

Delafield-Hartland  
Water Pollution Control Commission  
416 Butler Drive, Delafield WI 53018-1871  
Phone: 262-646-4364/Fax: 262-646-5187

Commission Meeting Minutes for September 21, 2010  
Delafield-Hartland WPCC Treatment Plant Board Room

Time  
7:00 PM

Call Meeting to Order

M. DeYoe called the meeting to order at 7:00 p.m.

Roll Call

Delafield

Tim Aicher  
Michele DeYoe  
Beth Leonard  
Gerald MacDougall

Village of Hartland

Karen Compton  
Richard Landwehr  
Michael Meyers  
Rick Stevens

Also Present

Rose Frick  
Scott Luczak

Guests

Tim Fenner, Del-Hart's Attorney  
Steve Celichowski, St. John's NW Military Academy, VP, Business Affairs  
Tim Schuenke, City of Delafield Administrator

Approve Minutes of August 17, 2010 Commission Meeting

**R. STEVENS MOTIONED TO APPROVE THE MINUTES FROM THE AUGUST 17, 2010 MEETING AS PRESENTED. M. MEYERS SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

NOTICE OF CLOSED SESSION

Please take notice that following the Approval of Minutes from the Last Commission Meeting, the Commission may convene upon passage of the proper motion into Closed Session pursuant to: Wisconsin Statutes Section 19.85(1)(g), FOR THE PURPOSE OF CONFERRING WITH LEGAL COUNSEL WHO IS RENDERING ORAL OR WRITTEN ADVICE FOR THE COMMISSION CONCERNING STRATEGY TO BE ADOPTED BY THE COMMISSION WITH RESPECT TO LITIGATION IN WHICH IT IS OR IS LIKELY TO BECOME INVOLVED (ST. JOHN'S NORTHWESTERN MILITARY ACADEMY'S APPEAL OF ADDITIONAL USER EQUIVALENTS PURCHASED IN 2008). Following the Closed Session, the Commission will then reconvene into Open Session to continue with Agenda items.

**R. STEVENS MOTIONED TO MOVE INTO CLOSED SESSION PURSUANT TO: WISCONSIN STATUTES SECTION 19.85(1)(G), FOR THE PURPOSE OF CONFERRING WITH LEGAL COUNSEL WHO IS RENDERING ORAL OR WRITTEN ADVICE FOR THE COMMISSION CONCERNING STRATEGY TO BE ADOPTED BY THE COMMISSION WITH RESPECT TO**

**LITIGATION IN WHICH IT IS OR IS LIKELY TO BECOME INVOLVED (ST. JOHN'S NORTHWESTERN MILITARY ACADEMY'S APPEAL OF ADDITIONAL USER EQUIVALENTS PURCHASED IN 2008). G. MACDOUGALL SECONDED THE MOTION. A ROLL CALL VOTE TOOK PLACE: TIM AICHER, AYE; KAREN COMPTON, AYE; MICHELE DEYOE, AYE; RICHARD LANDWEHR, AYE; BETH LEONARD, AYE; GERALD MACDOUGALL, AYE; MICHAEL MEYERS, AYE; RICK STEVENS, AYE. CLOSED SESSION WAS ENTERED INTO AT 7:02 P.M.**

OPEN SESSION

**R. STEVENS MOTIONED TO RECONVENE INTO OPEN SESSION. R. LANDWEHR SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED. OPEN SESSION RECONVENED AT 7:37 P.M.**

Action/Discussion, if any, from Closed Session

No discussion took place.

GENERAL MANAGER'S REPORT

St. John's NW Military Academy's Appeal of Additional Domestic User Equivalents from 2008 Resolution No. 092110 Re: St. John's NW Military Academy, Inc.'s Request for Refund of Connection Fees Paid

**R. LANDWEHR MOTIONED TO ADOPT RESOLUTION NO. 092110. K. COMPTON SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

Purchase of Del-Hart Land by the City of Delafield (General Discussion Only – No Action)

This item was placed on the agenda for general discussion at the request of Mayor McAleer. For the benefit of T. Aicher who was not on the Del-Hart Commission when this subject was first discussed last year, a review of the subject took place. It was clarified that Del-Hart owns the area of land identified by the City of Delafield for possible purchase which is 6.2 acres by Cushing Park Road. Previously, the City of Delafield obtained two appraisals of the property which were very different from each other. If the City purchased the land, access would be from the same entrance on Cushing Park Road presently used for the City brush drop off. Because of deed restrictions, zoning and high wires on the subject property, the property is uninhabitable and can only be used for municipal purposes. S. Luczak confirmed that the acreage in question would not be needed by Del-Hart for any future expansion. The City would like to purchase this land for cold storage since there is nothing available in the City that would be compatible with their needs. This will be put on next month's agenda.

City of Delafield / Wal-Mart Supercenter Sewer Extension

A request from R. A. Smith for a sewer extension for Wal-Mart Supercenter was received. Literature and plans were sent to Del-Hart's engineer, Strand Engineering, who stated that they had no objections.

**B. LEONARD MOTIONED TO APPROVE THE WAL-MART SUPERCENTER SEWER EXPANSION. M. MEYERS SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

Revisions to Wisconsin Department of Natural Resources' Phosphorus Limits

S. Luczak reported that a new permit application was sent in. A reply is expected by February 2011.

FINANCE DIRECTOR'S REPORT

Without objection, the Financial Statements and Expenses & Disbursements were taken next on the agenda.

Connection Fee Revision Report: Re-Structure of Domestic User Equivalents

R. Frick reviewed the Connection Fee Revision Report. Attachment #3 was a report previously presented in December 2009 when she proposed changing the definition of a Domestic User Equivalent (DUE) or residential unit from 100,000 gallons to 75,000 gallons per year. This report states the reasons for the change and shows the origins of our DUE. She commented that our DUE at 100,000 gallons is out of line with the rest of the water industry statistics. Studies show that one residential unit usually varies between 50,000 to 60,000 gallons per year according to various water use experts including the Public Service Commission (PSC). That is why she is proposing to change our DUE billing from 100,000 gallons to 75,000 gallons to more closely reflect what actual residential users are using in our service area. (The December 2009 report states that a current three year average for actual indoor water use in the Village of Hartland was 66,754 gallons per year). Because 80% of Del-Hart's customer base is residential and they will still be charged for one DUE per household, a change such as this would only affect non-residential users. R. Frick explained that the restructure of the DUEs would allow the billing to closely follow actual usage. A DUE that represents a residential unit should be determined in the right quantity. That way all users (residential and business) pay for the gallons that they actually use. She pointed out that Attachment #3 gave the rest of the background data showing support for this DUE change.

Discussion took place on the change in the connection fee schedule (capital funds). Because the current connection fee is at \$4,339 for 2011 and the calculated connection fee was projected at \$3,589, the connection fee could be kept the same since the fees are very close with only a difference of \$750. The Baker Tilly Connection Fee Revision Report states that the Commission has three choices: 1) No change in the connection charge; 2) Adopt the lower calculated connection charge; or 3) Third Scenario (from the 2005 Financial Projection Report) which would be to change the connection charge and user fee rate.

The Commission Staff has proposed freezing the current connection fee until it catches up in 2017. It was explained that the cost per DUE would decrease during the restructure because the number of DUEs will increase by 4,000 from 12,000 to 16,000 DUEs in total. Attorney Fenner felt that freezing the existing connection fee of \$4,339 for 2011 until 2017 (when the fee catches up) is the least disruptive and most politically acceptable method. This option is what the auditors recommended in their letter because of potential issues with current customers that have purchased DUEs in the past at the current higher cost.

Attorney Fenner discussed the current trend of water conservation in our community and the nation and its positive affect on Del-Hart. Because of this decreased water use through conservation in our community, we are able to restructure our DUEs to reflect this positive trend. A residential unit will now be equal to 75,000 gallons instead of 100,000 gallons. The effect of this on Del-Hart is the same as another plant expansion to the treatment plant yielding 4,000 additional DUEs available to sell at \$0 cost to Del-Hart which is tremendous.

Changing the DUE usage structure is being undertaken to get closer to what surrounding communities are charging per residential unit for sewer use. It reflects a cost shift from the residential side to the business side. Current engineering surveys use about 70,000 gallons or less per residential unit and show most communities use close to that figure for billing their customers. Additionally, it will allow Del-Hart to get a better idea of what is flowing into its system to determine future build-out because billing will be a better match to actual gallons used. Thus, when actual flows are close to capacity, the DUEs billed will be close to capacity as well.

The impact on businesses was discussed. The unit rate per DUE charged for user fees will stay the same, but in many cases the number of DUEs allotted for business properties will increase, thus their usage costs will increase.

Attorney Fenner discussed the process: 1) R. Frick will put the Final Budget together assuming approval of the adoption of methodology to restructure/increase the number of DUEs and freeze the connection fee at the 2011 rate. 2) The Sewer Report connection fee schedule needs to be revised to reflect these changes. Although no public hearing is necessary, it would be advantageous to get public input. This should take place no later than December 2010. 3) The Sewer Use Ordinance would need to be amended before January 1, 2011 which is the implementation date.

The Commissioners expressed that they would still like to review the connection fees annually.

M. DeYoe asked R. Frick to prepare the Final 2011 Budget showing the effect of adopting the methodology.

**K. COMPTON MOTIONED TO APPROVE THE CONNECTION FEE REVISION REPORT AS SUBMITTED. G. MACDOUGALL SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

#### 2011 Budget Revision

The revised budget goes hand-in-hand with the DUE restructuring. The capital budget remained unchanged because the connection charge for 2011 will remain constant and only new residential connections are expected. However, there is an effect on operating revenue from user fees because there will be more DUEs on the commercial side after the DUEs have been restructured (an additional \$65,000 in user fees revenue is anticipated in 2011).

#### Financial Statements

The financial statements were distributed to the Commissioners. The Fair Value Adjustment is increasing each month with big positive adjustments to our bond investments. The new DUE connections were above the budgeted DUE connections because of the Delafield apartments

that have come on recently. It is expected that the new DUE connections will remain above budget for the rest of the year.

Approve Expenses & Disbursements

**R. LANDWEHR MOTIONED TO APPROVE THE EXPENSES AND DISBURSEMENTS. B. LEONARD SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

Without objection, the next item discussed on the agenda was the Connection Fee Revision Report.

Next Commission Meeting's Agenda Items

Purchase of Del-Hart Land by the City of Delafield.

ADJOURN MEETING

**R. STEVENS MOTIONED TO ADJOURN FROM THE MEETING. T. AICHER SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED. THE MEETING ADJOURNED AT 8:40 P.M.**

Respectfully submitted:

Minutes prepared by:

Rosemary Frick, CPA  
Finance Director

Accurate Business Communications, Inc.