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MINUTES SUMMIT UTILITY DISTRICT #2 2025 Budget Meeting October 7, 2024

Call to Order

Chairperson Riley called to order the Summit Utility District #2 Meeting at 9 am on October 7, 2024, at Summit Village Hall, 37100 Delafield Road, Summit, WI.

Roll Call and Confirm Posting

Administrator Michael took roll call and confirmed that the meeting was noticed to the local media as required and requested and posted on the Village posting board and website. Commissioners present were: Jim Petronovich, Jeff Lee, Justin Phillips, and Kraig Arenz, Sr. Also present were: Chairperson Jack Riley, Public Works Director Kamron Nash, SEH Engineer, Robert Malzahn and Administrator-Clerk/ Treasurer Debbie Michael.

Discussion and Action on Cash Flow Analysis Report from Ehlers

Administrator Michael presented the cash flow analysis report from Ehlers. She explained that the report mirrored the budget document and included pro forma projections for the end of the current year. The report proposed a \$5.50 increase in the quarterly charge, bringing it to \$19.50 per DUE, to match the increase from Delafield-Hartland Water Pollution Control Commission (Del-Hart). The report also included a \$2 increase in operations and a \$2 increase in the debt capital amount.

Administrator Michael highlighted the large expense of \$354,000 for lift station maintenance in 2025. She noted that the special charge collected on tax bills was projected to increase by \$15,000, and they anticipated four new connections in the district next year.

The report showed that the district's cash flow would turn negative by 2027, despite paying off debt, due to increasing expenses. Ehlers has recommended finding alternative funding methods, such as borrowing, to address the depleting fund balance.

Chairperson Riley questioned why the projection had changed from the previous year when they were in the black. The clerk explained that the change was due to shifting some large expenses from the current year to 2025.

Commissioner Lee asked for clarification on the number of additional DUEs, as there was a discrepancy between the mentioned four and the seven shown in the report. Administrator Michael clarified that the current count was 739, and it would increase to 750 with the four new connections.

The board discussed the possibility of borrowing in the future but agreed it was too early to do so now and referenced the current high interest rates.

Discussion and Action on Summit Utility District #2 2025 Budget

Administrator Michael presented the proposed 2025 budget for Summit Utility District #2. She explained the revenue projections, including the increased rates for operations and maintenance, Del-Hart sewage service, and capital contributions. The budget also included a transfer from the general fund to balance revenues and expenses.

The commissioners discussed the possibility of increasing rates further to improve cash flow. Commissioner Phillips suggested a \$4 increase instead of \$2 for operations and maintenance. The commissioners debated the impact on residents, considering the already high cost of the sewer system.

Robbie Malzahn from SEH presented the expenditures portion of the budget. He detailed various maintenance and repair costs for lift stations, including wet well cleaning, bioxide feed system improvements, control panel repairs, and pump replacements. The board discussed the possibility of having the Village's Department of Public Works handle some maintenance tasks to reduce costs.

The commissioners also discussed the high cost of bioxide chemicals and the need to explore alternative suppliers or treatment options.

After thorough discussion, Trustee Whereas made a motion to approve the budget with amendments:

MOTION: *(Petronovich, Lee) to approve the 2025 Utility District \$2 budget as prepared on October 7, 2025 with expenses of \$1,927,594 and revenues of \$1,238,928.80 as adjusted during the discussion this evening. Carried.*

Discussion and Action on Monthly User Fee Price Increase from Delafield-Hartland Water Pollution Control Commission

Chairperson Riley reported on his investigation into the historical lawsuit between the Village and Del-Hart regarding connection charges. He explained that the resolution of the lawsuit required Del-Hart to charge the village the same amount as the owners of the system for treatment. The commissioners concluded that there was no need for further legal action, as long as the village was being charged the same rate as Del-Hart's owners.

Administrator Michael agreed to reach out to Del-Hart to request advance notice of future rate increases.

Discussion and Action on 2025 Service Agreement with the Village of Summit

Administrator Michael presented the 2025 service agreement with the Village of Summit, which included a payment of \$61,000 for services, consistent with the 2024 rate and the Ehlers cash projections report.

MOTION: *(Arenz, Phillips) to approve the 2025 service agreement with the Village of Summit for the amount of \$61,000 for the services outlined. Carried.*

Discussion and Action to Set the 2024 Tax Levy for Summit Utility District #2

Administrator Michael explained that the proposed tax levy for 2024 was \$365,000, an increase from \$350,000 in the current year. This amount was based on the Ehlers financial report and would be levied within the district based on DUE counts.

MOTION: (Petronovich, Phillips) *to approve the 2024 tax levy for Summit Utility District number two in the amount of \$365,000 to be levied within the district based on DUE counts.* Carried.

Adjourn

MOTION: (Arenz, Phillips) *to adjourn at 10:21 am.* Carried.

Respectfully Submitted,

Debra J Michael, WCMC
Village Administrator-Clerk/Treasurer