



11333 N. Cedarburg Road
Mequon, WI 53092
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www.ci.mequon.wi.us

Public Works/Engineering
Taped and Televised

SEWER UTILITY DISTRICT COMMISSION
Tuesday, November 14, 2023
7:30 PM or immediately following Committee of the Whole
Christine Nuernberg Hall

Agenda

- 1) Call to Order, Roll Call
- 2) Approval of Meeting Minutes
Action requested: review and approve
 - a. October 30, 2023, Minutes
- 3) Ordinances
Action requested: review and recommend approval
 - a. **ORDINANCE 2023-1656** An Ordinance Appropriating the Necessary Funds from the City of Mequon's Sewer Utility District for the Year 2024 for Capital Charge Payments to the Milwaukee Metropolitan Sewerage District (MMSD) and City of Mequon Capital Debt Service Requirements
- 4) Resolutions
Action requested: review and recommend approval
 - a. **RESOLUTION 4093** A Resolution Ratifying an Estimated Final Contract Amount of \$55,000 with S.E.H. of Sheboygan, Wisconsin, for Inspection Services in Connection with the Tamerlane Drive Lift Station O Parallel Sanitary Force Main and Pump Replacement Projects
- 5) Adjourn

Dated: November 14, 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
Monday, October 30, 2023
6:30 PM
Christine Nuernberg Hall

Minutes

1) Call to Order, Roll Call

Meeting was called to order at 6:45 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**

Also present: City Administrator Jones, Director of Public Works/City Engineering Lundeen, Finance Director Engroff, Assistant Finance Director Keyser, and Administrative Assistant Schlereth.

2) Approval of Meeting Minutes

a. October 10, 2023, Minutes

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

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

Attachment: 10-30-23 Sewer Minutes (8964 : October 30, 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

The Commission discussed the minimum range for the policy and its impact on the City's bond rating.

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

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

- 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

The Commission discussed the value of the reassignment as compared to the minimum requirements of the policy, based upon Finance Department projections.

- c. Confirmation of Source Revenue for Capital Funding in the FY2024 Budget

Director Lundeen provided an overview of the cash flow analysis and the projected 5-year capital improvement program. Based on current projections the City would have sufficient funds for 2024 if the staff recommended increases were not approved by the Commission. If the Lift Station E project cost were not split between two years, there would be a deficit projected for 2024.

Director Engroff noted Table 4 does not include the \$1.95M in reassigned undesignated cash reserves. Figuring the \$1.95M to Table 4 brings the projected 2025 deficit down to \$2,359,253.

The Commission discussed the number of residents that report a basement backup each year, as well as whether that is an accurate representation of the number of residents who are impacted by a basement backup. Director Lundeen could not represent the number of customers within the Lift Station E sewershed, further noting that the service area includes several other lift stations that ultimately flow to Lift Station E.

Director Engroff reviewed the Municipal Levy Limit Worksheet submitted yearly to the Wisconsin Department of Revenue. Historically the City has always used the minimum claim amount to determine what the capacity will be. The City could go up to the max claim amount, that would include non-recurring expenditures. The City could only use this amount to pay for one-time purchases because as the debt is paid the max claim amount goes down.

The Commission further discussed how reevaluation of the five-year plan projects, timing and rates could be adjusted accordingly to try and avoid borrowing in 2024 and 2025.

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

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

d. **RESOLUTION 4078** A Resolution Adopting the Fiscal Year 2024 Sanitary Sewer Utility Budget and Establishing the 2024 Sanitary Sewer User Fee Schedule

RESULT: **Approved by Roll Call Vote [Unanimous]**
MOVED BY: Commissioner Parrish
SECONDED BY: Commissioner Gebhardt

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

4) Adjourn

a. Motion to Adjourn at 7:43 PM

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

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

Respectfully Submitted,

Ren Schlereth
Administrative Assistant

Attachment: 10-30-23 Sewer Minutes (8964 : October 30, 2023 Minutes)



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Office of Sewer

TO: Sewer Utility District Commission
FROM: Jennifer Engroff, Finance Director
DATE: November 14, 2023
SUBJECT: ORDINANCE 2023-1656 An Ordinance Appropriating the Necessary Funds from the City of Mequon's Sewer Utility District for the Year 2024 for Capital Charge Payments to the Milwaukee Metropolitan Sewerage District (MMSD) and City of Mequon Capital Debt Service Requirements

Background

An ordinance is required in order to appropriate the necessary funds for the City of Mequon Sewer Utility District to cover the 2024 capital charge payment to MMSD and the 2024 City of Mequon capital debt service requirements. As is the case every year, the MMSD annual capital charge to pay for capital infrastructure and watercourse improvements is an estimate, as the actual amount will not be available in time to set the levy and generate the tax roll and tax bills for 2023. The estimated MMSD capital charge is also adjusted for the difference between estimated and actual amounts incurred from the preceding year. It is then reduced by revenue received during the year from several tax-exempt organizations that have entered into separate sewer service agreements and payment in lieu of taxes (PILOT) agreements with the City.

Analysis

The 2024 estimated MMSD capital charge is projected to be \$4,629,571 which is 0.2% higher than actually invoiced in 2023. Projections from MMSD indicate that expected billing rates for 2025 through 2029 will increase an average of \$0.02 or 2% per \$1,000 of equalized value per year.

The capital debt service component of the tax rate is associated with the East Trunk Sewer project spanning 2018-2020 which was funded in 2018 by issuing \$19.4M in general obligation bonds. The Utility's recent history of debt service obligations (since 2015) is as follows:

Year	Annual Debt Service
2024	\$1,854,713
2023	\$1,861,756
2022	\$1,861,893
2021	\$1,865,247
2020	\$1,699,051
2019	\$2,062,650
2018	\$1,981,513

2017	\$1,706,250
2016	\$1,798,000
2015	\$1,885,000

The remaining levy capacity of \$1,401,879 has been allocated towards the Sewer Utility Capital Project Fund in order to reduce future borrowing costs for major projects. To summarize, the breakdown of the recommended 2024 appropriation and 2023's historical appropriation for the Sewer Utility District is as follows:

2023 Sewer Levy (Payable in 2024)	
Estimated 2023 MMSD Capital Charge (net)	\$4,075,496
City of Mequon Capital Debt Service Requirements (net)	\$1,785,446
Capital Improvement Projects	<u>\$1,401,879</u>
Total	<u>\$7,262,821</u>

2022 Sewer Levy (Payable in 2023)	
Estimated 2022 MMSD Capital Charge (net)	\$4,149,989
City of Mequon Capital Debt Service Requirements (net)	\$1,814,181
Capital Improvement Projects	<u>\$1,249,786</u>
Total	<u>\$7,213,956</u>

Presented below is a history of tax rates in the Sewer Utility District:

Levy Year	Mill Rate per \$1,000 of Assessed Value (TID Out)
2023	\$1.62 (Proposed Estimate)
2022	\$1.60
2021	\$1.62
2020	\$1.81
2019	\$1.81
2018	\$1.94
2016	\$1.89
2015	\$1.90
2014	\$1.88
2013	\$1.76

Fiscal Impact

Under the proposed tax levy for 2023 that is payable in 2024, a Mequon home located in the Sewer Utility District assessed at \$450,000, will pay approximately \$729 in utility taxes, which represents a 1.3% increase from prior year. The proposed tax rate represents a slight increase from a year ago, in order to align the tax rate with 2021 while providing incremental capital funding for the Lift Station E Project.

Recommendation

A recommendation is forthcoming from the Sewer Utility District Commission on November 14, 2023.

COMMON COUNCIL
OF THE
CITY OF MEQUON

ORDINANCE 2023-1656

An Ordinance Appropriating the Necessary Funds from the City of Mequon's Sewer Utility District for the Year 2024 for Capital Charge Payments to the Milwaukee Metropolitan Sewerage District (MMSD) and City of Mequon Capital Debt Service Requirements

THE COMMON COUNCIL OF THE CITY OF MEQUON, OZAUKEE COUNTY, STATE OF WISCONSIN, DO ORDAIN AS FOLLOWS:

SECTION I

There is hereby appropriated out of the tax receipts of the City of Mequon's Sewer Utility District for the year 2024, the amount set forth in the total of:

Total Amount of Tax Levy	\$7,262,821
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SECTION II

There is hereby levied a tax of \$7,262,821 upon all taxable property within the City of Mequon Sewer Utility District as returned by the Assessor in 2023 for the purposes set forth in said budget.

SECTION III

The City Clerk be and hereby is authorized and directed to spread the said tax upon the current tax roll of the City of Mequon Sewer Utility District.

SECTION IV

This ordinance shall take effect and be in full force upon its passage and publication.

SECTION V

The terms and provision of this ordinance are severable. Should any term of provision of this ordinance be found to be invalid by a court of competent jurisdiction, the remaining terms and provisions shall remain in full force and effect.

SECTION VI

All ordinances and parts of ordinances in contravention to this ordinance are hereby repealed.

Approved by: Andrew Nerbun, Mayor

Date Approved: November 14, 2023

I certify that the foregoing Ordinance was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on November 14, 2023.

Caroline Fochs, City Clerk

Published: _____



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Office of Engineering

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director of Public Works/City Engineer
DATE: November 14, 2023
SUBJECT: RESOLUTION 4093 A Resolution Ratifying an Estimated Final Contract Amount of \$55,000 with S.E.H. of Sheboygan, Wisconsin, for Inspection Services in Connection with the Tamerlane Drive Lift Station O Parallel Sanitary Force Main and Pump Replacement Projects

Background

In March and April 2023, the Sewer Utility District Commission (SUDC) recommended and the Common Council approved contracts to replace several pumps and valves at Tamerlane Drive, Lift Station O and construct a parallel force main.

At the time, it was anticipated that inspection efforts would be below the \$25,000 threshold required for Common Council approval, or that approval would be covered by Resolution 4020. That resolution authorized inspection services exceeding \$25,000 for the 2023 construction season and SEH was on the list of approved vendors.

Private developments in the City of Mequon are required to have construction inspections related to public infrastructure and erosion control and obtain civil and stormwater management plan approval from the City of Mequon Engineering Division.

Analysis

City Financial Policies require competitive pricing for efforts exceeding \$5,000 and Common Council approval in excess of \$25,000. The competitive pricing threshold was met with the inspection services request for proposal under Resolution 4020.

Inspection services contracts are generally written as a time and materials effort, where the final contract amount is dependent on the construction of the project and the contractor's work schedule. As noted above, City staff initially authorized an inspection services contract not-to-exceed \$25,000.

The field efforts during the month of September were dictated by the contractor's field activities, which included additional time to address an issue with a conflict with the force main location. At the time, City staff authorized an increase to \$37,912, assuming the authorization was included in Resolution 4020.

For the force main project, remaining efforts include administration of the final pay application to the contractor and a final site walk-through. The pumps have not yet been delivered; therefore, inspection of the installation has not yet occurred. The currently authorized contract amounts

also do not include the record drawings and inspection of the pump startup, both critical to the operation and maintenance of the system.

Resolution 4020 authorizes inspection services associated with development or build-and-contribute projects. The resolution restricts the authorization to projects where the inspections and reviews are billed to the developer.

The inspection services for the Tamerlane Drive, Lift Station O project are funded solely by the Sewer Utility and not directly related to development, although the upgrades were prioritized to provide the capacity warranted for the Swan Ridge Farms subdivision project.

Fiscal Impact

There is sufficient funding in the Sanitary Lift Station capital account (610669 740002) for this contract. Staff is requesting ratification of the original contract amendment and authorization of a total \$55,000 to include estimated remaining efforts and a contingency, as follows:

- Original authorization: \$25,000
- September Amendment: + \$12,912; total \$37,912
- October Projection: + \$7,813; total \$45,725
- Additional, not yet authorized work: + \$3,770 (\$2,730 for preparation of record drawings, and \$1,040 for start-up assistance); total \$49,495
- Contingency: + \$5,505 (approx. 10%, rounded to nearest \$1,000)

Please note that payments to the contractor to date total \$22,832.49. Therefore, while efforts to date exceed \$25,000, City staff has not authorized payment in excess of those allowed by the City's Financial Policies.

Recommendation

A recommendation is forthcoming from the Sewer Utility District Commission on November 14, 2023.

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION 4093

A Resolution Ratifying an Estimated Final Contract Amount of \$55,000 with S.E.H. of Sheboygan, Wisconsin, for Inspection Services in Connection with the Tamerlane Drive Lift Station O Parallel Sanitary Force Main and Pump Replacement Projects

RECITALS

- A. The Sewer Utility authorized contracts to construct a parallel force main and to replace pumps and valves at Tamerlane Drive, Lift Station O.
- B. The Sewer Utility requires inspection services related to public infrastructure construction performed by employees from outside firms, when project workloads or construction timelines exceed the availability of City staff.
- C. City staff authorized an inspection services contract with S.E.H. for the oversight of the aforementioned construction project.
- D. Efforts to date and anticipated efforts to complete the inspection project through pump startup, project closeout and record drawings exceed \$25,000 and are anticipated not to exceed \$55,000.
- E. Ratification of the contract limits is required to conform to the City's Financial Policies.
- F. There are sufficient funds in the Sewer Utility capital account 610669 740002.
- G. Sewer Utility District Commission approval is forthcoming on November 14, 2023.

BASED UPON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin that staff is authorized to exceed the expenditure limit of \$25,000, authorizing a total contract value of \$55,000 with S.E.H for inspection services associated with construction activities at Tamerlane Drive, Lift Station O.

Approved by: Andrew Nerbun, Mayor

Date Approved: November 14, 2023

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on November 14, 2023.

Caroline Fochs, City Clerk