



11333 N. Cedarburg Road
Mequon, WI 53092-1930
Phone: 262/242-3100

www.cityofmequonwi.gov

Sewer Utility District Commission
Taped and Televised

SEWER UTILITY DISTRICT COMMISSION
Regular Meeting
Wednesday, August 12, 2026 - 7:15 PM
Or Immediately Following the Committee of the Whole Meeting
Christine Nuernberg Hall

Agenda

- 1) Call to Order and Roll Call**
- 2) Approval of Meeting Minutes**
 - a) Meeting minutes of June 9, 2026
- 3) Resolutions**
 - a) **RESOLUTION 4305** - A Resolution Amending City of Mequon Financial Policy Statement 3: Reserve Requirements and Establishing Policy Statement 20: Sewer Utility Reserve Requirements
- 4) Informational Items**
 - a) Lift Station E - Construction Progress Update
- 5) Adjourn**

DATED: August 6, 2026

/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 accommodation 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 Clerk's Office at 262-236-2914,

Monday through Friday, 8:00 AM – 4:30 PM.



11333 N. Cedarburg Road
Mequon, WI 53092-1930
Phone: 262/242-3100

www.cityofmequonwi.gov

Sewer Utility District Commission
Taped and Televised

SEWER UTILITY DISTRICT COMMISSION
Regular Meeting
Tuesday, June 9, 2026 - 7:30 PM
Christine Nuernberg Hall

Minutes

1) Call to Order and Roll Call

The meeting was called to order by Mayor Nerbun at 7:30 p.m.

Present:

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

Also present: City Administrator William Jones, City Attorney Brian Sajdak, City Clerk Caroline Fochs, Director of Public Works/City Engineer Kristen Lundeen

2) Approval of Meeting Minutes

a) Meeting minutes of May 12, 2026

MOTION:	Approval of May 12, 2026 Minutes
MOVER:	Commissioner Dale Mayr
SECONDER:	Commissioner Jeffrey Hansher
AYES:	Commissioner Andrew Nerbun, Commissioner Robert Strzelczyk, Commissioner Kelly Tolocko, Commissioner Dale Mayr, Commissioner

	Jeffrey Hansher, Commissioner Gregg Bach, Commissioner Brian Parrish, Commissioner Peter Bratt, Commissioner William Gebhardt
NAYS:	None
RESULT:	Approved by Voice Acclamation [Unanimous]

3) Resolutions

- a) **RESOLUTION 4297** - A Resolution Authorizing Staff to File the City of Mequon's Compliance Maintenance Annual Report (CMAR) for Calendar Year 2025, in Accordance with Requirements Under Wisconsin Administrative Code NR208

MOTION:	Approval of Resolution 4297
MOVER:	Commissioner Robert Strzelczyk
SECONDER:	Commissioner Jeffrey Hansher
AYES:	Commissioner Andrew Nerbun, Commissioner Robert Strzelczyk, Commissioner Kelly Tolocko, Commissioner Dale Mayr, Commissioner Jeffrey Hansher, Commissioner Gregg Bach, Commissioner Brian Parrish, Commissioner Peter Bratt, Commissioner William Gebhardt
NAYS:	None
RESULT:	Approved by Voice Acclamation [Unanimous]

4) Adjourn

Motion to adjourn at 7:31 p.m.

MOTION:	Adjourn
MOVER:	Commissioner Jeffrey Hansher
SECONDER:	Commissioner William Gebhardt
AYES:	Commissioner Andrew Nerbun, Commissioner Robert Strzelczyk, Commissioner Kelly Tolocko, Commissioner Dale Mayr, Commissioner Jeffrey Hansher, Commissioner Gregg Bach, Commissioner Brian Parrish, Commissioner Peter Bratt, Commissioner William Gebhardt
NAYS:	None
RESULT:	Approved by Voice Acclamation [Unanimous]

Respectfully Submitted,

Kaitlynn Honeck
DPW Administrative Assistant



11333 N. Cedarburg Road
Mequon, WI 53092-1930
Phone: 262/236-2914
Fax: 262/242-9655

www.cityofmequonwi.gov

Sewer

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director Public Works/City Engineer
DATE: August 12, 2026
**SUBJECT: RESOLUTION 4305 - A Resolution Amending City of Mequon
Financial Policy Statement 3: Reserve Requirements and Establishing
Policy Statement 20: Sewer Utility Reserve Requirements**

Background

At the July Committee of the Whole meeting, the City's financial advisory firm (Ehlers) presented an overview related to long-term financial planning for the Sewer Utility. At the conclusion, Ehlers recommended that the Sewer Utility update its reserve policy to follow rate-based financial practices rather than levy-based financial practices. As part of this discussion, staff also shared draft policy language following those recommendations.

Analysis

Currently, the City and Sewer Utility have a combined Financial Policy document, whereas the Water Utility has a stand-alone Financial Policy document. Upon completion of the City's long-range financial plan in late 2026, staff intends to streamline all financial policies into one document, with separate sections for the City, the Sewer Utility and the Water Utility. Therefore, one update of the draft policy language presented at the July meeting is to separate the Sewer Utility Reserve Policy from that of the City's General Fund. Prior to 2023, the Sewer Utility did not have a Reserve Policy and the proposed amendments to Policy Statement 3 simply revert that document back to the previous form. Thus, staff proposes the adoption of **Policy Statement 20: Sewer Utility Reserve Requirements**, which will serve as the reserve requirements for the Sewer Utility.

The language within Policy Statement 20 is largely the same as presented at the July meeting, with additional modifications (highlighted in yellow) as follows:

- Listing of accounts that are utilized to determine the value of the operating budget
- Clarification that the reserve will be calculated and reallocation considered upon conclusion of the fiscal year's audit
- Typographical and administrative adjustments.

Fiscal Impact

The proposed policy modifies the minimum undesignated cash reserve calculation from 10-12% of the current year's operating budget to six (6) months' worth of operating expenditures (calculated as fifty percent (50%) of total annual expenditures within the operating budget), plus the next fiscal year's debt payment (principal and interest).

For reference, the calculation based on Fiscal Year 2025 (the most recent fiscal year with a completed audit) would result in the following minimum reserve amounts*:

CURRENT POLICY

\$1,010,619

PROPOSED POLICY*

\$4,021,564

*Note that under the current policy value, the Sewer Utility typically "reassigned" excess cash to the capital account. With the new policy, it is anticipated that a majority of the Utility's reserves will be allocated within the Capital Account Balances (\$11,519,314 as of December 31, 2025).

Therefore, the Sewer Utility will need to manage capital expenditures in future years to ensure the minimum reserve amount is always met.

Recommendation

A recommendation is forthcoming from the Sewer Utility District Commission on August 12, 2026.

Attachments:

Financial Policy Statement 3: Reserve Requirements, Financial Policy Statement 20: Sewer Utility Reserve Requirements

COMMON COUNCIL
OF THE
CITY OF MEQUON

RESOLUTION - 4305

RESOLUTION 4305 - A Resolution Amending City of Mequon Financial Policy Statement 3:
Reserve Requirements and Establishing Policy Statement 20: Sewer Utility Reserve
Requirements

RECITALS

A. In 2018, the Common Council adopted a comprehensive set of financial policies as an essential component to communicating the financial objectives that guide the City's financial operations.

B. Subsequently, City staff has amended Policy Statement 3: Reserve Requirements to eliminate references to the Sewer Utility and revert to the previous version of the policy.

C. City staff proposes the creation of Policy Statement 20: Sewer Utility Reserve Requirements, amending the calculation of the minimum reserve amount.

D. The Sewer Utility District Commission, having reviewed the attached financial policy documents, recommends to the Common Council that the policy contained herein be amended.

E. The adoption of the policy follows a recommendation that the reserve amount be calculated based upon 6 months of the operating budget, plus the next fiscal year's debt payment.

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

1. City of Mequon Financial Policy Statement 3: Reserve Requirements, as amended in the form attached, is adopted.
2. Policy Statement 20: Sewer Utility Reserve Requirements is created and adopted.
3. Both policies are implemented for use until further amended.

Approved by: Andrew Nerbun, Mayor

Date Approved: August 12, 2026

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on August 12, 2026.

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 the 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 or defeasance;
- 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 ~~and other Undesignated Cash Reserve~~ Balances.

POLICY STATEMENT 20

SEWER UTILITY RESERVE REQUIREMENTS

In order for the organization to be able to respond to unforeseen situations the Sewer Utility will strive to maintain an Undesignated Cash Reserve balance equivalent to six (6) months' worth of operating expenditures (calculated as fifty percent (50%) of the total annual expenditures within the operating budget), plus the next fiscal year's debt payment **(Principal plus Interest)**.

For purposes of calculating the reserve amount, the Sewer operating budget is defined to include:

- Salaries (70)
- Fringe Benefits (73)
- Other Staff Costs (75)
- Administrative & General Expenses (76)
- Materials & Supplies (80)
- Purchased Services (83)
- Equipment/Leases (88)
- Power/Fuel (695102)
- System Rehabilitation (695103)
- TV Equipment (695104)
- System Repairs (695105)
- Sewage Operation & Maintenance (695108)
- Transportation (695111)
- Equipment Replacement (695114)
- Depreciation (696101)

Excess Sewer reserves may be reallocated upon completion of the fiscal year audit. Funds eligible for reallocation shall be restricted to the excess Sewer reserves calculated at the conclusion of the fiscal year audit. Projected reserves from the current/future fiscal years shall be held until the conclusion of that fiscal year's audit.

Funds in excess of **the minimum reserve requirement** may, at the Common Council's discretion, be appropriated as follows:

- One-time capital improvements/projects;
- Debt abatement or defeasance;
- 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 Undesignated Cash Reserve will be at the targeted level, the Finance Department 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 Undesignated Cash Reserve Balances.



11333 N. Cedarburg Road
Mequon, WI 53092-1930
Phone: 262/236-2914
Fax: 262/242-9655

www.cityofmequonwi.gov

Engineering

TO: Sewer Utility District Commission
FROM: Kristen Lundeen, Director Public Works/City Engineer
DATE: August 12, 2026
SUBJECT: Lift Station E - Construction Progress Update

Construction for the new Lift Station E at 2010 Ranch Road began in early June. Prior to razing the existing home, the Sewer Utility staff coordinated with Habitat for Humanity to salvage items from the property. The Milwaukee ReStore Deconstruction Crew was successful in salvaging many valuable items to sell at the ReStores, which will result in providing funding for a first-time homeowner in Milwaukee. Milwaukee Habitat offers a hand up, rather than a hand out as Habitat homeowners help build their own homes and pay an affordable mortgage.

After the site was cleared, house razed and all utility disconnections completed, the contractor began installing the sheet piling to protect the deep excavation. Steel sheets act as trench bracing for the footprint of the new lift station to be excavated. The sheets were driven 40 feet into the ground. Driving the sheet piling was laborious due to soil conditions consistent with pre-construction soil borings. In an attempt to speed up the process and enhance the success of the sheet piling installation, the contractor brought in a crew to pre-drill for the sheet piling.

Sheet pile installation was complete towards the end of July and the crews will now transition to excavation, and that operation will require most of August to complete.

Pay Application 1 was processed in early July and pay requests are anticipated monthly. Sewer Utility authorized a request to upsize a manhole as a change to the original design, but the cost is absorbed within the replacement allowance and does not impact the total authorized contract value. The request for funds for the annual HOA fee was recently processed.

The contractor secured a temporary use permit to install a privacy fence at the request of adjacent homeowners, as well as a permit for the placement of the job site trailer. It is anticipated that the contractor may seek approval from the Planning Commission to exceed the 9-month permit term for the fence and trailer.

Sewer Utility staff continues to communicate and respond to residents in the neighborhood whose daily lives are impacted by the construction. Noise levels are understandably invasive and impactful. Crews adhere to the noise ordinance and are diligently working to complete the project in an efficient manner to complete construction.

City staff regularly posts construction status updates to keep residents and the general public informed. The current and previous project updates are available on the City's website here: <https://www.cityofmequonwi.gov/publicworks/page/lift-station-e-weekly-project-updates>.

Historic project information, including the approvals and legislative action are included on the City's website here:

<https://www.cityofmequonwi.gov/publicworks/page/lift-station-e-ranch-road-reconstruction>.

Attachments:

None