

VILLAGE OF GERMANTOWN  
N112 W17001 MEQUON ROAD  
GERMANTOWN, WI 53022

MEETING: **UTILITY ADVISORY COMMITTEE**

DATE AND TIME: **WEDNESDAY, FEBRUARY 8<sup>th</sup>, 2023 4:00 P.M.**

LOCATION: **Germantown Village Hall Conference Room A  
N112 W17001 Mequon Road**

**NOTICE:** Citizens not wishing to attend the meeting personally may submit any public comments by sending an email to [comments@germantownwi.gov](mailto:comments@germantownwi.gov) by 4 p.m. on the day of the meeting so that it can be provided to the members of the body for their consideration.

- I. **CALL TO ORDER:** *This meeting has been given public notice in accordance with Section 19.83 and 19.84, Wis. Stats, in such form that will apprise the general public and news media of subject matter that is intended for consideration and action.*
- II. **ROLL CALL:**
- III. **APPROVAL OF MINUTES:** December 15, 2022, meeting.
- IV. **PUBLIC COMMENT:** Please be advised per State Statute Section 19.84(2), information will be received from the public. It is the policy of this municipality that there be a three-minute time period, per person, with time extensions per the Chief Presiding Officer's discretion; be further advised that there may be limited discussion on the information received, however, NO ACTION will be taken under public comments.
- V. **NEW BUSINESS:**
  - A. Discussion on Summer Sewer Service Credit.
  - B. Discussion on Impact Fee Analysis for Water Utility.
  - C. Discussion on PSC Review and water rate approval for Richfield.
  - D. Discussion on Water Utility Cash Flow Analysis and Capital Project Financing.
  - E. Discussion on Future Sewer Utility Rate Review.
- VI. **SCHEDULE NEXT MEETING:**
- VII. **ADJOURNMENT:**

*UPON REASONABLE NOTICE, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For Additional information or to request this service please contact the Village Clerk at (262)250-4740 at least 2 days prior to the meeting.*

Notice is given that a majority of the Village Board may attend this meeting to gather information about an agenda item over which they have decision making responsibility. This may constitute a meeting of the Village Board per State Ex. Rel. Badke v. Greendale Village Board, even though the Village Board will not take formal action at this meeting.

**VILLAGE OF GERMANTOWN  
UTILITY ADVISORY COMMITTEE MINUTES  
DECEMBER 15, 2022**

**CALL TO ORDER:** The meeting was called to order at 6 p.m. by Chair R. Miller.

**ROLL CALL:** Present: Chair R. Miller, Dan Campbell, Scot Hefle. Absent Excused: Jim Hansen.

Quorum was not present. No action to be taken.

Also present: Administrator Kreklow, Braunschweig, Manager Uselding,

**APPROVAL OF MINUTES: July 29, 2020, Meeting.  
No Action Taken.**

**Administrator Kreklow gave a presentation that included facts of the summer sewer service credit, review of existing sewer and water rates, meter exchange adjustments, update on utility billing system implementation.**

**The elimination of the 11,000 gallon minimum to be eligible for the summer sewer service credit and the increase the multiplier from 1.15 to 1.25.**

**Authorize staff to adjust sewer bills for customers impacted by the 11,000 gallon minimums.**

**Lift station one is the Wrenwood lift station and lift station two is the Alt Bauer lift station. The monthly flows from these two lift stations were shown. The averages of the winter / summer were shown.**

**The infiltration and inflow were discussed. This was the reason that staff selected the 25 multiplier as a reasonable number.**

**Discussion ensued of the removal of the 2<sup>nd</sup> quarter sewer credit for the April, May and June months. This was not a significant impact to residents. There were not any calls / complaints for the second quarter.**

**Discussion ensued of the measurement of the water by the meter.**

**MMSD bills the Village of Germantown at over 11,000 gallons per household per quarter. That was part of the rationale of going to the 11,000 gallon minimum. The impact was greater than what was expected. In effect this is subsidizing the sewer.**

**The flow rates measured at the lift station and from lift stations one and two. These are residential lift stations.**

**Steven Wesolowski W169N10427 Pheasant Run distributed a handout. Handout included Old Farm Lift Station and pictures of manhole and commented on a sewer back up from the high rain.**

**Wastewater utility rates for commercial, industrial properties are charged at a higher rate. They do not receive the sewer credit.**

Fred Schmelzer of Blackstone Circle came to the podium. He commented on the industrial sewer usage.

Bob of Sawgrass Court came to the podium. He is the treasurer of the Blackstone Creek. He commented fourteen units and the increase of over 200% the billing logic is illogical. In 2021, the sewer rate was adjusted 8 out of 14 times when complained.

He commented on concerns, the multiplier is 40 years old. Benchmarking and analysis is needed.

Reports on the estimates as referenced. The spreadsheet was submitted to the committee back in March. Showed actual usage from the previous year to show the amount of revenue lost. Not intended to be a projection. Looking at the actual showing what it would be with the summer sewer credit.

Art Zabel of Bur Oak came to the podium. He commented on past audits and comparisons of usage.

**Budget Manager Uselding commented that the charges from MMSD are for 11,000 gallon per resident; however, there are other charges for the infrastructure.**

**The existing water and sewer rates. Both the sewer and water are separated as enterprise funds.**

**Rates for the water utility were pulled from the Public Service Commission. The comparisons were from 2021. New rates for the water will take place about a year from now.**

**MMSD supplied the sewer utility comparison information from the presentation was reviewed.**

**The sewer utility is healthy enough with reserves and has not had to borrow for maintenance projects. The rates are designed so that the revenue is higher than operating expenses for maintenance projects.**

**The 83% included both phases. The second phase is a smaller increase.**

**The simplified rate case was discussed. This can follow a rate case with an increase by 3%, the following year for smaller increases.**

**The previous increase was 10% in 2014.**

Melanie Smythe of Cedar Lane came to the podium. She commented on the sewer credit and requested that the Village review all of the bills and give money back to residents. She commented on looking at both utilities maintenance from the past five years. She commented not to use COVID year. She commented on giant grease interceptors.

Fred Schmelzer commented on the rate comparisons.

Art Zabel commented on an impact fee study and putting the rates on new properties.

Discussion ensued of looking at the impact fees. The timing of the well and tower is connected to phase two but the amount is not connected.

Discussion ensued of the collection of impact fees.

**The TID districts did pay half of the development costs in addition to the impact fees. Paying an additional 50% of the well and tower.**

Tr. Jan Miller came to the podium. She commented on letter that the PSC approved the increase in height of tower four. The additional cost of \$405,000 and was covered by Village of Richfield and Washington County. The Village is not paying for the increase in size and height. The one million was the change in the estimate from 2017 to 2022.

The Old meter system was dependent on a Windows NT Based Interface to download data from the meter reading system and upload it to the billing system. The system is very old from the 1990s. Windows NT has not been supported for many years.

Village Traditionally replace 400-500 meters per year as staff had time and funding was available. Replacements paused during COVID.

Components of the old meter reading system failed starting in 2020 with complete failure of the interface during 2021. Most meters continued to function, but we were unable to access the data.

The entire finance department retired. New staff was put in place to address the issues we were facing.

There were about 2800 households effected and bills were estimated. The estimates were based on the best information available. In the spring of 2022, we hired a contractor to replace the remaining meters between April and completed in mid-summer or August. The meters were still functional but not transmitting to the billing system. We were able to get actual reading for 2,469 customers.

If we were unable to access actual meter reading data, we sent customer bills with estimated usage based on historical usage data.

Village staff compared estimated usage to actual usage and calculated adjustments. If estimates were higher than actual usage, customers were sent a refund. If estimates were lower than actual usage, customers were sent a bill for the difference. A chart of the adjustments were shown.

The period between actual readings varied between customers and including billing periods in 2021 and 2022. While we know the total amount of water used during that period, we have no record of how much was used during 2021 and how much was used during 2022.

Rates must be hard coded into our billing system. Our billing system does not have the capacity to produce a bill applying two different rates.

2022 rates were only applied to the difference between estimated and actual usage.

2022 rates were applied consistently to adjustment bills and adjustment refunds.

Utility Billing Clerk and Village Clerk/Treasurer responded to hundreds of customer contacts regarding adjustments.

In a very small percentage of cases when there were errors in the adjustments, corrections were made.

Interest fee payment plans are offered to customers who owe money after the adjustments.

Unpaid adjustment bills were not added to property tax bills.

This was an ongoing problem. The meter replacements were not budgeted for in the past. The water rates may have been too low. The timing perception with water increase with a credibility problem. Get information out sooner.

**PUBLIC COMMENT:**

Tr. Jan Miller submitted an email that was read aloud with requests related to the utility bills.

Mr. and Mrs. Schneider submitted an email about communication and utility bills.

Brian Dolk of Hawkeye court submitted an email with requests related to the utility bills.

Karen Young of Thornapple in Old Farm came to the podium. She commented on the new billing software and timing. She used to work for Badger Meter.

Steven Wesolowski came to the podium and he commented on the calculations of the summer sewer credit. He commented on water rate increase calculations. He spoke in favor of the second quarter summer sewer credit.

Melanie Smythe commented on the wells from the IGA with Richfield. This item will come up again.

Administrator Kreklow reported that the contractor that replace the 2800 meters offered households backflow preventors on their own. Installation of a frostproof hosebib will cause issues in the winter.

Tr. Jan Miller commented on more thought with rates and communication with residents.

Water Superintendent Hogan reported that the new reading system readings are collected by drive by. The entire Village can be read in about a day and one half.

**NEW BUSINESS:**

- A. Summer Sewer Service Credit.  
Reported on as above.
- B. Review of existing water and sewer rates.  
Reported on as above.
- C. Meter Exchange Adjustments.  
Reported on as above.
- D. Update on Utility Billing System Implementation.  
Reported on as above.

**Manager Uselding reported a brief overview of the Tyler Munis Project. The utilities are expected to go live in March 2023. The timeline was reported on. Parallel billing cycles have been tested.**

**There were a couple of system crashes this past year. Typically, it is approximately nine months; due to billing quarterly.**

**Discussion ensued of the third quarter billing and the summer service credit calculations.**

Melanie Smythe commented in support of additional calculations for the Village Board.

**ADJOURNMENT.**

**ADJOURNMENT: There being no further business, the meeting adjourned at 8:30 p.m.**

Respectfully Submitted,  
*Deanna Braunschweig*

January 30, 2023

Steve Kreklow, Administrator  
Village of Germantown, Wisconsin  
N112 W17001 Mequon Rd  
PO Box 337  
Germantown, WI 53022

**Re: Written Municipal Advisor Client Disclosure with the Village of Germantown (“Client”) for 2023 Water Utility Long Range Cash Flow Analysis (“Project” Pursuant to MSRB Rule G-42)**

Dear Steve:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rules to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.

As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers & Associates

A handwritten signature in blue ink that reads 'Jon Cameron'. The signature is fluid and cursive, with a large loop for the 'J' and a distinct 'P' for the first initial.

Jon Cameron  
Senior Municipal Advisor/Vice President

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<sup>1</sup> This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

## Appendix A

### DISCLOSURE OF CONFLICTS OF INTEREST/OTHER REQUIRED INFORMATION

#### Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

#### Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

#### Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

#### Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

#### Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

#### Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

#### Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

## **Material Legal or Disciplinary Events**

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

## **Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction**

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

## **MSRB Contact Information**

The website address of the MSRB is [www.msrb.org](http://www.msrb.org). Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

# **Appendix B**

## **Water Utility Financial Planning Services**

### **Scope of Service**

Client has requested that Ehlers conduct utility consulting services for its water utility. (“Project”). Ehlers proposes and agrees to provide the following scope of services in three separate phases:

#### **Phase I – Information Review**

- Request and review the following (we may have this information on file):
  - Audits for the utility for the past four years.
  - Detailed actual revenues and expenses for the utility for the past three years, to the extent they are available.
  - Most recent available budget for the utility
  - Detailed debt service schedules for all outstanding debt for the utility.
  - Capital improvement plans for the utility.
  - Current cash balances of the utility both Restricted and Unrestricted.
  - A copy of the current PSC rate order and the anticipated date for the second step rate increase to take effect.
- Review budget for the utility:
  - Historical revenues by revenue type for the past four years
  - Historical expenses by line item for the past four years to as detailed a level as possible based upon existing utility financial records.
  - Actual utility debt service payments

#### **Phase II – Long Range Cash Flow Analysis for the Utility**

- Prepare a detailed cash flow analysis for the utility with the following:
  - Actual (for the past four years) and budgeted revenues and expenses for the utility based upon the work completed in Phase I above.
  - Development of annual operating expenses for the utility using an assumed rate of inflation based on historical expenses and discussions with staff.
  - Actual annual debt service expenses for existing utility debt.
  - Planned capital improvement expenses for the utility.
  - The development of preliminary financing plans for planned capital improvement expenses including the use of cash vs. debt financing for the utility.

- The planned debt service for the utility’s upgrades recommended in taking into consideration available and minimum recommended reserves, existing debt and existing revenue bond covenants if applicable.
- Project revenues and identify projected user rate increases to meet all financial obligations of the utility in future years.
- Use benchmarking analysis to put forth a plan for fiscal sustainability. Using key metrics established by rating agencies, creditors, underwriters, and the PSC, create a plan that focuses on self-sustaining rates.
- Provide Village staff with draft analysis to discuss and review the analysis.

**Phase III – Presentation and Report**

- Be available for one (1) meeting with the Village Board or other designated governing body to present the cash flow analysis for the utility.
- Provide final report Village to staff.

**Compensation**

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers, as follows:

Service	Water	Total
Phase I & II - Cash Flow Preparation	\$2,500	<b>\$2,500</b>
Phase III – Presentation		<b>\$500</b>
<b>Total</b>		<b>\$3,000</b>

**Payment for Services**

For all compensation due to Ehlers, Ehlers will invoice Client for the amount due at the completion of the work. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Client.

**Hourly Charges**

For any service directed by Client and not covered by this, or another applicable Appendix, Client will be charged on an hourly basis. Current hourly rates are:

Senior Municipal Advisor	\$250-300/hour
Municipal Advisor	\$225-250/hour
Financial Specialist	\$200/hour
Senior Financial Analyst	\$200-230/hour
Financial Analyst	\$195-215/hour
Clerical Support	\$100/hour

**Client Engagement**

The above Proposal is hereby accepted by the Village of Germantown, Wisconsin,

by its authorized officer this                      day of                      , 2023.

Signature:

Title: