

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

**Meeting Minutes**

Commission Meeting Minutes for **September 22, 2020 at 5:30 P.M.**  
Delafield-Hartland WPCC Wastewater Treatment Plant Conference Room  
**416 Butler Drive, Delafield, WI 53018**

CALL COMMISSION MEETING TO ORDER

Chair Tim Aicher called the September 22, 2020 Delafield- Hartland Water Pollution Control Commission Meeting to order at 5:30 P.M.

ROLL CALL OF COMMISSIONERS

City of Delafield

Tim Aicher  
Dave Greenway  
Kevin Maples  
Erv Sadowski

Village of Hartland

Jeff Anson (arrived 5:33 P.M.)  
Donna Dorau  
Robyn Ludtke  
Michael Meyers

Also Present

Rose Frick  
Scott Luczak

APPROVE MINUTES OF JULY 21, 2020 COMMISSION MEETING

**M. MEYERS MOVED TO APPROVE THE MINUTES OF THE JULY 21, 2020 COMMISSION MEETING MINUTES AS PRESENTED. K. MAPLES SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

GENERAL MANAGER'S REPORT

SEWER EXTENSION FOR PARADISE TRAILS CONDOMINIUM DEVELOPMENT / VILLAGE OF HARTLAND

A request had been received for a sewer extension for the Paradise Trails 47-unit condominium development in the Village of Hartland. Village engineers had indicated there would be no issue with the sewer being extended to that location. S. Luczak stated that there is ample capacity in the Commission sewer system as well.

**E. SADOWSKI MOVED TO APPROVE A REQUEST FOR SEWER EXTENSION FOR PARADISE TRAILS CONDOMINIUM DEVELOPMENT IN THE VILLAGE OF HARTLAND. R. LUEDTKE SECONDED THE MOTION. T. AICHER QUESTIONED THE CIRCUMSTANCE THAT A REQUEST LIKE THIS ONE WOULD NOT BE APPROVED. S. LUCZAK EXPLAINED THAT IF THE OPERATIONAL SYSTEM WAS CLOSE TO ITS DOMESTIC USER EQUIVALENT LIMIT OR IF THE VILLAGE OF HARTLAND HAD INDICATED THERE WAS NOT AMPLE CAPACITY ON THEIR END THEN THE REQUEST WOULD BE DENIED. K. MAPLES QUESTIONED HOW CAPACITY LIMITS WERE KNOWN. S. LUCZAK EXPLAINED THE COMMISSION ADMINISTRATIVE STAFF KEEP CONSTANT TRACK OF THE DOMESTIC USER EQUIVALENTS AVAILABLE IN THE SEWER SYSTEM. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

#### PLANT MODIFICATION CONSTRUCTION PROJECT UPDATE

The destruction of Filter Cell No. 1 is underway currently. The Clarifier covers have arrived. The third Disc Filter was installed and is expected to be operational on approximately October 5, 2020. The entire system will be functional at the beginning of December 2020.

#### WE ENERGIES "SOLAR NOW" PILOT PROGRAM UPDATE

All contracts have been reviewed by the City attorney and signed by Commission staff for the WE Energies "Solar Now" pilot program. Construction is already underway and the program is anticipated to be operational by year-end.

#### PRESENTATION ON R & R INSURANCE COVERAGE RELATED TO CYBER SECURITY POSTPONED

This item is postponed until the November 17, 2020, Commission meeting.

#### FINANCE DIRECTOR/TREASURER'S REPORT

##### CONNECTION CHARGE REVISION AND BAKER TILLY ENGAGEMENT LETTER

An estimate had been requested from the Baker Tilly auditor regarding a Connection Charge Revision Study. The last time this study was completed was in 2010 at a discounted cost of \$3,500 with the assistance of R. Frick. The connection charge revision will use the "cost of plant" methodology which bases the calculation on the cost of the old plant and new plant upgrade plus any cash paid for capital expenditures less asset retirements and adds the annual debt service of the new plant upgrade. If the connection charge were to come in under the current connection charge, then the current connection charge would be kept. If the connection charge would show an increase, then a new connection charge would need to be established. R. Frick will perform the majority of the connection charge calculations with the auditors reviewing the work to test for reasonableness. Discussion ensued regarding the need to expend funds for the audit firm to review the new connection charge revision if R. Frick is performing the recalculation of the new connection charge on her own. E. Sadowski suggested that R. Frick calculate the new connection charge to determine if funding should be put toward hiring Baker Tilly to assist with the study. Once it is determined to make a change to the connection charge it should take place beginning January 1, 2021.

An engagement letter had been requested from Baker Tilly for the next three years of auditing services in order to keep audit costs down. An audit engagement letter was provided with an increase in fees of \$300, \$325 and \$325 for each of the next three years. The attorney had reviewed the engagement letter and provided some revisions to the legal terms of the letter.

**E. SADOWSKI MOVED TO APPROVE THE ENGAGEMENT LETTER FROM BAKER TILLY WITH INCREASES NOTED OF \$300 THE FIRST YEAR AND \$325 FOR EACH OF THE NEXT TWO CONSECUTIVE YEARS, CONTINGENT UPON ATTORNEY APPROVAL. D. DORAU SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

## 2021 OPERATING AND CAPITAL BUDGETS

The 2021 Operating and Capital Budgets were reviewed and discussed. The budgets had been sent to Commissioners in advance of the meeting. Incremental alternatives for User Fees currently billed as \$15.50 per Domestic User Equivalent (DUE) were presented in which they would remain the same, increase by \$0.50 or \$1.00 per DUE. Discussion ensued regarding the various alternatives presented. The last time the User Fees per DUE were increased was January 1, 1986. R. Frick provided clarification to the Commission that the treatment plant is currently operating at a loss if the investment income is not taken into account. She further noted that the financial statements year-to-date as of August 2020 showed that COVID-19 has impacted the Commission's operating revenues for businesses that were either closed or operating at a lower capacity and using less water/sewer services than a typical year. Greater hauler revenues from recent years has helped to provide some relief but has not fully provided enough operating revenue to remain above the "break-even" point. The hauler operating revenues could easily decrease if other treatment plants offered better rates for hauled waste disposal. Discussion took place regarding increasing the User Fees in the budget by either \$0.50 or \$1.00 per DUE. T. Aicher stated that it would be prudent to increase the User Fees by \$1.00 now instead of trying to incrementally raise rates over the next few years. Consensus seemed to be that it was important not to continue at an operating loss anymore. Current User Fees for municipal customers are \$46.50 per DUE per quarter. The municipal customers currently charge their users the following quarterly fees per DUE: City of Delafield \$95.31, Village of Hartland \$129.00, Village of Nashotah \$96.00 and Village of Summit \$236.00. It would be up to the municipal customers on whether they would pass the \$3.00 quarterly increase per DUE onto to their residential and business users. Discussion took place regarding the impact of potential increased infrastructure costs in the future relative to the User Fee increase.

**E. SADOWSKI MOVED TO INCREASE USER FEES BY \$1.00 PER DUE BEGINNING JANUARY 1, 2021. K. MAPLES SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. SEVEN WERE IN FAVOR. MOTION CARRIED WITH R. LUEDTKE VOTING NAY.**

Unrestricted interest income and miscellaneous income categories were reviewed and explained. Total operating revenue would be approximately \$2.2 million with the increased User Fees.

S. Luczak reviewed the Operation and Maintenance Expenses noting that lab testing costs were reduced because of testing requirement changes with the switch to Class "B" sludge and different disposal methods for bio-solids. Engineering costs decreased to \$2,500 because engineering services will not be needed as much in the future. Lab supplies and chemicals decreased by \$4,500. Total utilities increased by about \$6,500 or 3.0%. S. Luczak stated that additional power will be needed with the change to the new UV system. There is a utility contingency of 2.0% in the budget. Fuels and lubricants decreased by \$1,200. Outside contracts and inspections decreased by \$1,000 and it is unknown whether any inspections would be needed in the next year. The Supervisory Control and Data Acquisition (SCADA) system support is included with the SCADA upgrade capital purchase, so there is no need to budget for an expense here. Sludge handling and hauling costs increased by \$30,000 because the Wisconsin Department of Natural Resources (DNR) requires that all bio solids are to be removed annually. Phosphorus removal did not change because the Disc Filter system was not completed in the last budget year. The general operations and maintenance contingency remains unchanged at \$7,500.

R. Frick reviewed the Administrative Expenses noting only two increases in the budget. Overall insurance costs increased by \$5,295 with property insurance showing the biggest increase at \$4,710. Accounting and payroll costs increased by \$700. Overall, the total administrative expense portion of the budget increased by \$5,995.

Wages and benefits were reviewed as part of the operating portion of the budget. Administrative wages increased by \$14,756 and operator wages increased by \$16,749. Wages for operations and maintenance now include several tiers of wage classifications and reward operators who have advanced certifications and/or premium pay. Employee benefits increased by \$24,000; however, \$17,000 or 71.0% of the increase is due to adjustments to the accrued sick pay liability for employees reaching age 55 and requiring a 100.0% accrual. Overall, total wages and benefits increased by 6.9%.

Depreciation expenses increased by \$128,000. Depreciation expense for all of the capital projects and expenditures through the end of the year are included in the budget estimate. Debt service interest expense is an exact calculation of what will be paid on the Clean Water Fund loan in next budget year. Overall, Total operating revenues increased by \$198,000 and total operating expenses increased by \$196,000.

In the Capital Budget, all connection charges are included at this year's rate of \$4,587 per DUE because there is usually a year delay from the date of collection when the building permit is paid until the date the charge is remitted to the Commission when the occupancy permit is issued. Connection charges increased by \$272,000 over last year's budget. Restricted interest income increased by \$40,000. Total capital revenue increased by about \$312,000 or 50.0%.

Just like debt service interest, principal payments are an exact calculation of what will be paid on the Clean Water Fund loan in next budget year. The equipment and building replacement fund deposits are based on depreciation expense to be amortized and have decreased by \$43,000. R. Frick reminded the Commission that these deposits are not really an expense, but are transfers from the Depreciation account to the appropriate Replacement accounts at Robert W. Baird which are restricted for future capital expenditures.

S. Luczak reviewed the equipment and building capital expenditures portion of the budget. As noted in past Commission meetings, the plant generator needed replacement. Replacement cost estimates were obtained for a new generator and \$350,000 is included in the budget for next year. This generator would require a new transfer switch which is included in the total cost. Supervisory Control and Data Acquisition (SCADA) equipment upgrade is included in the budget in the amount of \$100,000 to get all equipment online and consistent across the plant. A service truck and plow are included in the budget at \$85,000. New pumps for Pump Station #1 are needed at a cost of \$60,000. Updates for the heating system software will cost \$4,000. Solid grading is budgeted at \$35,000 and is needed to enclose the primary clarifiers. This will help to keep the gearing from freezing up in the winter. New Variable Frequency Drives (VFD) are needed at a cost of \$20,000. The equipment contingency includes an additional \$25,000 for equipment emergencies that come up in the next year. Building expenditures include \$25,000 to repair the asphalt at the plant and a contingency of \$25,000 for any building emergencies that might happen next year. Overall total capital expenditures are estimated to be \$729,000. Discussion ensued regarding the typical procedure used for a truck purchase.

**J. ANSON MOVED TO APPROVE THE 2021 OPERATING AND CAPITAL BUDGETS AS PRESENTED WITH A \$1 DOLLAR INCREASE IN USER FEES PER DOMESTIC USER EQUIVALENT (DUE). M. MEYERS SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

#### FINANCIAL STATEMENTS (JULY AND AUGUST 2020)

Financial statements had been distributed in advance of the meeting. A sheet detailing financial highlights was included with the August 2020 financial statements. The balance sheet looks strong and stable. The debt to equity ratio is very low at 8.9%, well below the industry standard of 100%. Comparative income statements reflect the current impacts of COVID-19. There are decreases in all non-resident operating revenue categories due to business closures or partial closures to allow for social distancing for customers. Unrestricted and restricted investment income is lower due to the drawing down of funds for the payment of construction invoices. New connections totaled 29.25 DUEs with \$132,000 collected in connection charges year-to-date.

#### APPROVE EXPENSES AND DISBURSEMENTS (JULY AND AUGUST 2020)

Expenses and disbursements for July and August 2020 were provided to the Commissioners in advance of the meeting. There were no questions about these expenses.

**T. AICHER MOVED TO APPROVE THE EXPENSES AND DISBURSEMENTS FOR JULY 2020 AS PRESENTED. E. SADOWSKI SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.**

**D. DORAU MOVED TO APPROVE THE EXPENSES AND DISBURSEMENTS FOR AUGUST 2020 AS PRESENTED. E. SADOWSKI SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. SEVEN WERE IN FAVOR. MOTION CARRIED WITH M. MEYERS ABSTAINING.**

#### NEXT COMMISSION MEETING AND AGENDA ITEMS

The following items are scheduled to be in the agenda for the November 17, 2020 Commission meeting beginning at 5:30 P.M.

- Presentation on the R & R Insurance Coverage Related to Cyber Security
- Discussion and Action on the Connection Charge Revision

#### ADJOURN MEETING

**K. MAPLES MOVED TO ADJOURN FROM THE SEPTEMBER 22, 2020 DELAFIELD-HARTLAND WATER POLLUTION CONTROL COMMISSION MEETING. E. SADOWSKI SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED. THE MEETING ADJOURNED AT 6:41 P.M.**

Respectfully submitted:

Minutes prepared by:

Rosemary Frick, CPA  
Finance Director/Treasurer

Accurate Business Communications, Inc.