.0%
Wholesale Total				-0.7%	n/a	-0.7%

Attachment: Exhibit B: Table - 2018 Model vs 2022 MWW COSS (7973 : Milwaukee Water Works 2022 Rate Case)