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Public Works/Engineering
Taped and Televised

SEWER UTILITY DISTRICT COMMISSION
Monday, October 30, 2023
6:30 PM or immediately following the Mequon Municipal Water Commission
Christine Nuernberg Hall

Agenda

- 1) Call to Order, Roll Call
- 2) Approval of Meeting Minutes
Action requested: review and approve
 - a. October 10, 2023, Minutes
- 3) Resolutions and Discussion Items
 - a. **RESOLUTION 4076** A Resolution Amending City of Mequon Financial Policy Statement 3: Reserve Requirements to Include the City of Mequon Sewer Utility
 - b. **RESOLUTION 4077** A Resolution Reassigning Undesignated Cash Reserves of \$1,950,000 within the Sewer Utility Fund to One-Time Capital Projects, in Accordance with City of Mequon Financial Policy Statement 3: Reserve Requirements
 - c. Confirmation of Source Revenue for Capital Funding in the FY2024 Budget
 - d. **RESOLUTION 4078** A Resolution Adopting the Fiscal Year 2024 Sanitary Sewer Utility Budget and Establishing the 2024 Sanitary Sewer User Fee Schedule
- 4) Adjourn

Dated: October 30, 2023

/s/ Andrew Nerbun, Mayor

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 City Administrator's Office at 262-236-2941, Monday through Friday, 8:00 AM – 4:30 PM



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SEWER UTILITY DISTRICT COMMISSION
Tuesday, October 10, 2023
7:30 PM
Christine Nuernberg Hall

Minutes

1) Call to Order, Roll Call

The meeting was called to order at 7:40 PM.

Present:

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

City Administrator Jones, Assistant City Administrator Schoenemann, City Attorney Sajdak, City Clerk Fochs, Director of Public Works/City Engineering Lundeen, Finance Director Engroff, Police Chief Pryor, Administrative Assistant Schlereth, press and interested public.

2) Approval of Meeting Minutes

a. August 8, 2023, Minutes

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

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

Attachment: 10-10-23 Sewer Minutes (8908 : October 10, 2023 Minutes)

2) Discussion Items

- a. Sewer Budget: Discussion and Recommendation for Borrowing or Self-Funding for FY2024 Capital Expenditures and 5-year Capital Improvement Program

Staff sought policy guidance as it relates to capital funding moving forward. The actual budget numbers would be based on the policy guidance received from the Commission. Discussion ensued taking up items a and b together. Some commissioners favored staff exploring user fee self-funding to cover the cost as much as possible before borrowing and one Commissioner supported increasing levy.

- b. Sewer Budget: Discussion and Recommendation for Increasing the Sewer Levy or User Rates for FY2024 Capital Expenditures and 5-year Capital Improvement Program

4) Adjourn

- a. Motion to adjourn at 8:05 PM

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

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

Respectfully Submitted,

Ren Schlereth
 Administrative Assistant



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TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: October 30, 2023
SUBJECT: RESOLUTION 4076 A Resolution Amending City of Mequon Financial Policy Statement 3: Reserve Requirements to Include the City of Mequon Sewer Utility

Background

In late 2022, the Mequon Water Utility (MWU) established a financial policy to establish minimum levels of undesignated cash reserves, allowing for anything over the minimum to be reassigned. Staff indicated that if approved, it would follow with a similar policy for the Sewer Utility. Staff is requesting that the Sewer Utility District Commission (SUDC) authorize the establishment of such a policy.

While Sewer Utility accounting is administered on an enterprise fund basis, these unassigned funds most closely relate to a fund balance within the City's general operating budget. Currently, the City of Mequon has a financial policy that restricts the amount of funds that can accumulate as an unassigned fund balance, and any excess funds are recommended for reassignment through the budget process. With that in mind, staff is proposing the adoption of a similar policy for the Sewer Utility.

Analysis

Similar to the general fund, the Sewer Utility collects revenue through the sewer levy and through fees (quarterly billing based upon user rates). In cooperation with the Finance Department, staff is recommending that the policy for the Sewer Utility be consistent with the General Fund. A copy of the draft policy amendment is attached for consideration.

The General Fund restricts the undesignated General Fund Balance to between ten (10) and twelve (12) percent of the current year's General Fund Operating Budget. Similarly, staff recommends that the Sewer Utility adopt the same policy requirement.

Of note, the sewer levy is 77% of total sewer expenses and the General Fund is very similar (71% if excluding Capital and Debt Service). As levy is collected within the first quarter of the fiscal year, and only 23% of revenue from quarterly billing booking after March, the Sewer Utility should have sufficient cash flow for annual expenditures.

Fiscal Impact

The Finance Department estimates that nearly \$3.0M has accumulated as undesignated cash available for reassignment. The policy proposes that capital project funding would be an eligible source of reassignment, addressing a portion of the shortfall projected within the 5-year capital

improvement program.

Recommendation

Staff recommends that the Sewer Utility District Commission favorably recommend and the Common Council approve the attached policy. Please note that the subsequent agenda item requests reassignment of the undesignated cash reserve consistent with the proposed policy. Should the parameters of the policy change, the reassignment values may also require adjustments to adhere to the policy.

Attachments:

City of Mequon Financial Policies - Amendment to Policy Statement 3 (PDF)

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION 4076

A Resolution Amending City of Mequon Financial Policy Statement 3: Reserve Requirements to Include the City of Mequon Sewer Utility

RECITALS

- A. In June 2018, the Common Council adopted a series of financial policies that guide the City's financial operations.
- B. Subsequently, City staff has amended Policy Statement 3: Reserve Requirements to include the Sewer Utility.
- C. The Sewer Utility District Commission, having reviewed the attached financial policy document, recommends to the Common Council that the policy contained herein be amended.
- D. The policy allows for City staff to execute within the parameters defined in the policy.
- E. The adoption of the policy allows for City staff to recommend reassignment of undesignated cash reserves to meet funding needs identified within the Sewer Utility's capital accounts.

BASED UPON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin, that City of Mequon Financial Policy Statement 3: Reserve Requirements, as amended in the form as attached, is adopted and implemented for use until further amended.

Approved by: Andrew Nerbun, Mayor

Date Approved: October 30, 2023

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on October 30, 2023.

Caroline Fochs, City Clerk

POLICY STATEMENT 3 RESERVE REQUIREMENTS

In order for the organization to be able to respond to unforeseen situations, as well as to positively impact the investment credit rating of the City, the City and Sewer Utility will strive to maintain an undesignated General Fund Balance or Undesignated Cash Reserve of between ten (10) and twelve (12) percent of the current year's General Fund or Sewer Utility Operating Budget. Funds in excess of ten percent may, at the Common Council's discretion, be appropriated as follows:

- One-time capital improvements/projects;
- Debt abatement;
- Other investments/programs that enhance efficiencies or reduce operating costs;
- Property tax reduction.

Process overview:

Changes in fund balances occur primarily in one of two ways, either through net surpluses or deficits in the annual operating budgets, or through planned use of the fund balance as part of the annual budgeting process.

To provide the Common Council with the information necessary to be able to determine if the General Fund Balance or Undesignated Cash Reserve will be at the targeted level, the City Administrator will present information to the Common Council on current fund balances as a part of the annual budgeting process. Included in this presentation will also be staff's projections on any current year budget surpluses or deficits, and -a five-year history of General Fund or Undesignated Cash Reserve Balances.



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Office of Engineering

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: October 30, 2023
SUBJECT: RESOLUTION 4077 A Resolution Reassigning Undesignated Cash Reserves of \$1,950,000 within the Sewer Utility Fund to One-Time Capital Projects, in Accordance with City of Mequon Financial Policy Statement 3: Reserve Requirements

Background

Staff introduced an amendment to City of Mequon Financial Policy Statement 3: Reserve Requirements to apply to the Sewer Utility. Staff is requesting authorization to reassign undesignated cash reserves consistent with that policy amendment.

If the Sewer Utility District Commission denies the request for the policy amendment, this agenda item is not necessary and may be tabled or skipped. Please note that further agenda items assumed approval of the amendment, so the final documents will be updated to remove the reassignment of funds.

Analysis

Finance Department staff projects \$2,172,179 available for reassignment as of December 31, 2023. Please see the following table for the breakdown:

Cash Flow Analysis	2023 Projected
Cash/Cash Equivalents Balance (January 1st)	\$8,446,869
Net Income	2,451,676
Add: Depreciation	1,075,000
Less: Debt Principal Payments	(1,455,000)
Less: Capital Projects	(2,159,500)
Less: Amort on Bond Premium	(62,342)
Net Change in Cash	(150,166)
Cash/Cash Equivalents Balance (December 31st)	\$8,296,703
Reserved for Capital Projects	5,194,868
Reserve Policy (10%)	929,655
Unassigned	\$2,172,179

To the extent available after completing the 2023 financial statement audit, staff is requesting reassignment of \$1.95M of the projected cash available for reassignment to the Sanitary Lift

Station Fund. The Sanitary Lift Station Fund is the source of funding for the Lift Station E (Ranch Road) project, which is the highest priority of the Sewer Utility.

Fiscal Impact

As noted earlier this month on October 10, staff projects a deficit in the Utility's 5-year Capital Improvement Program based upon current project needs. Reassigning \$1.95M will reduce the projected deficit and delay impacts associated with the identified shortfall. This allows the Sewer Utility to continue to evaluate capital funding through levy and rates to self-fund for capital projects.

Recommendation

A recommendation is forthcoming from the Sewer Utility District Commission on October 30, 2023.

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION 4077

A Resolution Reassigning Undesignated Cash Reserves of \$1,950,000 within the Sewer Utility Fund to One-Time Capital Projects, in Accordance with City of Mequon Financial Policy Statement 3: Reserve Requirements

RECITALS

A. City of Mequon Financial Policy Statement 3: Reserve Requirements allows Undesignated Cash Reserves within the Sewer Utility Fund to be reassigned for one-time capital improvements/projects.

B. The highest priority capital project for the Sewer Utility is the replacement of Lift Station E (Ranch Road) and associated capacity projects to address surcharging within the system during wet weather events.

C. The current 5-year capital improvement program projects a deficit in capital funding within Years 3-5 at current funding levels.

D. As of September 30, 2023, the Sewer Utility accumulated \$2,172,179 in cash available for reassignment.

E. The Sewer Utility District Commission recommended approval of the reassignment of undesignated cash reserves.

BASED UPON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin, that \$1,950,000 in undesignated cash reserves is reassigned to the Sanitary Lift Station Fund (610669-740003).

Approved by: Andrew Nerbun, Mayor

Date Approved: October 30, 2023

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on October 30, 2023.

Caroline Fochs, City Clerk



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Office of Engineering

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: October 30, 2023
SUBJECT: Confirmation of Source Revenue for Capital Funding in the FY2024 Budget

Background

At the October 10, 2023, Sewer Utility District Commission (SUDC) meeting, staff requested feedback regarding how to fund capital improvement projects. This agenda item is a continuation of that discussion, as well as an introduction to staff’s recommendation for establishment of the sewer levy and user rates for the FY2024 budget.

Prior to this agenda item, staff requested that the SUDC reassign undesignated cash reserves to capital funding. This agenda item assumes that the SUDC previously approved the reassignment as requested. If the SUDC altered or denied the reassignment, those adjustments will be made to the final budget documents for the November 14, 2023, meeting.

Subsequent to this agenda item, the SUDC will consider approval of the FY2024 budget. The draft budget includes capital funding sourced from both the sewer levy and user rates. This memo details the source funding and capital allocation, as recommended by staff. Should the Sewer Utility District Commission recommend amendments to the capital funding, sewer levy or user rates, those amendments will be incorporated into the Common Council’s approval of the budget on November 14, 2023.

A separate ordinance establishing the sewer levy will be introduced to the SUDC for recommendation and to the Common Council for approval at the November 14, 2023, meeting.

Analysis

As outlined in the budget documents, the first calculation with respect to capital funding is analyzing the cash flow for the Sewer Utility. Please see the table below for the cash flow analysis. Note that “Table 2” is utilized as the label for consistency with the budget documents.

Table 2 - Cash Flow Analysis

Cash Flow Analysis	2022 Actual	2023 Budgeted	2023 Projected	2024 Proposed
Cash/Cash Equivalents Balance (January 1st)	8,202,586	8,429,709	\$8,446,869	8,296,703
Net Income	1,946,710	2,057,286	2,451,676	2,680,879
Plus: Depreciation	1,041,997	1,200,000	1,075,000	1,125,000
Less: Debt Payments	(1,405,000)	(1,455,000)	(1,455,000)	(1,495,000)
Less: Capital Projects	(1,277,082)	(2,312,000)	(2,159,500)	(6,651,000)
Less: Amort on Bond Premium	(62,342)	(62,342)	(62,342)	(62,342)
Net Change in Cash / Cash Equivalents	244,283	(572,056)	(150,166)	(4,402,463)
Cash/Cash Equivalents Balance (December 31st)	8,446,869	7,857,653	\$8,296,703	3,894,240
Restricted Unspent Bond	5,281,082	1,898,907	5,194,868	2,925,747

Proceeds				
Reserve Policy (10%)			929,655	939,785
Unassigned	3,165,787	5,958,746	2,172,179	28,708

After determining the available cash, staff next evaluate the demand for funding based upon the 5-year capital improvement plan. While a detailed version of the capital plan is included in the budget documents, the condensed table below shows the projected capital expenses for each of the capital accounts within the Sewer Utility.

Table 3 - 5 Year Project Plan (Condensed)

	2024	2025	2026	2027	2028
Gravity Sanitary Sewer Fund (Category 1) TOTALS	\$1,700,000	\$2,350,000	\$2,030,000	\$2,010,000	\$1,475,000
Lift Station Fund (Category 2) TOTALS	\$4,360,000	\$4,734,000	\$480,000	\$190,000	\$250,000
Forcemain Fund (Category 3) TOTALS	\$450,000	\$535,000	\$1,260,000	\$1,235,000	\$345,000
Asset Management Fund (Category 4) TOTALS	\$66,000	\$41,000	\$141,000	\$41,000	\$41,000
Equipment Replacement Fund (Category 5) TOTALS	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
TOTALS (Categories 1 to 5)	\$6,651,000	\$7,735,000	\$3,986,000	\$3,551,000	\$2,186,000

The next step is to evaluate available sources for capital funding. The following table shows the increased revenue as a result of a rate increase:

Adjustment	Net Funding Increase
\$1 Increase: Residential User Charge (Quarterly)	\$19,700
\$0.10/1,000 Gal Increase: Non-Residential User Charge Rate	\$30,300
\$0.01/\$1,000 Increase: Sewer District Tax Rate	\$45,000

In evaluating the options for capital funding, the Finance Department reviewed several potential scenarios. The first left both the levy and user rates flat, which results in just less than \$2.1M in capital funding. The subsequent scenarios show increased levy and user rates, and the associated increase in capital funding.

	Flat Budget		Scenario 1 Avg. Rate Increase: 2.7% Levy Increase: 1 Cent		Scenario 2 Avg. Rate Increase: 6.3% Levy Increase: 2 Cents		Scenario 3 Avg. Rate Increase: 8.8% Levy Increase: 3 Cents	
	Rate Increase	Capital Revenue	Rate Increase	Capital Revenue	Rate Increase	Capital Revenue	Rate Increase	Capital Revenue
Residential Flat User Charge:	\$0.00/0.00%	\$ 307,320	\$2.00/2.60%	\$ 350,660	\$5.00/6.10%	\$ 405,820	\$7.00/8.40%	\$ 445,220
Volumetric User Charge (per 1,000 gal):	\$0.00/0.00%	\$ 472,680	\$0.20/2.70%	\$ 539,340	\$0.49/6.50%	\$ 624,180	\$0.70/9.20%	\$ 684,780
Sewer District Tax Rate (per \$1,000):	\$0.00/0.00%	\$ 1,311,879	\$0.01/0.63%	\$ 1,356,879	\$0.02/1.25%	\$ 1,401,879	\$0.03/1.88%	\$ 1,446,879
Total Capital Revenue:		\$ 2,091,879		\$ 2,246,879		\$ 2,431,879		\$ 2,576,879

The 2005 Wisconsin Levy Limit Law provided a maximum amount allowed as a property tax

levy on parcels within the state. In order to increase the levy, the City must have net new construction in the previous year. The limit is imposed on both the General Fund and Sewer Fund levies, however, on a consolidated level. Therefore, the City has the ability to apply the levy increase as needed between the two funds rather than on a pro-rata basis. It is important to note that the Debt Service Levy is exempt from levy limit rules, meaning the City can absorb additional debt service which increases the tax rate but still maintains compliance with levy limit rules. When identifying levy capacity, the City has historically maintained the minimum allowed based on net new construction. However, there is additional capacity that can be leveraged via the sewer tax rate to fund one-time expenditures, including capital projects.

The maximum debt service claim allowed is equal to the City's total General Obligation (GO) principal and interest payments which includes TID and Sewer Utility debt. For the 2024 Budget, the maximum debt service claim is \$5,795,265. The minimum debt service claim is equal to the City's GO debt service payments for general operations, which excludes abated debt (paid by TID Increment and the Sewer Fund). For 2024, the minimum debt service claim, as historically adhered to by the City, is \$2,763,053.

The levy capacity from a recurring expenditure standpoint is the difference between the minimum debt service claim of \$2,763,053 and the actual debt service claim needed of \$2,551,190, which provides the City with nearly \$250,000 or five cents of capacity remaining. The levy capacity from a non-recurring expenditure standpoint is the difference between the minimum and maximum claim, which is approximately \$3 million. Therefore, increasing the levy to self-fund upcoming capital expenditures within the Sewer Utility is within the levy limit statute, and does not take away levy capacity for both recurring and non-recurring expenditures from general operations of the City in future years, as the basis for the proposed tax rate increase is not recurring in nature.

Accordingly, staff recommends increases in both the levy and the user rates, as shown in Scenario 2. Scenario 2 provides \$340,000 in additional capital funding over the flat budget scenario, which adds to the capital funding available for the Lift Station E (Ranch Road) project, as well as associated capacity projects.

Subsequently, that amount is plugged into the Capital Funding Analysis to project funding levels against the projected capital expenses over the life of the 5-year plan.

Compared to other municipalities, Mequon is unique in that it only charges residential customers a flat quarterly fee, as not all residents are on the public water system and therefore not all have a meter for reading. For reference, Grafton's Wastewater Utility charges a flat fee between \$63-\$4,767, Germantown charges between \$40.01-\$592.08 and Cedarburg charges \$45 (all quarterly depending upon meter size, prior to adding volumetric charges to the sewer utility bill). Other sewer utilities charge solely on a volumetric basis, In Wauwatosa, residents are billed quarterly at a rate of \$2.1742 per 100 cubic feet. In 2021, Thiensville charged \$91.50 on a quarterly basis, but current rates were not readily available.

Fiscal Impact

Please note that the Capital Funding Analysis shown in Table 4 below assumes that the reassignment of funds requested in the previous agenda item was approved. If the Sewer Utility District Commission denies or amends the reassignment of funds, Table 4 and subsequent tables within the budget documents would be adjusted for presentation at the November 14 meeting.

Table 4 below includes the \$1.95M in reassigned undesignated cash reserves, as well as the capital funding from Scenario 2. As noted, any amendments approved by the Sewer Utility District Commission will be incorporated into final budget documents.

Table 4 - Capital Funding Analysis with Mill Rate at 1.62, Residential Flat User Charge at \$83.00 and Volumetric User Charge (per 1,000 gal at \$8.04)

	2023	2024	2025	2026	2027	2028
Budget Available (Jan.1)*	\$5,281,082	\$5,194,868	\$975,747	(\$4,309,253)	(\$5,635,253)	(\$6,476,253)
Capital Funding	\$2,073,286	\$2,431,879	\$2,450,000	\$2,660,000	\$2,710,000	\$2,760,000
Total Funds Available	\$7,354,368	\$7,626,747	\$3,425,747	(\$1,649,253)	(\$2,925,253)	(\$3,716,253)
Capital Expenses	\$2,159,500	\$6,651,000	\$7,735,000	\$3,986,000	\$3,551,000	\$2,186,000
End of Year Balance**	\$5,194,868	\$975,747	(\$4,309,253)	(\$5,635,253)	(\$6,476,253)	(\$5,902,253)

Please note that even with the increase in capital funding, staff projects a deficit in Years 2-5 of the capital plan. Unless capital funding is further increased, the program will be adjusted to delay projects based upon the available funding or the Sewer Utility could consider additional debt-financing.

Recommendation

This agenda item is provided in order to establish the capital funding source to be included in the FY2024 budget documents. Staff recommends both an adjustment to the sewer levy and an increase in user rates to provide capital funding beyond that provided by the flat levy and rates. The Sewer Utility District Commission's approval, amendment or denial of staff's recommendation will be incorporated into the final budget documents for Common Council approval on November 14.

Staff recommends that the Sewer Utility District Commission:

- Adjust the Residential Flat User Charge by \$5 (6.10%), to a revised rate of \$83/quarter, resulting in a \$98,500 increase in capital project funding.
- Adjust the Volumetric User Charge (per 1,000 gallons) by \$0.49 to \$8.04 (6.50%), resulting in a \$151,500 increase in capital project funding.
- Adjust the Sewer District Tax Rate (per \$1,000 assessed) by \$0.02 (1.25%), to a revised mill rate of \$1.62/\$1,000 assessed value, resulting in a \$90,000 increase in capital project funding.

Staff's recommendations are included in the subsequent agenda item related to establishing the FY2024 budget. Please note that any adjustments to rates or capital funding can be incorporated into the final budget documents before the Common Council for approval on November 14.

To address the forecasted capital shortfalls, staff will continue to monitor interest rates and evaluate debt financing scenarios for consideration by the Sewer Utility Commission. Starting in 2026, approximately \$170,000 or nearly four cents will be saved by having a portion of the Utility's debt financing retired. Furthermore, an additional \$600,000 or fourteen cents will be eliminated in 2030 with all Sewer Utility debt being paid-in-full by 2031.



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Office of Engineering

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: October 30, 2023
SUBJECT: RESOLUTION 4078 A Resolution Adopting the Fiscal Year 2024 Sanitary Sewer Utility Budget and Establishing the 2024 Sanitary Sewer User Fee Schedule

Background

The City's sanitary sewer budget, the basis for establishing sanitary sewer user charges, is administered separately from the City's general operating and capital budgets. This is based on the City's original determination to treat sanitary sewer operations as an enterprise operation. The following materials include a proposed 2024 budget for review and recommendation by the Sewer Utility District Commission (SUDC).

Attached to this staff report are three exhibits - A, B & C:

- Exhibit A details the capital funds as proposed for the sewer utility.
- Exhibit B provides the calculation for the establishment of the user rate.
- Exhibit C provides the budgeting and financial data based on the chart of accounts for the Sewer Utility.

Analysis

The sanitary sewer budget is comprised of two parts: property taxes and user charges. The property tax portion of the budget pays for MMSD annual capital charges and self-funds for Sewer Utility capital projects. The FY2023 budget included a mill rate of \$1.60 per \$1,000 assessed value. The proposed FY2024 budget attached to this memo identifies a proposed mill rate of \$1.62 per \$1,000 assessed value. Please note that there is a separate item scheduled on the agenda to discuss staff's recommendation for an increase to the mill rate to address capital needs, most notably the replacement of Lift Station E (Ranch Road). If the SUDC authorizes a mill rate other than \$1.62 per \$1,000 assessed value, then staff will update the budget documents for approval at the November 14, 2023, Common Council meeting. Please note that the mill rate for sewer is set via ordinance, which will be proposed for recommendation by the SUDC and approval by the Common Council on November 14, pending the outcome of the discussion.

That \$1.62 tax levy would generate \$1,401,879 in capital self-funding. The user charge portion of the budget funds annual operation and maintenance expenses and several ongoing capital needs, such as the design for replacement of the Ranch Road Lift Station "E". Full details of capital projects are outlined in Exhibit A.

User charges are billed differently for residential and non-residential accounts. Residential accounts receive a flat quarterly fee and non-residential accounts are charged based upon

volumetric water uses. Both fees are based upon a combination of the pass-through charges to the Sewer Utility from MMSD and Sewer Utility operation and maintenance costs. The full details of the calculation for user fees are contained in Exhibit B.

As noted in the previous agenda item, staff proposes an increase in the user rates. If the SUDC authorizes a user rate other than those recommended by staff, then staff will update the budget documents for approval at the November 14 Common Council meeting.

Please note that adjusting the mill rate or user rates as outlined should only impact capital funding allocations, and not the Utility's operation and maintenance budgets. Therefore, the SUDC may consider conditionally approving the budget, even if amending the levy or user rates. The final budget documents would be presented at the November 14 Common Council meeting.

FY2023 Accomplishments:

The City's sewer utility manages, maintains and operates all of the City's sanitary sewer mains, 23 lift stations, manholes and siphons. In 2023, the Sewer Utility accomplished a number of objectives including:

- Continued efforts toward compliance with the Compliance Maintenance Annual Report (CMAR) and Capacity, Management, Operation and Maintenance (CMOM) programs to reduce the number and magnitude of releases from the sanitary sewers to the environment, while protecting sewage collection and treatment facilities from high flows.
- Continued commercial sewer meter replacements and improvements.
- Of 3,875 total sanitary structures, 1,047 manholes were inspected and 166 were rehabilitated with grout and/or epoxy coatings or internal/external seals were applied.
- Of approximately 183 miles of sewer pipeline, water jet cleaned over 151,000 feet, and televised over 49,000 feet of mainline sewer (to date).
- Continued to collect and update City infrastructure data and incorporate it into GIS.
- Awarded a contract to design the Lift Station E replacement at Laguna Drive (extended).
- Began design of Lift Station replacement and gravity sewer capacity improvements along Ranch Road extended from Laguna Drive to a point 1,000ft east of St. James Lane.
- Awarded a contract to rehabilitate 218 laterals in areas adjacent to Lift Station E.
- Awarded and implemented contracts to rehabilitate 140 laterals in the Lift Station H & F Areas.
- Amended the \$953,000 Funding Agreement with MMSD for an increase of (\$626K) to test and seal 217 laterals (over 9,500 linear feet) in the Riverland Drive Lift Station H and Riverdale Park Lift Station F Areas.
- Continued efforts toward compliance with the CMAR, CMOM and MMSD Chapter 13 programs.
- Requested proposals to install flow meters on lift stations to monitor sewer sheds and awarded a contract to acquire and install additional flow meters and perform quarterly monitoring reports to verify the Central Trunk sewer flow allocation and system capacity.

- Continued dialogue with owners regarding easements to address any zoning requirements regarding generator installations at Lift Stations H, Q & K.
- Awarded a contract to complete Sewer Lateral Work by testing and sealing from mains in the Lift Station E area generally bounded by Port Washington Road, Mequon Road, Riverland Road and the Milwaukee River.
- Evaluated CCTV exams for sewers in STH 167 / Mequon Road from Port Washington Road to the Milwaukee River, in advance of WisDOT Paving projects.
- Established agreements with Property Owners and the developer for Swan Ridge Farms.
- Constructed Tamerlane Drive Lift Station O capacity improvements with parallel force main along County Line Road.

FY2024 Projects and Objectives:

The following detail are projects and elements that will influence the 2024 budget:

- Ensure that appropriate condition assessments are conducted on sewer assets.
- Confirm the existence of any sanitary system components that do not function according to established reliability standards.
- Continue collection system staff training on operations and potential hazards and provide proper equipment and safety gear.
- Continue to collect and update the City's infrastructure data, easement records and incorporate into GIS.
- Design capacity improvements with relief sewers for Ranch Road Lift Station E.
- Perform outreach for potential onsite wet-weather storage site in easements at Fieldwood Drive Lift Station G and Riverdale Park Lift Station F.
- Evaluate the feasibility for sewer system capacity improvements at the Port Washington Road Fire Station in the Lift Station E basin, as no easement is required for system storage on City-owned land.
- Design capacity improvements in the Fieldwood Drive Lift Station G Area to Glen Oaks Lane, contingent upon wet weather storage in potential easement areas.
- Advertise for bid the Lift Station E replacement at Laguna Drive (extended). The proposed contract includes the assessment of Heritage Siphon, the River Road Lift Station D iron pipe crossing under the Milwaukee River, and Lac du Cours cast iron laterals.
- Prepare a contract for the assessment of Heritage Siphon, the River Road Lift Station D iron pipe crossing under the Milwaukee River, and Lac du Cours cast iron laterals.
- Evaluate SCADA upgrades.
- Identify pumps for replacement in 2025.
- Add onsite generators to lift stations that currently do not have any and replace older obsolete generators (finalize easements, address any zoning requirements and award contracts for generator installations) at Lift Stations H, Q & K.
- Schedule and complete up to 218 Clear Water Compliance Inspections in the LS E Area for property owners that volunteer in the Program for Private Property Inflow and Infiltration Reduction (PPII).
- Substantially Complete Sewer Lateral Work by testing and sealing from mains in the Lift Station E Area generally bounded by Port Washington Road, Mequon Road,

Riverland Road and the Milwaukee River.

- Substantially complete Sewer Lateral Work by testing and sealing from mains in the Lift Station E Area generally bounded by Port Washington Road, Mequon Road, Riverland Road and the Milwaukee River. Of the 218 laterals, identify if any additional work is required.
- Evaluate storm drainage conditions in the Ravine Farms out lot along a sanitary sewer easement and determine if scour protection and any stabilization measures are necessary in the 2025 budget.
- Acquire meters and compile data to evaluate the Central Trunk sewers’ infill impacts near Mequon Road (STH 167) and Cedarburg Road (STH 57).
- Complete planning study of Central Trunk sewers that can allow for future development and infill, including flow equalization at Mequon Road (STH 167 & STH 57 intersection).

Fiscal Impact

The proposed FY2024 Sewer Utility budget is attached to this memo. Table 1 below summarizes the history of the various sewer fees for the past five years. Please note that the mill rate was previously reduced when the Sewer Utility opted out of MMSD’s Green Infrastructure program. The mill rate was lowered again in 2022 due to re-valuation of property assessments.

Table 1 - Historic Charges Chart

	2018	2019	2020	2021	2022	2023
Residential User Charge (Quarterly):	\$71.00	\$72.00	\$73.00	\$73.00	\$74.00	\$78.00
Non-Residential User Charge Rate:	\$5.887/ 1,000 gal	\$6.343/ 1,000 gal	\$6.765/ 1,000 gal	\$6.765/ 1,000 gal	\$6.844/ 1,000 gal	\$7.55/ 1,000 gal
Sewer District Tax Rate:	\$1.89/ \$1,000	\$1.90/ \$1,000	\$1.81/ \$1,000	\$1.81/ \$1,000	\$1.62/ \$1,000	\$1.60/ \$1,000

- **Residential User Charge (per Quarter):** Fixed charge based upon capacity of service and maintenance of the sewer system for a residential equivalent unit.
- **Non-Residential User Charge Rate:** Variable charge based on volume to address increased operations and maintenance charges due to volume of flow.
- **Sewer District Tax Rate:** Fixed charge based upon the cost of annual capital charges from the Milwaukee Metropolitan Sewerage District (MMSD) and self-funding for the Sewer Utility capital projects.

User Rate

The user rates are proposed to increase because operating costs have increased. The user rates are made up of City operation and maintenance costs, in addition to pass-through costs of MMSD operation and maintenance (O&M) costs. The City’s operation and maintenance costs have remained level, but MMSD has increased its O&M charges from 2022. The Sewer Utility passes through MMSD capital charges and costs for operation and maintenance. The combination of MMSD charges for O&M and capital have remained relatively stable. The 2024 calculation of sewer user charges and these percentage increases is in Exhibit B.

As previously noted, Table 2 assumes that the SUDC approved the \$1.95M reassignment of undesignated cash reserves and an adjustment to both the mill rate and user rates to increase capital funding. If any of those items are amended by the SUDC, Table 2 will be updated for the Common Council’s consideration of the budget approval and ordinance establishing the levy at the November 14 meeting.

Table 2 - Cash Flow Analysis

Cash Flow Analysis	2022 Actual	2023 Budgeted	2023 Projected	2024 Proposed
Cash/Cash Equivalents Balance (January 1st)	\$8,202,586	\$8,429,709	\$8,446,869	\$8,296,703
Net Income	1,946,710	2,057,286	2,451,676	2,680,879
Add: Depreciation	1,041,997	1,200,000	1,075,000	1,125,000
Less: Debt Principal Payments	(1,405,000)	(1,455,000)	(1,455,000)	(1,495,000)
Less: Capital Projects	(1,277,082)	(2,312,000)	(2,159,500)	(6,651,000)
Less: Amort on Bond Premium	(62,342)	(62,342)	(62,342)	(62,342)
Net Change in Cash	244,283	(572,056)	(150,166)	(4,402,463)
Cash/Cash Equivalents Balance (December 31st)	\$8,446,869	\$7,857,653	\$8,296,703	\$3,894,240
Reserved for Capital Projects	5,281,082	1,898,907	5,194,868	2,925,747
Reserve Policy (10%)			929,655	939,785
Unassigned	3,165,787	5,958,746	\$2,172,179	28,708

* Additional budget detail of Capital Improvements Projects are found in Exhibit A. This includes estimated construction costs in the amount of \$8.8M to replace Lift Station E, based on the 2021 Condition Assessment and the current design engineer’s estimate.

Recommendation

Staff recommends that the Sanitary Utility District Commission favorably endorse, and the Common Council approve the resolution for the 2024 sanitary sewer budget and establishing the 2024 sanitary sewer user fee schedule as follows.

Charges	2024
Residential User Charge (Quarterly):	\$83.00
Non-Residential User Charge Rate:	\$8.04 / 1,000 gal

- Attachments:
 Exhibit A - 2024 Capital Fund Details (PDF)
 Exhibit B - 2024 Sewer Budget Rate Data (PDF)

Exhibit C - 2024 Sewer Budget Details (PDF)

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION 4078

A Resolution Adopting the Fiscal Year 2024 Sanitary Sewer Utility Budget and Establishing the
2024 Sanitary Sewer User Fee Schedule

RECITALS

A. The City's sanitary sewer operations are administered within an enterprise/utility type accounting system, separate from the City's general operating and capital budgets.

B. The establishment of an equitable schedule of sewer user charge rates for January 1 through December 31, 2024 requires that an operating budget for the sanitary sewer operations be adopted.

C. The Sewer Utility District Commission at their meeting on October 30, 2023, has reviewed a schedule of sewer user fee rates for 2024 necessary to support the sewer budget and has recommended approval of such.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Mequon that:

1. The 2024 Sanitary Sewer Budget attached hereto is adopted.
2. The following schedule of sewer user charge rates is established for the year 2024:

Residential (non-metered):	\$83.00 per quarter per unit / \$332 per year
Residential and Commercial Metered:	\$8.04 / 1,000 gallons

Approved by: Andrew Nerbun, Mayor

Date Approved: October 30, 2023

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on October 30, 2023.

Caroline Fochs, City Clerk

2024 SEWER CAPITAL PROJECT FUND

The Sewer Utility applies user fees to provide capital self-funding. The types of projects included in the Sewer Capital Project Fund are based upon an expected life-cycle of greater than 10 years, where a depreciable asset value is established.

The utility has been successful in self-funding a number of projects. These projects are improvements to extend the service life of the system, add capacity and provide efficiency in addition to keeping the collection system functional and avoiding non-compliance. In the last decade, past projects funded from reserves include lift station pump and force main replacements, all three phases of the Cedarburg Road Mequon-Thiensville Interceptor Rehabilitation, Donges Bay Road Flow Equalization, and various subdivision gravity sewer pipe rehabilitation projects, including testing and sealing with grout in the Riverland Drive and Riverdale Park areas, along with various cured-in-place pipe lining installations. By providing capital funding for these projects, user rates have remained stable.

Table 1 – History of Self-Funded Capital Budgets

	2018	2019	2020	2021	2022	2023
Self-Funding Capital	\$1,040,000	\$720,000	\$1,420,000	\$1,350,000	\$1,350,000	\$2,073,286

In 2019, accounts were established for consolidation into five universal sinking fund accounts. This accounting format replaced individual accounts of specific projects for various reasons. The new categorical accounts allow the Sewer Utility to meet long-term needs rather than being project specific. In addition, the funds formed by periodically setting aside money for the replacement of assets give the Sewer Utility the long-term financial ability to perform required capital projects. These sinking funds earmark or reserve funds for specific purposes and categories, rather than only for specific projects. The overall funding levels remain unchanged, only the allocation of funds was modified.

Table 2 – Self-Funded Capital Funds

Account Name	2024	2025	2026	2027	2028
1. Gravity Sanitary Sewer Fund	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
2. Sanitary Lift Station Fund	\$1,331,879	\$1,350,000	\$1,359,000	\$1,159,000	\$1,000,000
3. Sanitary Force Main Fund	\$350,000	\$350,000	\$500,000	\$750,000	\$960,000
4. Asset Management Fund	\$0	\$0	\$16,000	\$16,000	\$15,000
5. Equipment Replacement	\$0	\$0	\$35,000	\$35,000	\$35,000
TOTALS	\$2,431,879	\$2,450,000	\$2,660,000	\$2,710,000	\$2,760,000

These self-funded capital accounts are established as sinking funds to provide for level budgeting and long-term funding. The Sewer Utility has also identified specific projects for this funding. For some projects, the respective account requires funding over a multi-year budget cycle in order to achieve adequate financing. For example, the replacement of the City's largest lift station, Ranch Road or Lift Station E, is estimated at \$8.8M and accumulation of annual allocations (along with remaining bond proceeds from 2020 relief sewer project) makes self-funding the replacement of Lift Station a possibility. The scale or proportion of funding established for each account category is intended to address the priorities of the Sewer Utility. The sinking funds are required for various types of projects. The funds are to address any regulatory requirements and projects identified as a part of a study for system improvements.

2024 SEWER CAPITAL PROJECT FUND

1. Gravity Sanitary Sewer Fund

The Gravity Sewer Fund is required for relay and replacement of over 165 miles of sewer main and 3,875 manhole structures that will require renewal over anticipated life cycles. Methods of sewer installation include open-cut trenching and trenchless technologies such as directional drilling, micro-tunneling, and cured-in-place pipe (CIPP) installation. Capital grouting of sewer mains is another method implored to reduce infiltration into the collection system. Methods for manhole rehabilitation are cementitious or epoxy lining or grouting; otherwise sectional or complete replacement is required. CMOM (Capacity Management, Operations and Maintenance annual report) and CMAR (Compliance Maintenance Annual Report required by the Wisconsin Department of Natural Resources) regulatory requirements for system upgrades are planned, such as reducing inflow and infiltration during wet weather to reduce sanitary sewer overflows and bypass events in locations near the river. In 2022 the City's hydraulic model was updated, as part of the East Trunk System north of Mequon Road, and in 2023 it was used to design capacity improvements for a new Lift Station E.

Prioritized projects include:

- Capital Contribution for Highland Estates Storage TBD
- Construct Phase I Sewer Improvements in ME4001/2; 1,000 feet of Gravity Sewer Relay to new Lift Station in Laguna Drive (\$1,000,000)
- Construct Phase II Sewer Capacity Improvements in ME4002, (\$1,300,000)
- Construct Phase III Sewer Capacity Improvements in ME4004, (\$1,300,000)
- Construct Phase IV Sewer Capacity Improvements in ME4001, (\$1,700,000)
- Rehabilitate Sanitary Sewer Mains for PPI/I Priority Area "E" (\$250,000)
- Design Sewer Capacity Improvements in Basin ME4001, F Area (\$75,000)
Construct 1,500 feet in Circle Drive from Center Court to River Forest Drive
- Construct Sewer Capacity Improvements in ME4001, F Area (\$1,500,000)
- Update System Model of East Trunk Sewer north of Mequon Road (\$50,000)
- Rehabilitate Sanitary Sewer Mains for Lift Station Areas A, B and D (\$1,000,000)
- Design Study Report for Heritage Estates Siphon (\$15,000)
- Design Study Report for River Road Sewer under Milwaukee River, D Area (\$15,000)

2. Sanitary Lift Station Fund

The Sanitary Lift Station Fund is required for various types of projects for the 23 existing lift stations including the expansion or replacement of existing lift stations and their appurtenances, as well as the construction of new stations. The funds are also utilized for projects identified as part of condition assessment studies, such as replacing pumps and transfer switches for safety. In addition, CMOM and CMAR regulatory requirements are addressed to minimize sanitary sewer overflows and optimize the system by upsizing pumps, increasing wet well capacity, and upgrading SCADA (system for controls and data acquisition) based on magnetic flow meters. In the event the replacement of a lift station requires funding that exceeds the sinking fund balance, such as potentially for replacement of the Ranch Road Lift Station E, borrowed funds would be necessary for major

2024 SEWER CAPITAL PROJECT FUND

construction improvements unless the mil rate is increased to accumulate additional funds in 2024 for anticipated construction in 2024-2025.

Prioritized projects include:

- Construct Replacement of Lift Station E in Laguna Drive, extended (\$8,800,000)
- Design Study Report with Preliminary and Final Plans for Fieldwood Drive Lift Station G Capacity Improvements (\$35,000)
- Construct Fieldwood Drive Lift Station “G” Capacity Improvements (\$275,000)
- Replace Pumps, Valves, Motors at Lift Stations F,O,R,S,K (\$50,000/each)
- Install Magnetic Flow Meters at Lift Stations B,C,D,O,R (\$15,000/each)
- Install Emergency Generators at Lift Stations K,H,Q,J,M (\$60,000/each)
- Install Lift Station Transfer Switches at Lift Stations K,H,Q,J,M (\$10,000/each)
- Replace Control Panels (\$10,000/each)
- Replace Cathodic Protection (\$10,000/each)
- Lift Station Pumping Energy Study (\$10,000)
- Replace and Upgrade Transducers (\$5,000/each)
- Decommissioning Studies – Lift Stations P, E* (\$25,000)

**The decommissioning study includes evaluation to replace (or augment) lift station operations with gravity sewer extensions, where feasible.*

3. Sanitary Force Main Fund

The Sanitary Force Main Fund is required for the design, replacement, new construction, retrofits, and large-scale cleaning of over 20 miles of sanitary force main. Prioritized projects outlined below were identified as part of the systematic replacement of cast iron force mains, the 2018 force main maintenance study, and 2021 Condition Assessments for Fieldwood Drive Lift Station G and Riverdale Park Lift Station F that are part of the East Trunk System north of Mequon Road. In 2022, the Tamerlane Drive Lift Station “O” was designed, and constructed in 2023. CMOM and CMAR require collection system upgrades and maintenance to maintain and keep the sewer system in compliance with WDNR requirements.

Prioritized projects include:

- Construct Force Mains for new Lift Station E in Laguna Drive, extended (\$450,000)
- Design Fieldwood Drive Lift Station G Force Main Improvements (\$77,000)
- Construct Fieldwood Drive Lift Station G Force Main Improvements from Woodland Drive to Freistadt Road to Glen Oaks Lane (\$2,200,000)
- Install Force Main Access Ports from Ranch Road Lift Station E for Maintenance (\$25,000)
- Perform Large Diameter Force Main Cleaning from Lift Stations A&E (\$250,000)
- Clean Small Dia. Force Mains under the Milw. River Lift Stations N,V,T (\$75,000)
- Replace Cast Iron Force Main in Huntington Park Lift Station R (\$250,000)
- Secure Easement for Force Main Replacement in Huntington Park Outlot (\$25,000)

2024 SEWER CAPITAL PROJECT FUND

4. Asset Management Fund

The Asset Management Fund is a sinking fund utilized to upgrade, install and expand the SCADA (System Control And Data Acquisition) equipment at the utility, and improve/add supply equipment and facilities. Proposed projects include replacing commercial remote access meters, valves, SCADA upgrades, maintaining a computer server for sewer exam records, GIS (geographic information system) upgrades for CMAR and CMOM reporting, evaluation of system life costs and projections, a 20-year planning study of all three major sewersheds, and others. Additional upgrades include installation of new sewer meters.

Prioritized projects include:

- SCADA Study for Sewer Utility (\$25,000)
- Commercial Sewer Meter Replacements (\$10,000)
- Upgrades to Asset Management Geographic Information Systems (\$25,000)
- Flow Meter Installations, Rain Gauge Installation at City Hall and Flow Monitoring in Collection System (\$125,000)
- CCTV Camera Software and Hardware Upgrades (\$25,000)
- GIS Tools for CMAR and CMOM Reporting (\$25,000)

5. Equipment Replacement Fund

The Equipment Replacement Fund is a sinking fund for the replacement of sewer equipment. It has been utilized previously for the purchase of the City's sewer vacuum truck and camera truck that is shared with Shorewood and Brown Deer. The camera incurs nearly constant operation that requires routine maintenance. Typically, this piece of equipment, last acquired in 2015, is planned for replacement on a 10-year cycle. Other routine equipment replacement includes portable back-up generators for lift stations, portable pumps for bypass operations, and sewer main cleaning equipment such as hoses and jet nozzles. Previous years' purchases have included acquisitions to replace pick-up trucks for the sewer maintenance crew, and that sinking fund will continue. Other anticipated purchases include replacement of the hose reel camera or acquisition of a new lateral evaluation televising system (LETS) camera for lateral inspections. This equipment is required to meet CMOM and CMAR required routine cleaning, inspection and condition assessments to maintain system compliance with WDNR requirements.

2024 SEWER CAPITAL PROJECT FUND

Prioritized projects include:

- CCTV Camera Replacement (\$125,000)
- Camera Truck Replacement (\$275,000)
- Portable Back-up Generators Replacement (\$20,000)
- Portable Back-up Pumps Replacement (\$15,000)
- Lateral Inspection Camera Acquisition (\$35,000)
- Vacuum Truck Replacement (\$425,000)
- Grout Truck with mainline and lateral equipment (\$450,000)
- Maintenance Crew Pick-up Trucks Replacement (\$65,000)

REIMBURSABLE CAPITAL ACCOUNT

Private Property Infiltration and Inflow Reimbursement Fund

The PPI/I Fund is for sewer lateral work. This work can be done in stand-alone contracts or in combination with work on the public sewer main contracts. The sewer lateral work has historically been performed in the right-of-way and on private property, where per Code, the City is responsible for the lateral within the right-of-way. The available unallocated MMSD funds in the amount of \$445,300 are available to complete sewer lateral work in the Lift Station F & H Areas. Additionally, the available unallocated MMSD funds in the amount of \$68,368 are available to complete sewer lateral work in the Lift Station E Area. Also, staff sent an application to MMSD for competitive funding to address prioritized projects. This award is scheduled for announcement on September 21, 2023. In the event the competitive funding is not awarded to Mequon Sewer Utility, then staff will bring back an item to the Commission to address utilization of the annual allocation from MMSD and/or any considerations for self-funding to complete necessary sewer lateral work.

Reimbursable Prioritized Sewer Lateral projects include:

- Sanitary Lateral Rehab in PPI/I Targeted Areas Lift Stations F&H (\$953,000) Amended Increase (\$696,690) Revised Total (\$1,649,690) Balance \$445,300
 - Clean and Examine Laterals completed in 2020-2021 (310 @ 21,790 LF)
 - Locate Laterals with Sonde completed 2022 (175 @ \$81,384)
 - Test and Seal Laterals from Mains completed 2022 (61 @ \$115,778)
 - Installed Clean-outs in 2023 (116 @ \$681,512)
 - Test and Seal Laterals from Clean-outs 2023-2024, (7@ \$123,056)
 - Inspection (\$202,660 incurred)
- Sanitary Lateral Contract (PPI/I Targeted Areas) Lift Station E (\$756,000) in 2023
 - Test and Seal Laterals from Mains, awarded 2023 (218 @ \$687,632 budgeted)
 - Inspection (\$169,882 budgeted)

The Utility's 5-year project plan is shown in Table 3. The accumulation of capital funds allows for level funding and minimizes fluctuations in user rates. Some capital projects require large-scale funding and/or several years' worth of funding prior to the utilization of the funds.

2024 SEWER CAPITAL PROJECT FUND

Table 3 – 5 Year Project Plan

Gravity Sanitary Sewer Fund	2024	2025	2026	2027	2028
Laguna Drive Sewer Connect New Station, Construct 1000ft, Phase I	\$500,000	\$500,000			
Ranch Road (extended) Area E Sewer Improvements, Construct 1300 ft, Phase II	\$650,000	\$650,000			
Glen Oaks Lane Area E Gravity Sewer Improvements, Construct 1300ft, Phase III		\$650,000	\$650,000		
Glen Oaks Lane Area E Gravity Sewer Improvements, Construct 1700ft, Phase IV			\$1,275,000	\$425,000	
Riverdale Park Area F Gravity Sewer Improvements, Design			\$75,000		
Riverdale Park Area F Gravity Sewer Improvements, Construct				\$750,000	\$750,000
Sewer Main Improvements in Areas A, B, C, D				\$500,000	\$500,000
Update System Hydraulic Modeling with Improvements					\$50,000
Heritage Estates Siphon Design Study			\$15,000		
River Rd at Milw. River Design Study			\$15,000		
Mequon Rd, Flow Equalization @ STH 57				\$35,000	\$175,000
STH167 Sewer Rehabilitation Work				\$300,000	
Gravity Sanitary Sewer Fund (Category 1) TOTALS	\$1,150,000	\$1,800,000	\$2,030,000	\$2,010,000	\$1,475,000
Lift Station Fund	2024	2025	2026	2027	2028
Ranch Rd Lift Station E Construction	\$4,305,000	\$479,000			
Fieldwood Drive Lift Station G Design Study Report for Improvements		\$35,000			
Construct Fieldwood Drive Lift Station G Capacity Upgrade			\$275,000		
Replace Pumps, Valves, Motors (R,S,T,U)		\$50,000	\$50,000	\$50,000	\$50,000
Install Magnetic Flow Meters (A,B,C,D,R)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Install Lift Station Emergency Generators with Transfer Switches (K,H,Q,J,M)		\$60,000	\$60,000	\$60,000	\$120,000

2024 SEWER CAPITAL PROJECT FUND

Replace and Upgrade Transducers, Control Panels and Cathodic Protection		\$15,000	\$15,000	\$15,000	\$15,000
Condition Assessments (A,X)			\$50,000	\$50,000	
Replacement and Generator Installations		\$50,000			\$50,000
Decommissioning Studies (LS E, P)	\$40,000		\$15,000		
Lift Station Fund (Category 2) TOTALS	\$4,345,000	\$654,000	\$430,000	\$190,000	\$250,000
Force Main Fund	2024	2025	2026	2027	2028
Laguna Drive LS E Force Main Construct for new Connection	\$450,000				
Hidden Reserve LS E Force Main Extension		\$500,000			
Lift Station G Force Main Design Capacity Improvements		\$35,000			
Lift Station G Force Main Construct 6,200ft			\$1,100,000	\$1,100,000	
Concord Drive Lift Station R Force Main Replacement				\$50,000	\$250,000
Retrofit Force Mains with Access Ports (A,E)			\$10,000	\$10,000	\$20,000
Sanitary Force Main Cleaning (A,E,T,V)			\$150,000	\$75,000	\$75,000
Forcemain Fund (Category 3) TOTALS	\$450,000	\$535,000	\$1,185,000	\$1,235,000	\$430,000
Asset Management Fund	2024	2025	2026	2027	2028
Flow Meters, Rain Gauge, Flow Monitoring Quarterly Reports (East, Central, and West Trunk Gravity System)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Flow Metering - Lift Stations (A,D,U,R,T)	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Software Upgrade – CCTV Camera		\$25,000			
GIS Improvement - Sewer Lateral Tools	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
SCADA Study and Upgrades			\$100,000		
Asset Management Fund (Category 4) TOTALS	\$66,000	\$41,000	\$141,000	\$41,000	\$41,000

Attachment: Exhibit A - 2024 Capital Fund Details (RESOLUTION 4078 : FY2024 Sewer Budget)

2024 SEWER CAPITAL PROJECT FUND

Equipment Replacement Fund	2024	2025	2026	2027	2028
Equipment Replacement (Trucks, CCTV, Back Up Pumps)	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Equipment Replacement Fund (Category 5) TOTALS	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
TOTALS (Categories 1 to 5)	\$6,651,000	\$7,735,000	\$3,986,000	\$3,551,000	\$2,186,000
PPI/I Reduction – Reimbursable Account	2024	2025	2026	2027	2028
Riverdale Park Lift Station F Area Implementation (ME10005-ME01)	\$222,650	\$225,000	\$225,000		
Riverland Drive Lift Station H Area Implementation (ME10005-ME01)	\$222,650				
Ranch Road Lift Station E Area Implementation (M10005-ME02)	\$687,632				
Ranch Road Lift Station E Area Inspection (M10005-ME02)	\$169,822				
Continue Priority Sewer Lateral Allocation				\$225,000	\$225,000
Private Property Inflow Infiltration Reduction TOTALS	\$1,302,754	\$225,000	\$225,000	\$225,000	\$225,000

2024 SEWER CAPITAL PROJECT FUND

The Capital Funding Analysis is shown in Table 4. The available budget with respect to the sinking fund accumulation of capital funds identifies potential shortfalls for capital projects requiring large scale funding.

As previously noted, Table 4 assumes that the SUDC approved both the reassignment of undesignated cash reserves and approved staff's recommendation for mill rate and user charges. If any of those items are amended or denied, the final budget package will reflect those modifications.

Table 4 - Capital Funding Analysis with Mill Rate at 1.62, Residential Flat User Charge at \$83.00 per quarter and Volumetric User Charge at \$8.04 per 1,000 gal

	2023	2024	2025	2026	2027	2028
Budget Available (Jan.1)*	\$5,281,082	\$5,194,868	\$975,747	(\$4,309,253)	(\$5,635,253)	(\$6,476,253)
Capital Funding	\$2,073,286	\$2,431,879	\$2,450,000	\$2,660,000	\$2,710,000	\$2,760,000
Total Funds Available	\$7,354,368	\$7,626,747	\$3,425,747	(\$1,649,253)	(\$2,925,253)	(\$3,716,253)
Capital Expenses	\$2,159,500	\$6,651,000	\$7,735,000	\$3,986,000	\$3,551,000	\$2,186,000
End of Year Balance**	\$5,194,868	\$975,747	(\$4,309,253)	(\$5,635,253)	(\$6,476,253)	(\$5,902,253)

*Includes the \$3.404 million in debt proceeds from the \$19.4 million East Trunk Sewer project financing in 2018, minus \$15.9 million in expenditures.

**In 2024 the capital funding analysis year-end balance is projected as a deficit that would require borrowing to complete the Replacement of the Lift Station E along Ranch Road. This work at LS E as part of the East Trunk Sewer work north of Mequon Road is anticipated for construction in 2024. Additional work for capacity improvements to the gravity system and lift stations have also been identified. A determination on the type of capacity improvements, relief sewer or storage facilities will need to be made. For purposes of this budget, the more expensive relief sewer is accounted for in Exhibit A.

2024 (DRAFT) CALCULATION OF SEWER USER CHARGE RATES

Exhibit B

<u>Rate Components</u>	<u>Annual Cost</u>	<u>Total (1,000 gals)</u>	<u>2024 Rate (1,000 gals)</u>	<u>2023 Rate (1,000 gals)</u>	<u>Change</u>	
MMSD O&M	\$1,696,876	486,775	\$3.486	\$3.497	(0.011)	
Mequon O&M	\$1,187,387	486,775	\$2.439	\$2.877	(0.438)	
Self Funded Capital	\$1,030,000	486,775	\$2.116	\$1.178	0.938	
Capital Debt Service	\$0	486,775	0.000	\$0.000	0.000	
Totals:	\$3,914,263		\$8.041	\$7.552	0.489	6.5%

Quarterly Flat Rate

<u>Customer Type</u>	<u>Rate (1,000 gals)</u>	<u>MMSD ROF</u>	<u>MMSD ERU</u>	<u>Days</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Residential	\$8.041	2.31	49.0	365	\$83.05	\$78.00	6.1%
			41,314				

Estimated Flow Volume:

<u>Customer Type</u>	<u>Customers</u>	<u>MMSD ROF</u>	<u>MMSD ERU</u>	<u>Days</u>	<u>Total 2024 (1,000 gals)</u>	<u>2023</u>	<u>2024 Revenues</u>
Residential	7,498	2.31	49.0	365	309,775	309,206	\$2,490,968
Commercial	473	N/A	N/A	N/A	177,000	169,000	\$1,423,295
Totals:	7,971				486,775	478,206	\$3,914,263

MMSD O&M Charges

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Estimated User Charge Billings Provided from MMSD	\$1,696,876	\$1,672,293	\$24,583	1.47%

Mequon O&M Charges

<u>Expense Type</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Total Operating Costs	7,913,134	\$7,810,987	\$102,147
* Less - MMSD O&M	(\$1,696,876)	(\$1,672,293)	(\$24,583)
** Less - MMSD Capital	(\$4,629,571)	(\$4,604,759)	(\$24,812)
*** Less - Other Income	(399,300.00)	(\$158,300)	(\$241,000)
Totals:	\$1,187,387	\$1,375,635	(\$188,248)

* MMSD O&M costs are calculated as a separate component and need to be deducted in order not to be counted twice.

** MMSD sewer capital charges are paid through the tax levy and should not be included in the amount needed to be covered through user fees.

*** Interest, Late fees, and Misc revenues reduce the amount of the Mequon O&M charges needed to be covered through user fees.

<u>Tax Exempt Capital Rate</u>		<u>2024</u>	<u>2023</u>	<u>Change</u>
	Budgeted MMSD Capital Costs	\$4,629,571	\$4,604,759	\$24,812
	Mequon Capital Costs	\$620,000	\$260,000	\$360,000
(CSM, MATC, Concordia)	Total annual estimated sewer flow	486,775	478,206	8,569
	Calculated rate per 1,000 gallons	\$10.78	\$10.17	6.0%

Attachment: Exhibit B - 2024 Sewer Budget Rate Data (RESOLUTION 4078 : FY2024 Sewer Budget)

NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

ACCOUNTS FOR:		2022	2023	2023	2023	2023	2024	
Sewer UT Fund		ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	PROJECTION	DEPT HEAD	COMMENT
610669	Sewer UT Operations							
35	TAXES							
610669	435101 Prop Tax	.00	.00	.00	531.13	.00	.00	
	TOTAL TAXES	.00	.00	.00	531.13	.00	.00	
45	GENERAL FEES							
610669	445106 Misc Rev	-40,350.00	.00	.00	.00	.00	.00	
	TOTAL GENERAL FEES	-40,350.00	.00	.00	.00	.00	.00	
55	SPECIAL ASSESSMENTS							
610669	455102 Special As	.00	.00	.00	.00	.00	.00	
610669	455103 S/A Intere	-225.08	-300.00	-300.00	.00	-300.00	-300.00	
	TOTAL SPECIAL ASSESSMENTS	-225.08	-300.00	-300.00	.00	-300.00	-300.00	
58	OTHER REVENUE							
610669	458201 LTDebtPrcd	.00	.00	.00	.00	.00	.00	
610669	458203 Amort - BP	-62,341.65	-62,342.00	-62,342.00	.00	-62,342.00	-62,342.00	
610669	458301 PILOT Rev	-10,185.49	-11,000.00	-11,000.00	-3,202.18	-3,200.00	-121,000.00	
610669	458302 Prior Year	.00	.00	.00	.00	.00	.00	
610669	458303 RevReduct	.00	.00	.00	.00	.00	.00	
610669	458501 OtherGrant	.00	.00	.00	.00	.00	.00	
	TOTAL OTHER REVENUE	-72,527.14	-73,342.00	-73,342.00	-3,202.18	-65,542.00	-183,342.00	
59	INVESTMENT REVENUE							
610669	459101 Interest	72,199.71	-120,000.00	-120,000.00	-352,365.54	-400,000.00	-250,000.00	
610669	459102 PrcdsCapLe	.00	.00	.00	.00	.00	.00	
	TOTAL INVESTMENT REVENUE	72,199.71	-120,000.00	-120,000.00	-352,365.54	-400,000.00	-250,000.00	
60	SEWER - OPERATING							
610669	460201 ResMeas	-906,810.01	-890,230.00	-890,230.00	-797,773.44	-890,230.00	-952,468.00	
610669	460202 PubAuth	.00	.00	.00	.00	.00	.00	
610669	460203 ComMeas	-1,101,502.56	-1,276,293.00	-1,276,293.00	-1,082,113.82	-1,276,293.00	-1,423,295.00	
610669	460204 SrvMMSDCap	.00	.00	.00	.00	.00	.00	
610669	460205 ResFlat	-1,370,677.14	-1,444,905.00	-1,444,905.00	-1,082,921.67	-1,444,905.00	-1,538,500.00	
610669	460206 TaxExptCap	-357,145.79	-429,000.00	-429,000.00	-335,947.84	-429,000.00	-440,000.00	
610669	460208 Misc opera	-20,805.63	-15,000.00	-15,000.00	-14,216.83	-15,000.00	-15,000.00	

Attachment: Exhibit C - 2024 Sewer Budget Details (RESOLUTION 4078 : FY2024 Sewer Budget)

NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

ACCOUNTS FOR:			2022	2023	2023	2023	2023	2024	
Sewer	UT Fund		ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	PROJECTION	DEPT HEAD	COMMENT
TOTAL SEWER - OPERATING			-3,756,941.13	-4,055,428.00	-4,055,428.00	-3,312,973.60	-4,055,428.00	-4,369,263.00	
61	SEWER - NON OPERATIN								
610669	461101	Sewer Prop	-7,213,955.99	-7,213,956.00	-7,213,956.00	-7,213,956.00	-7,213,956.00	-7,262,821.00	
610669	461102	Sewer Gran	.00	.00	.00	.00	.00	.00	
610669	461302	Int S/A	.00	.00	.00	.00	.00	.00	
TOTAL SEWER - NON OPERATIN			-7,213,955.99	-7,213,956.00	-7,213,956.00	-7,213,956.00	-7,213,956.00	-7,262,821.00	
63	WATER - OTHER OPERAT								
610669	463701	LatePnlty	-17,919.83	-12,000.00	-12,000.00	-9,703.39	-13,000.00	-13,000.00	
610669	463702	TaxCertFee	.00	.00	.00	.00	.00	.00	
TOTAL WATER - OTHER OPERAT			-17,919.83	-12,000.00	-12,000.00	-9,703.39	-13,000.00	-13,000.00	
64	WATER - NON OPERATIN								
610669	465421	ContrCap	-55,649.07	.00	.00	.00	.00	.00	
TOTAL WATER - NON OPERATIN			-55,649.07	.00	.00	.00	.00	.00	
69	PROJECT FUNDING								
610669	469009	TransferIn	.00	.00	.00	.00	.00	.00	
TOTAL PROJECT FUNDING			.00	.00	.00	.00	.00	.00	
70	SALARIES								
610669	670101	Salaries	424,258.72	524,943.00	524,943.00	350,428.65	440,000.00	532,787.81	
610669	670104	Vacation	.00	.00	.00	.00	.00	.00	
610669	670105	Sick Pay	.00	.00	.00	.00	.00	.00	
610669	670106	CompTime	30,292.61	25,000.00	25,000.00	24,534.55	25,000.00	25,000.00	
610669	670201	OverTime	3,022.47	3,000.00	3,000.00	3,132.87	4,000.00	3,000.00	
610669	670202	Stand By	1,063.26	10,000.00	10,000.00	614.16	1,000.00	5,000.00	
610669	670205	FMLA	3,288.48	.00	.00	9,992.84	10,000.00	.00	
610669	670206	EmergLeave	.00	.00	.00	.00	.00	.00	
610669	670301	Longevity	.00	.00	.00	.00	.00	.00	
610669	670401	MuniSupsvs	198,062.08	192,000.00	192,000.00	.00	205,000.00	214,500.00	
TOTAL SALARIES			659,987.62	754,943.00	754,943.00	388,703.07	685,000.00	780,287.81	
73	FRINGE BENEFITS								
610669	673101	Social Sec	36,044.29	39,046.00	39,046.00	29,422.46	39,046.00	39,666.00	
610669	673102	Retirement	32,684.26	35,200.00	35,200.00	27,905.92	35,200.00	36,167.00	
610669	673103	W/C Insure	13,767.66	13,800.00	13,800.00	15,046.22	15,050.00	15,200.00	

Attachment: Exhibit C - 2024 Sewer Budget Details (RESOLUTION 4078 : FY2024 Sewer Budget)

NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

ACCOUNTS FOR:			2022	2023	2023	2023	2023	2024	
Sewer	UT	Fund	ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	PROJECTION	DEPT HEAD	COMMENT
610669	673104	UnempComp	.00	.00	.00	.00	.00	.00	
610669	673201	Health Ins	138,259.51	145,612.00	145,612.00	114,339.82	145,612.00	158,174.17	
610669	673202	Dental Ins	5,568.94	5,788.00	5,788.00	4,781.06	5,788.00	5,672.00	
610669	673203	Life Ins	1,579.47	1,543.00	1,543.00	1,259.79	1,543.00	1,770.00	
610669	673204	Disability	1,588.84	2,250.00	2,250.00	1,492.09	2,000.00	2,000.00	
TOTAL FRINGE BENEFITS			229,492.97	243,239.00	243,239.00	194,247.36	244,239.00	258,649.17	
75	OTHER STAFF COSTS								
610669	675101	Uniforms	2,070.00	2,250.00	2,250.00	.00	2,250.00	2,250.00	
TOTAL OTHER STAFF COSTS			2,070.00	2,250.00	2,250.00	.00	2,250.00	2,250.00	
76	ADMIN & GENERAL EXP								
610669	676205	OPEB Pen	-25,451.00	.00	.00	.00	.00	.00	
TOTAL ADMIN & GENERAL EXP			-25,451.00	.00	.00	.00	.00	.00	
80	MATERIALS & SUPPLIES								
610669	680101	Office Sup	334.82	1,000.00	981.12	538.75	1,018.88	1,000.00	
610669	680301	WS-Admin	17,950.42	17,000.00	17,000.00	22,456.85	18,000.00	18,000.00	
610669	680402	Motor Fuel	16,375.70	17,500.00	17,500.00	11,470.25	18,500.00	20,000.00	
610669	680504	Telephone	1,584.92	2,000.00	2,000.00	1,469.04	2,000.00	2,000.00	
610669	680505	Postage	11,010.18	14,500.00	14,500.00	11,133.97	14,500.00	14,500.00	
TOTAL MATERIALS & SUPPLIES			47,256.04	52,000.00	51,981.12	47,068.86	54,018.88	55,500.00	
83	PURCHASED SERVICES								
610669	683101	Cnsult-Gen	22,675.82	24,000.00	24,000.00	9,335.06	24,000.00	24,000.00	
610669	683201	Cntrct-Gen	18,831.19	23,500.00	23,500.00	8,843.33	23,500.00	23,500.00	
610669	683202	Cntrct-Mnt	1,532.76	5,000.00	5,000.00	2,872.60	1,500.00	5,000.00	
610669	683401	Liab Ins	34,224.20	28,500.00	28,500.00	.00	35,000.00	38,000.00	
610669	683402	Auto Insur	4,922.95	5,000.00	5,000.00	3,706.52	4,000.00	4,000.00	
610669	683501	Train/Conf	6,884.22	7,500.00	7,500.00	3,860.00	6,000.00	7,500.00	
610669	683702	Misc.Servs	.00	.00	.00	.00	.00	.00	
610669	683901	Contingenc	.00	.00	.00	.00	.00	.00	
TOTAL PURCHASED SERVICES			89,071.14	93,500.00	93,500.00	28,617.51	94,000.00	102,000.00	
88	EQUIPMENT / LEASES								
610669	688120	Rentals	60,551.00	68,000.00	68,000.00	.00	68,000.00	68,000.00	
TOTAL EQUIPMENT / LEASES			60,551.00	68,000.00	68,000.00	.00	68,000.00	68,000.00	
95	OPERATING EXPENSES								
610669	695102	Power/Fuel	90,293.19	100,000.00	100,000.00	88,980.70	108,000.00	100,000.00	

Attachment: Exhibit C - 2024 Sewer Budget Details (RESOLUTION 4078 : FY2024 Sewer Budget)

NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

ACCOUNTS FOR:			2022	2023	2023	2023	2023	2024	
Sewer UT Fund			ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	PROJECTION	DEPT HEAD	COMMENT
610669	695103	SystemReh	75,468.64	135,000.00	135,000.00	15,373.37	170,566.00	135,000.00	
610669	695104	TV Equip	94.20	15,000.00	12,548.87	8,949.11	17,451.13	15,000.00	
610669	695105	System Rep	30,510.16	60,000.00	60,000.00	30,215.92	70,235.00	60,000.00	
610669	695108	SewageO&M	1,503,061.42	1,672,293.00	1,296,167.22	1,302,085.22	1,672,293.00	1,696,876.00	
610669	695109	SewageCap	4,896,635.00	4,604,759.00	4,603,203.00	4,610,128.00	4,621,341.00	4,629,571.00	
610669	695111	Transport	2,302.03	5,000.00	5,000.00	953.44	2,400.00	5,000.00	
610669	695114	Equip Repl	38.43	5,000.00	5,000.00	.00	5,000.00	5,000.00	
610669	695201	TranCapRes	.00	.00	.00	.00	.00	.00	
TOTAL OPERATING EXPENSES			6,598,403.07	6,597,052.00	6,216,919.09	6,056,685.76	6,667,286.13	6,646,447.00	
96	NON-OPERATING EXPENS								
610669	686604	BadDebt	408.39	.00	.00	498.70	.00	.00	
610669	696101	Depreciati	1,041,996.52	1,200,000.00	1,200,000.00	.00	1,075,000.00	1,125,000.00	
610669	696201	Amortizati	.00	.00	.00	.00	.00	.00	
610669	696204	Amort Bond	.00	.00	.00	.00	.00	.00	
610669	696401	Principal	.00	.00	.00	.00	.00	.00	
610669	696501	Interest	458,121.70	406,756.00	406,756.00	308,545.78	406,756.00	359,713.00	
TOTAL NON-OPERATING EXPENS			1,500,526.61	1,606,756.00	1,606,756.00	309,044.48	1,481,756.00	1,484,713.00	
TOTAL Sewer UT Operations			-1,923,461.08	-2,057,286.00	-2,437,437.79	-3,867,302.54	-2,451,675.99	-2,680,879.02	
TOTAL Sewer UT Fund			-1,923,461.08	-2,057,286.00	-2,437,437.79	-3,867,302.54	-2,451,675.99	-2,680,879.02	
TOTAL REVENUE			-11,085,368.53	-11,475,026.00	-11,475,026.00	-10,891,669.58	-11,748,226.00	-12,078,726.00	
TOTAL EXPENSE			9,161,907.45	9,417,740.00	9,037,588.21	7,024,367.04	9,296,550.01	9,397,846.98	
GRAND TOTAL			-1,923,461.08	-2,057,286.00	-2,437,437.79	-3,867,302.54	-2,451,675.99	-2,680,879.02	

** END OF REPORT - Generated by Jennifer Engroff **

Attachment: Exhibit C - 2024 Sewer Budget Details (RESOLUTION 4078 : FY2024 Sewer Budget)

NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

ACCOUNTS FOR:

Sewer	UT	Fund	2022 ACTUAL	2023 ORIG BUD	2023 REVISED BUD	2023 ACTUAL	2023 PROJECTION	2024 DEPT HEAD	COMMENT
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Field #	Total	Page	Break
Sequence 1	1	Y	Y
Sequence 2	9	Y	Y
Sequence 3	10	Y	N
Sequence 4	0	N	N

Report title:
 10/23/2023 16:08 | CITY OF MEQUON
 jengroff | NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

| P
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PROJECTION: 624 2024 SEWER AND WATER UTILITY BUDGETS FOR PERIOD 99

Report type: 1
 Budget level: 1
 Percentage change calculation method: 1
 Print first or second year of budget requests: F
 Print revenue as credit: Y
 Include cfwd in rev bud: N
 Include cfwd in actuals: N
 Print totals only: N
 Include segment code: N
 Include report grand totals by account type: Y
 Print full GL account: N
 Double space: N
 Suppress zero bdgt accts: N
 Print as worksheet: N
 Print percent change or comment: C
 Print text: N
 Amounts/totals exceed 999 million dollars: N
 Print five budget levels: N
 Report view: F

Find Criteria

Field Name	Field Value
Org	610669
Object	
Project	
Account type	
Account status	

DEPARTMENT BUDGET REQUESTS

BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	435101	General Property Tax 0610-10-669-000-435101-	.00	.00	.00	.00
610669	445106	Miscellaneous Rev. 0610-10-669-000-445106-	.00	.00	.00	.00
610669	455102	Special Assessment Rev 0610-10-669-000-455102-	.00	.00	.00	.00
610669	455103	S/A Interest 0610-10-669-000-455103-	-300.00	-300.00	-300.00	.00
610669	458201	Long Term Debt Prcnds 0610-10-669-000-458201-	.00	.00	.00	.00
610669	458203	Amort - Bond Premium 0610-10-669-000-458203-	-62,342.00	-62,342.00	-62,342.00	.00
610669	458301	PILOT Revenue 0610-10-669-000-458301-	-11,000.00	-3,200.00	-121,000.00	1,000.00
		PILOT Revenue	1.00	121,000.00	-121,000.00	
610669	458302	Prior Years Expense 0610-10-669-000-458302-	.00	.00	.00	.00
610669	458303	Revenue Reduction 0610-10-669-000-458303-	.00	.00	.00	.00
610669	458501	Other Grants / Donations 0610-10-669-000-458501-	.00	.00	.00	.00
610669	459101	Interest-Investments 0610-10-669-000-459101-	-120,000.00	-400,000.00	-250,000.00	108.33
610669	459102	Proceeds - Capital Lease 0610-10-669-000-459102-	.00	.00	.00	.00
610669	460201	Residential-Measured 0610-10-669-000-460201-	-890,230.00	-890,230.00	-952,468.00	6.99
610669	460202	Public Authority 0610-10-669-000-460202-	.00	.00	.00	.00
610669	460203	Commercial-Measured 0610-10-669-000-460203-	-1,276,293.00	-1,276,293.00	-1,423,295.00	11.52
610669	460204	Service-MMSD Capital 0610-10-669-000-460204-	.00	.00	.00	.00

Attachment: Exhibit C - 2024 Sewer Budget Details (RESOLUTION 4078 : FY2024 Sewer Budget)

DEPARTMENT BUDGET REQUESTS

BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	460205	Residential-Flat Rate 0610-10-669-000-460205-	-1,444,905.00	-1,444,905.00	-1,538,500.00	6.48
610669	460206	Tax Exempt Capital Fees 0610-10-669-000-460206-	-429,000.00	-429,000.00	-440,000.00	2.56
610669	460208	Misc Operating Revenue 0610-10-669-000-460208-	-15,000.00	-15,000.00	-15,000.00	.00
610669	461101	Sewer Property Tax 0610-10-669-000-461101-	-7,213,956.00	-7,213,956.00	-7,262,821.00	.68
610669	461102	Sewer Grant Revenue 0610-10-669-000-461102-	.00	.00	.00	.00
610669	461302	Interest-S/A 0610-10-669-000-461302-	.00	.00	.00	.00
610669	463701	Late Penalty Revenue 0610-10-669-000-463701-	-12,000.00	-13,000.00	-13,000.00	8.33
610669	463702	Tax Certification Fees 0610-10-669-000-463702-	.00	.00	.00	.00
610669	465421	Capital Contributions 0610-10-669-000-465421-	.00	.00	.00	.00
610669	469009	Transfers In 0610-10-669-000-469009-	.00	.00	.00	.00
610669	670101	Salaries 0610-10-669-000-670101-	524,943.00	440,000.00	532,787.81	1.49
			1.00	69,609.00	69,609.00	
			1.00	72,921.00	72,921.00	
			1.00	69,609.00	69,609.00	
			1.00	86,463.00	86,463.00	
			1.00	53,793.00	53,793.00	
			1.00	53,793.00	53,793.00	
			.50	77,024.00	38,512.00	
			.50	48,900.00	24,450.00	
	INTERNS		1.00	29,120.00	29,120.00	
	DRISCOLL KEVIN		.50	90,781.62	45,390.81	
	2% Vacancy Discount		1.00	10,873.00	-10,873.00	
610669	670104	Vacation 0610-10-669-000-670104-	.00	.00	.00	.00

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DEPARTMENT BUDGET REQUESTS

BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	670105	Sick Pay 0610-10-669-000-670105-	.00	.00	.00	.00
610669	670106	Comp Time 0610-10-669-000-670106-	25,000.00	25,000.00	25,000.00	.00
610669	670201	OverTime 0610-10-669-000-670201-	3,000.00	4,000.00	3,000.00	.00
610669	670202	Stand By Pay 0610-10-669-000-670202-	10,000.00	1,000.00	5,000.00	-50.00
610669	670205	Medical Leave 0610-10-669-000-670205-	.00	10,000.00	.00	.00
610669	670206	Emergency Medical Leave 0610-10-669-000-670206-	.00	.00	.00	.00
610669	670301	Longevity 0610-10-669-000-670301-	.00	.00	.00	.00
610669	670401	Municipal Support Services 0610-10-669-000-670401-	192,000.00	205,000.00	214,500.00	11.72
610669	673101	Social Security 0610-10-669-000-673101-	39,046.00	39,046.00	39,666.00	1.59
			.00	.00	4,099.00	
			.00	.00	959.00	
			.00	.00	4,154.00	
			.00	.00	971.00	
			.00	.00	3,945.00	
			.00	.00	922.00	
			.00	.00	5,127.00	
			.00	.00	1,199.00	
			.00	.00	2,518.00	
			.00	.00	589.00	
			.00	.00	3,120.00	
			.00	.00	730.00	
			.00	.00	2,998.00	
			.00	.00	701.00	
			.00	.00	2,267.00	
			.00	.00	530.00	
			.00	.00	1,393.00	
			.00	.00	326.00	
		FICA/MEDICARE ON OT & STANDBY PAY	1.00	1,700.00	1,700.00	
		INTERNS	1.00	2,228.00	2,228.00	
		2% Vacancy Discount	1.00	810.00	-810.00	

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BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	673102	Retirement	35,200.00	35,200.00	36,167.00	2.75
	0610-10-669-000-673102-					
			.00	.00	4,803.00	
			.00	.00	5,032.00	
			.00	.00	4,803.00	
			.00	.00	5,966.00	
			.00	.00	3,048.00	
			.00	.00	3,712.00	
			.00	.00	3,712.00	
			.00	.00	2,657.00	
			.00	.00	1,687.00	
	WRS ON STANDBY/OT		1.00	1,485.00	1,485.00	
	2% Vacancy Discount		1.00	738.00	-738.00	
610669	673103	Worker's Comp Insurance	13,800.00	15,050.00	15,200.00	10.14
	0610-10-669-000-673103-					
610669	673104	Unemployment Compensation	.00	.00	.00	.00
	0610-10-669-000-673104-					
610669	673201	Health Insurance	145,612.00	145,612.00	158,174.17	8.63
	0610-10-669-000-673201-					
			.00	.00	9,931.00	
			.00	.00	24,462.00	
			.00	.00	24,462.00	
			.00	.00	24,462.00	
			.00	.00	12,231.00	
			.00	.00	9,931.00	
			.00	.00	23,595.00	
			.00	.00	12,231.00	
			.00	.00	12,231.00	
	Additional 2024 Rate Increase		1.00	7,866.17	7,866.17	
	2% Vacancy Discount		1.00	3,228.00	-3,228.00	
610669	673202	Dental Insurance	5,788.00	5,788.00	5,672.00	-2.00
	0610-10-669-000-673202-					
			.00	.00	349.00	
			.00	.00	1,018.00	
			.00	.00	1,018.00	
			.00	.00	1,018.00	
			.00	.00	509.00	
			.00	.00	349.00	
			.00	.00	1,018.00	
			.00	.00	509.00	
	2% Vacancy Discount		1.00	116.00	-116.00	
610669	673203	Life Insurance	1,543.00	1,543.00	1,770.00	14.71
	0610-10-669-000-673203-					
			.00	.00	225.00	
			.00	.00	83.00	
			.00	.00	399.00	
			.00	.00	586.00	

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BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
			.00	.00	75.00	
			.00	.00	46.00	
			.00	.00	62.00	
			.00	.00	261.00	
			.00	.00	69.00	
		2% Vacancy Discount	1.00	36.00	-36.00	
610669	673204	Long Term Disability 0610-10-669-000-673204-	2,250.00	2,000.00	2,000.00	-11.11
610669	675101	Uniforms & Clothing 0610-10-669-000-675101-	2,250.00	2,250.00	2,250.00	.00
610669	676205	OPEB & Supp Pension Expense 0610-10-669-000-676205-	.00	.00	.00	.00
610669	680101	Office Supplies 0610-10-669-000-680101-	981.12	1,018.88	1,000.00	1.92
610669	680301	Work Supplies-Admin 0610-10-669-000-680301-	17,000.00	18,000.00	18,000.00	5.88
610669	680402	Motor Fuels & Lubricant 0610-10-669-000-680402-	17,500.00	18,500.00	20,000.00	14.29
610669	680504	Telephone services 0610-10-669-000-680504-	2,000.00	2,000.00	2,000.00	.00
610669	680505	Postage 0610-10-669-000-680505-	14,500.00	14,500.00	14,500.00	.00
610669	683101	Consultants - General 0610-10-669-000-683101-	24,000.00	24,000.00	24,000.00	.00
		Lockbox Fees	1.00	4,000.00	4,000.00	
		Metering and Facility Plan Reviews	2.00	5,000.00	10,000.00	
		Condition Assessments	2.00	5,000.00	10,000.00	
610669	683201	Contracted Services - General 0610-10-669-000-683201-	23,500.00	23,500.00	23,500.00	.00
		Dumpster Fees	1.00	5,000.00	5,000.00	
		USIC - Locating Services	1.00	5,000.00	5,000.00	
		Conley Media Bid Advertisement	1.00	1,000.00	1,000.00	
		Audit Services	1.00	12,500.00	12,500.00	
610669	683202	Contracted Services - Maint. 0610-10-669-000-683202-	5,000.00	1,500.00	5,000.00	.00
		Veolia Storage Tank	1.00	5,000.00	5,000.00	

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DEPARTMENT BUDGET REQUESTS

BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	683401	Liability Insurance	28,500.00	35,000.00	38,000.00	33.33
	0610-10-669-000-683401-					
			1.00	38,000.00	38,000.00	
610669	683402	Auto Insurance	5,000.00	4,000.00	4,000.00	-20.00
	0610-10-669-000-683402-					
			1.00	4,000.00	4,000.00	
610669	683501	Training/Conferences	7,500.00	6,000.00	7,500.00	.00
	0610-10-669-000-683501-					
		MUNIS TRAINING FOR PROFESSIONAL STAFF	1.00	6,000.00	6,000.00	
			2.00	750.00	1,500.00	
610669	683702	Miscellaneous services	.00	.00	.00	.00
	0610-10-669-000-683702-					
610669	683901	Contingency	.00	.00	.00	.00
	0610-10-669-000-683901-					
610669	686604	Bad Debt Expense	.00	.00	.00	.00
	0610-10-669-000-686604-					
610669	688120	Rentals	68,000.00	68,000.00	68,000.00	.00
	0610-10-669-000-688120-					
			1.00	68,000.00	68,000.00	
610669	695102	Power/Fuel - Pumping Stations	100,000.00	108,000.00	100,000.00	.00
	0610-10-669-000-695102-					
			1.00	100,000.00	100,000.00	
610669	695103	System Rehabilitation	135,000.00	170,566.00	135,000.00	.00
	0610-10-669-000-695103-					
		Electrical Repairs - Giltzer Electric	1.00	25,000.00	25,000.00	
		Sewer Emergency Repairs - DF Tomasini, Globe	1.00	25,000.00	25,000.00	
		SCADA Repairs - Energenecs	1.00	25,000.00	25,000.00	
		Additional System Rehabilitation/Maintenance	1.00	60,000.00	60,000.00	
610669	695104	TV Equipment	12,548.87	17,451.13	15,000.00	19.53
	0610-10-669-000-695104-					
			1.00	15,000.00	15,000.00	
610669	695105	System Repairs	60,000.00	70,235.00	60,000.00	.00
	0610-10-669-000-695105-					
		SYSTEM REPAIRS	1.00	60,000.00	60,000.00	

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BUDGET PROJECTION 624 2024 SEWER AND WATER UTILITY BUDGETS

ORG	OBJECT PROJ	ACCOUNT DESCRIPTION	CURRENT ADJ BUDGET	PROJECTED ACTUAL	DEPT HEAD	PERCENT CHANGE
610669	695108	Sewage Treatment-O & M 0610-10-669-000-695108-	1,296,167.22	1,672,293.00	1,696,876.00	30.91
		Milwaukee Metro Sewerage District	1.00	1,696,876.00	1,696,876.00	
610669	695109	Sewage Treatment-Capita 0610-10-669-000-695109-	4,603,203.00	4,621,341.00	4,629,571.00	.57
		Milwaukee Metro Sewerage District Capital Charge	1.00	4,629,571.00	4,629,571.00	
610669	695111	Transportation 0610-10-669-000-695111-	5,000.00	2,400.00	5,000.00	.00
			1.00	5,000.00	5,000.00	
610669	695114	Equip Replacement 0610-10-669-000-695114-	5,000.00	5,000.00	5,000.00	.00
			1.00	5,000.00	5,000.00	
610669	695201	Transfer to Capital Reserve 0610-10-669-000-695201-	.00	.00	.00	.00
610669	696101	Depreciation 0610-10-669-000-696101-	1,200,000.00	1,075,000.00	1,125,000.00	-6.25
610669	696201	Amortization 0610-10-669-000-696201-	.00	.00	.00	.00
610669	696204	Amortization-Bond Discount 0610-10-669-000-696204-	.00	.00	.00	.00
610669	696401	Principal-Bonds 0610-10-669-000-696401-	.00	.00	.00	.00
610669	696501	Interest-Bonds 0610-10-669-000-696501-	406,756.00	406,756.00	359,713.00	-11.57
		BUDGET CEILING:			-2,437,437.79	
		TOTALS:	-2,437,437.79	-2,451,675.99	-2,680,879.02	9.99

** END OF REPORT - Generated by Jennifer Engroff **

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