

VILLAGE OF GERMANTOWN
N112 W17001 MEQUON ROAD
GERMANTOWN, WI 53022

MEETING: **UTILITY ADVISORY COMMITTEE**

DATE AND TIME: **WEDNESDAY, APRIL 12, 2023 5:00 P.M.**

LOCATION: **Germantown Village Hall Board Room
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 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:** February 8, 2023, 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. Update on SEWRPC Sanitary Sewer Service Area Amendment and Facility Plan Update, and application to expand Water Service Area
 - B. Update on Tyler Munis Utility Billing Implementation
 - C. RFP for Sewer Utility Rate Study
- 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.

- i. Call to Order: 5:01 PM – Village Board Room
- ii. Roll Call: Rick Miller, Scott Hefle, Steve Wesolowski, Jim Hansen (Dan Campbell Absent).
 - a. Others in attendance: Administrator Kreklow, Interim Finance Director Uselding, DPW Director Ratayczak
 - b.
- iii. Approval of Minutes: December 8th Meeting
 - a. Motion Approve: Scott Hefle
 - b. Second: Steve Wesolowski
 - c. Ayes: Unanimous
 - d. Nays:
 - e. Abstain:
- iv. Public Comment

Melanie Smythe: Spoke on 5-year capital plan and would like an update. Noted that the UAC meeting was not on the Village Calendar.

- v. New Business
 - a. Presentation by Public Works Director on Sewer Lift Station Analysis

DPW Director Ratayczak gave a background on the state of the lift stations within the Village. Analysis was done on several of the lift stations – including capacity and flow of the pumping mechanics. The analysis made recommendations on improvements to lift stations to improve capacity. The analysis provided a cost estimate on the recommended improvements. The analysis was done in 2022 and presented to the Public Works Committee.

The committee members asked for copies of the analysis. DPW Director Ratayczak will email the analysis to the committee members.

Scott Hefle raised concerns about the old farm lift station and its current useful life. DPW Director Ratayczak says the lift station still has plenty of useful life.

Scott Hefle asked if the analysis included information on the Richfield sewer expansion. DPW Director Ratayczak informed the committee that the Richfield expansion was taken into consideration when recommending improvements.

Steve Wesolowski asked if developers will be responsible for lift station upgrade. DPW Director Ratayczak informed the committee that developers will be responsible for capacity related to their development.

Steve Wesolowski raised concerns about a heavy flow day that occurred in Fall of 2022. A discussion of generators ensued.

Administrator Kreklow informed the committee that no backup occurred during the heavy flow time in the fall of 2022.

b. Summer Sewer Service Credit Calculation

Trustee Rick Miller provided background on the summer sewer credit, the changes that were recommended to the Public Works Committee in 2022, and the changes that were made at the Village Board. The committee discussed what changes, if any, should be recommended to the Public Works Committee as it relates to the Summer Sewer Credit.

Jim Hansen asked for background on the 1.15 factor. Administrator Kreklow provided rationale for the 1.15 factor.

Scott Hefle recommended keeping the 1.15 factor and wait for a study to be done on flows and analyze the data.

Steve W spoke on the effect of the removal of the second quarter summer sewer credit and the additional costs on some residents.

Motions to add back the 2nd Qtr summer sewer credit (Steve Wesolowski) for 2023

(Q4 + Q1) / 2 * 1.15

Second by Scott Hefle

Discussion ensued on the motion and the impact on the Tyler Munis system and how changes would affect the system.

Administrator Kreklow provided background on the impact of the Tyler Munis Billing System. Interim Finance Director Uselding provided background on the summer sewer credit and the modification provided by Tyler Munis.

Further discussion ensued on the finances of the Sewer Utility.

AYE: STEVE W, SCOTT HEFLEE

NAY: RICK MILLER, JIM HENSON

No Recommendation

c. Deduct Meter Requirements

Administrator Kreklow discussed what and how deduct meters are used in other municipalities in lieu of a summer sewer credit. Discussed the possibility of changing ordinance to require deduct meters in new irrigation systems and possibly new builds.

Discussion ensued on the benefits and drawback of requiring a deduct meter. Committee did not recommend requiring new builds and irrigation system to have deduct meters.

d. Water Impact Fee Study Proposal

Administrator Kreklow provided background information regarding a Water Impact Fee study Proposal. Administrator Kreklow shared a copy of the proposal from Baker Tilly. A cost estimate between \$10,000 to \$13,000 was provided.

Jim Hensen questioned the cost given the relationship with the Village and the familiarity with the Village's data and finances. Administrator Kreklow stated that the cost range was within a reasonable range and that the language in the agreement was standard.

Discussion ensued on the cost of the proposal and a "not-to-exceed" amount.

Discussion on the water impact fee amount and water rates ensued. Administrator Kreklow provided background on the water rate increase from 2022 and the rates going forward. Administrator Kreklow provided information on how the impact fees are calculated.

Motion to Recommend to Public Works: Scott Hefle not to exceed \$15,000

Second by Jim Hansen

Motion Carries Unanimously

e. Update on Water Utility Cash Flow Analysis

Administrator Kreklow gave an update to the committee on Ehlers cash flow analysis for the Water Utility. Anticipates Ehlers would be providing information in the next two months. Ehlers will be recommending financing plans for water utility projects and presenting to the Village Board.

The committee asked if a list of projects will be provided to the committee and how they will be prioritized.

f. Update on SEWRPC Sanitary Sewer Service Area Amendment and Facility Plan Update, and application to expand Water Service Area

Administrator Kreklow provided and updated on the expansion of water and sanitary sewer to areas of Richfield that will be developed soon, and Germantown where sewer lines are in Germantown but not necessarily providing sewer to that area.

SEWRPC, MMSD, and the DNR have strongly encouraged Village for an updated Facility Plan. The Village has not updated its Facility Plan since the 1980s. The facility plan relates to the Water and Sewer Utilities.

Ruekert & Mielke have been approached to update the Facility Plan for the Village.

g. Update on Tyler Munis Utility Billing Implementation

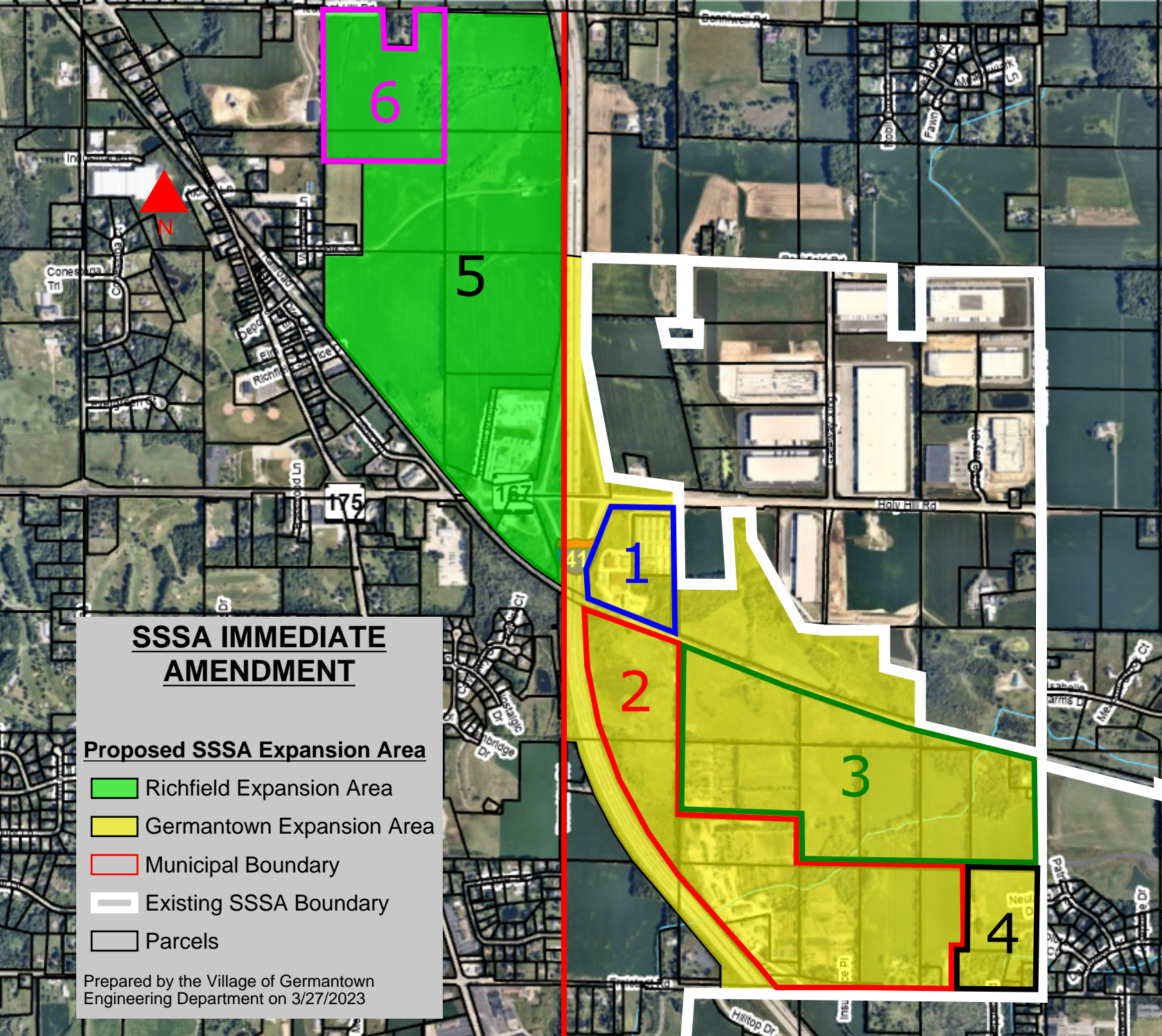
Interim Finance Director Uselding provided an update on the Tyler Munis Utility Billing implementation. UB is scheduled go-live in March with the first quarter bills being sent through Munis.

h. Update on Estimated Water Bill Adjustments

Administrator Kreklow provided an updated on the summer sewer credit adjustments. Roughly 70 have been adjusted. In addition, there are several hundred adjustments that need to be made for estimated bills. Administrator Kreklow informed the committee that roughly half of the adjustments were refunds and half were additional bills.

Next Meeting: Wednesday, April 12th 5:00PM

Meeting Adjourned at 6:48



| Germantown Friestadt District | | |
|--------------------------------------|--|---------------------|
| 1 | Community Business/Commercial | 22.36 Acres |
| 2 | 50% Business/Commercial, 50% High Density Residential (25 DU/Ac) | 135.76 Acres |
| 3 | Limited Industrial/Business Park (1,000g/A/day) | 136.07 Acres |
| 4 | Medium Density Residential (2.9 DU/Ac) | 25.20 Acres |
| Total Friestadt District: | | 319.39 Acres |

| Richfield Area | | |
|------------------------------|------------------------------------|---------------------|
| 5 | General Industrial (1,500g/Ac/day) | 245.48 Acres |
| 6 | Single Family (1 DU/Ac) (54 gpcd) | 2.82 Acres |
| Total Richfield Area: | | 267.67 Acres |



Village Administrator
Germantown, Wisconsin
www.germantownwi.gov
skreklow@germantownwi.gov
262-253-4775

Request for Proposals (RFP) for a Sewer Utility Rate Study

SUMMARY

The Village of Germantown is requesting proposals from qualified financial service firms to conduct a comprehensive Wastewater rate study. The consulting firm will provide an independent analysis of existing rates and recommend appropriate adjustments in rate levels and/or structures necessary to fund Wastewater operations, maintenance, capital costs, and debt service. The proposed rate analysis will provide a minimum five-year rate horizon (2024-2028).

The rate study will be based upon a comprehensive review of the City's Wastewater budgets, customer classes, current usage data, future growth, facility plans and studies, and any other information deemed necessary.

INCURRING COSTS

The Village is not liable for any costs incurred by firms prior to the signing of a contract. Expenses incurred in the preparation of submittal, presentations, and other incidental activities related to this solicitation are solely the responsibility of the respondent.

BACKGROUND

Village of Germantown

Germantown is a community of over 20,000 people located approximately 15 miles northwest of downtown Milwaukee and contracts for sewage treatment with the Milwaukee Metropolitan Sewerage District. The Village has experienced significant commercial and industrial growth over the past five years with more than two million square feet of new commercial/industrial space and over 300 housing units constructed. Modest residential and commercial growth is expected to continue through the five-year rate horizon.

Wastewater Utility

The Sewer Utility has approximately 6,700 customers, including about 750 commercial and industrial users. Charges for service are generally based on metered water usage. The Wastewater Utility has \$70.4 million of net utility plant in service. The Wastewater Utility had a total bonded debt of approximately \$2.5 million. Note that the Wastewater Utility is not regulated by the PSC.

SCOPE OF WORK

Study Objectives

1. Provide cost-of-services analyses that identify both the direct and indirect cost of providing Wastewater services.
2. Recommend rates necessary to adequately fund the Wastewater system through the minimum 5-year rate horizon, including consideration of annual inflationary/indexed adjustments.
3. Ensure that rate structures fairly distribute the cost of service among users.

Study Requirements

1. The recommended rates shall be based on the cost of service and shall be sufficient to meet the revenue requirements of the Utility.
2. The study should identify restructuring of user charges as appropriate to distribute costs fairly and accurately to customers.
3. The study shall recommend rates and, if necessary, rate structures that consider and provide for the following factors:
 - a. Current and future cost of providing Wastewater services in accordance with established and anticipated standards, regulations, facility, and capital improvement plans.
 - b. Projected demands.
 - c. Age and condition of infrastructure and systems.
 - d. Funding requirements for all current long-term liabilities and debt obligations.
 - e. System reinvestment equal to annual depreciation expense.
 - f. Fair allocation of costs to appropriate customer categories.
4. The study shall provide direct identification of revenues appropriated to major funded activities and infrastructure.
5. The recommended rate structure(s) shall be planned for at least five years.
6. The Study shall provide at least three rate alternatives for the utility. The consulting firm shall recommend the alternative that best meets the Study Objectives defined above.
 - a. Alternative that considers decreasing current rates over a five-year period. The analysis will include the implications of a rate decrease including but not limited to Utility financial sustainability, system, reinvestment, operations, and maintenance program impacts, debt service, capital improvement and facility planning, growth planning, and regulatory compliance.
 - b. Alternative that considers no rate increases over a five-year period. The analysis will include the implications that a rate freeze would pose, including but not limited to Utility financial sustainability, system, reinvestment, operations, and maintenance program impacts, debt service, capital improvement and facility planning, growth planning, and regulatory compliance.
 - c. Alternative that considers rate increases over a five-year period (immediate and/or gradual implementation), annual inflationary/indexed adjustments, the approved Capital Improvement Plan, and the WWTP Facility Plan.
7. The recommended rate structure, if different from the current structure, shall be easy to administer and understand.

Study Elements

In making rate structure recommendations, the final report shall explicitly include the following elements and analysis, as well as any other elements generally included or required by industry standards.

1. Current Rate Structure: Assess the current rate structure's performance as a baseline for comparing recommended changes.
2. Equity: Assess the equity of recommended Water and Wastewater rates for all customer classifications.
3. Sensitivity Analysis: Assess the ability of the revenue stream generated by each alternative rate structure to fund Water and Wastewater system costs. This element shall include a sensitivity analysis where the long-term revenue generated under each alternative shall be considered against the impacts of future growth.
4. Neutrality: Prepare a Price Elasticity of Demand (PED) evaluation of rate structures based on historical data, including comparable municipalities, and regional factors. The PED element should be comprehensive enough to ensure that rates do not significantly affect revenues based on demand for utility services.
5. Annual operating income, rate of return, and cash flow targets.
6. Annual contingency account balances and level of liquidity.
7. Comprehensive Summary of Recommended Rate Structure(s): Assess performance of each alternative rate structure and provide recommendation of the optimal rate structure.
8. Supporting Data: Provide data supporting observations, conclusions, and recommendations.
9. Provide comparative rates for regional and state utility providers.

SERVICES TO BE PROVIDED BY CONSULTING FIRM

1. Conduct a review of existing Wastewater rates and the financial status of the Utility.
2. Conduct analyses as required to address the defined scope of work.
3. Present a Preliminary Report:
4. Prepare a preliminary study report that includes tentative rate structures.
5. Present preliminary report to staff for comments.
6. Present preliminary report to the Utility Advisory Committee and to the Public Works & Highways Committee at scheduled meetings.
7. Present a Final Report:
 - a. Incorporate changes pursuant to comments received.
 - b. Present the final report and recommended rate structures at a scheduled Village Board meeting.

PROPOSAL SUBMITTAL

The following information is to be submitted as part of the proposal. Other material may be attached as deemed appropriate.

1. A copy of a rate study performed by the applicant in the State of Wisconsin the last three years.
2. Qualifications: Describe your firm's qualifications and training for this type of work. Cite specific accounting certifications and/or accreditations.
3. Experience: Describe the experience of the firm and of the individuals likely to be assigned to the project.
4. Provide the names of at least three comparable sized Wisconsin municipalities for which the firm has conducted similar rate analyses within the last five years.

5. Proposed Compensation: The proposal must specify a fixed dollar amount for entire project compensation. The proposal must clearly state that compensation will not exceed the fixed amount.
6. Proposed Project Timeline: The proposal must specify an approximate project timeline through final approval of recommended rate(s).

PROPOSAL SUBMISSION

To be considered for selection, each Consultant must be emailed to skreklow@germantownwi.gov or mailed to the address below. All proposals must be received by the Village no later than 4:30 pm on Monday, May 15, 2023. The Village reserves the right to overlook any technicalities and accept or reject any or all proposals if it is in the best interest of the Village. Responses shall be delivered to:

Steven Kreklow
Village Administrator
Village of Germantown
N112 W17001 Mequon Rd.
Germantown, WI 53022
skreklow@germantownwi.gov

Proposals must be clearly marked **“2023 Sewer Utility Rate Study – Village of Germantown”**.

Contact Information:

Questions concerning this Request for Proposals should be directed to:

Steven Kreklow
Village Administrator
262-253-4775
skreklow@germantownwi.gov

PROPOSAL SELECTION

All proposals will be reviewed by the Village. Proposals will be evaluated based on the firm’s qualifications, experience, work history, interactions with other municipalities, and required compensation. Finalists may be invited for interviews. Village staff will negotiate a Professional Services Agreement with the selected finalist based on the finalist’s proposal. If the Village is unable to reach agreement with the selected finalist, the Village will begin negotiations with other finalists, until an agreement satisfactory to the Village is reached. The final agreement may be presented to the Utility Advisory Committee, Public Works & Highways Committee and Village Board for recommendation and approval.

The Village reserves the right to waive any irregularities in any proposal and to select the proposal that is most advantageous to the Village. The Village and its representatives reserve the right to reject any and all proposals or to request additional information from any respondent or from all respondents. The Village reserves the right to reject any proposals received and to re-advertise the project.

DISCLOSURE

All information contained in any proposal is subject to public disclosure under the provisions of Wisconsin law.