City of Pewaukee
W240 N3065 Pewaukee Road

Public Works Committee Meeting Minutes
Thursday, March 5, 2026

In Attendance:
Mayor Steve Bierce, Alderman Jerry Wamser, Michael Kreiter, Jim Blackwood

Also In Attendance:
Director of Public Works M. Wagner, City Engineer M. Gabbey, Chief Engineer—Utilities R. Wirtz, Utility Manager J. Mueller, Utility Assistant Manager R. Kincaid, Administrative Assistant H. Jacobs

1. Call to Order and Pledge of Allegiance

   Mayor Bierce called the meeting to order at 4:00 p.m. and called for everyone to stand for the Pledge of Allegiance.

2. Public Comment - Please limit your comments to two minutes. If further time for discussion is needed, please contact your District Alderperson prior to the meeting.

   There were no public comments.

3. Discussion and Action Regarding the Minutes

   3.1 Discussion and possible action to adopt Jan 22 2026 meeting minutes.

   Motion was made and seconded (M. Kreiter, J. Blackwood) to approve the January 22, 2026 meeting minutes. The motion passed unanimously.

4. Water and Sewer Division

   4.1 Presentation and Discussion Related to Ehlers 2025 Sewer Rate Study Phase 1. [Wagner/Mueller]

   Ms. Mueller presented information about the Ehlers sewer rate study, which had been presented to the Common Council the previous month. The study evaluated the Utility's current financial condition and identified the need for a rate increase in 2026.

   Ms. Mueller explained that the Utility has begun drawing on its reserve funds and emphasized that Ehlers standard of practice follows a philosophy of maintaining a 1.4 debt coverage ratio. This means the Utility should generate $1.40 in revenue for every $1.00 of debt, ensuring both debt obligations are met, and adequate reserves are maintained. Ms. Mueller noted that, without a rate increase, reserves will continue to

decline. She also highlighted that recent rate increases from the Lake Pewaukee Sanitary District (LPSD) and the City of Waukesha have compounded the need for this financial strategy.
Restoring the Utility to long-term fiscal stability remains a priority, with careful consideration given to both financial sustainability and the potential impacts on community members.
Phase 1 of the study confirmed the need for rate increases. Phase 2 will determine developing specific rate structures, with recommendations to be brought back to the Council. The goal is to implement new rates by June 2026.

Mr. Blackwood asked whether the 1.4 ratio is standard practice. Ms. Mueller confirmed that Ehlers applies this guideline across all municipalities it serves. She added that the Council could consider a stepped approach to implementing the rate increases if there is concern about the immediate impact, allowing for continued use of reserves.
Mr. Blackwood also inquired about the current coverage ratio and noted the substantial projected increases of 14.7% annually over four years—totaling nearly 60%. Alderman Wamser expressed concern about the burden such increases would place on residents who are not receiving comparable wage increases.
Ms. Wagner emphasized the importance of considering that sewer rates have remained unchanged since 2021, while many residents have experienced wage increases during that period. She also pointed out that LPSD has implemented nearly double-digit rate increases over the past three years—costs that are outside the City's control. Additionally, the City of Waukesha also had significant increases after the City of Pewaukee adopted its current rates.

Ms. Wagner noted that previous attempts to create different rate zones were not feasible due to state statutes requiring uniform rates across the service area. The discussion also touched on frustrations with regulatory constraints and their impact on Utility costs.

Ms. Mueller clarified that while the projected increases are not driven by any single major capital project, but rather by a range of anticipated infrastructure needs included in the study. While some projects may ultimately proceed and others may not, the 1.4 coverage philosophy provides for ongoing infrastructure needs. She also noted that a significant portion of the City still lacks municipal sewer service, and future septic relief plans could result in additional capital projects.

The Committee acknowledged the inevitability of infrastructure replacement costs, referencing the recent Gun Club lift station replacement as an example of necessary but costly improvements. Ms. Mueller confirmed that the Council has requested rate comparisons from other Waukesha County communities for future meetings. Ms. Wagner added that the City of Pewaukee's system's spread-out nature with areas separated by unsewered land results in higher per-capita costs compared to more compact communities.

4.2 Presentation and discussion related to SEWRPC Sanitary Sewer Service Area Update. [Mueller/Wagner]

Ms. Mueller provided an update on the City's work with Southeastern Wisconsin Regional Planning Commission (SEWRPC) regarding the sewer service area plan. She explained that SEWRPC had previously allowed communities to make smaller regional amendments to their sewer service plans; however, due to the length of time since the last comprehensive update, SEWRPC has decided against processing individual amendments.

In response, the City has requested that SEWRPC conduct a comprehensive review of the remaining unmapped areas within the City. Ms. Wagner clarified that this effort specifically includes the Ryan Road area, which is currently not mapped by SEWRPC's plan despite being included in the Brookfield treatment plant's capacity calculations.

This mapping is essential for obtaining WI Department of Natural Resources (DNR) approvals for any future development. This process will involve SEWRPC reviewing environmental areas throughout the community and consulting with the adjacent communities. Ms. Mueller noted that this effort is expected to take a minimum of one year to complete.

Ms. Wagner further explained there is a developer interested in the area known as Winklemann Farms for potential industrial development. SEWRPC is aware of this interest and has indicated a willingness to work with the City to accommodate potential approvals ahead of the full plan update, depending on project timing.

The developer's progress to date has been inconsistent, facing multiple hurdles. Originally, sewer service to the area was expected to be provided through the Kopmeier lift station; however, the City has since been working with the Village of Pewaukee to identify a new, more efficient connection point that would require fewer infrastructure upgrades.

Ms. Wagner noted that while some sewer upsizing will still be necessary, the extent of those improvements will not be known until further studies are completed. The developer has not been willing to fund these required studies to date.

Alderman Wamser asked about notification requirements to neighboring communities. Ms. Mueller confirmed that, as a part of SEWRPC's process, notification letters were sent to surrounding communities last summer. Two rounds of letters were completed, and no communities requested amendments to their respective plans.

5. Engineering Division

5.1 Discussion and possible action regarding the Intergovernmental Agreement Between the City of Pewaukee and Waukesha County Regarding the Municipal Recycling Dividend Program. [Wagner]

Ms. Wagner provided a comprehensive overview of the recycling program's history and current challenges. Waukesha County has served as the designated responsible unit for recycling for 25 communities, including the City of Pewaukee, since 1990.

From 2015 until May 2023, recycling was processed at a joint Materials Recovery Facility (MRF) co-owned by Milwaukee and Waukesha County.

A fire in May 2023 gutted the entire facility, making it financially unfeasible to restore operations. The county subsequently dissolved its agreement with Milwaukee and issued a Request for Proposal for recycling processing services, which was awarded to Waste Management. All recycling is now processed at Waste Management's facility in Germantown.

Ms. Wagner noted that the new facility is highly automated and efficient, noting it was recently upgraded in 2021-2022. The county requested that all communities execute updated Intergovernmental Agreements (IGAs) to reflect the new location and revised provisions.

However, several concerning changes were made to the agreement. The original IGA included language stating that if recycling needed to be taken to another location with additional costs, the county would cover those costs. This language was removed, with the county asserting that its contract with Waste Management covers all processing costs and that communities are included under the term "county."

Ms. Wagner expressed concern with this interpretation and requested either reinstatement of the original language or explicit inclusion of municipalities in the cost coverage provision. The county declined both requests.

A second concern involved the county's control over working capital limits. The county maintains a floor and ceiling limit with a $400,000 range. If the balance falls below the floor, communities will be charged tipping fees; if it exceeds the ceiling, communities receive dividend payments based on recycling tonnage. The county retains authority to adjust these limits without community consultation, despite Ms. Wagner's request for a subcommittee process to review and justify such changes.

Ms. Wagner also requested greater transparency regarding the county's education program and budget. While the county agreed to share educational information, they refused to include this commitment in the IGA. Similarly, requests to include budget transparency language were denied, with the county directing communities to its website instead.

Throughout approximately a year of discussions, Ms. Wagner stated that the county was uncooperative and took advantage of the fact that state law provides no opt-out mechanism for communities designated under a responsible unit in 1990. Communities are required to deliver recycling to the county regardless of whether they sign the IGA.

The IGA primarily serves to designate the delivery location and establish the dividend program, which the county claims is unique nationally. However, the City of Pewaukee has not received dividends for several years, and Ms. Wagner does not anticipate any in the near future based on current market conditions. She noted that communities may eventually be required to pay tipping fees for recycling.
Despite these concerns, Ms. Wagner recommended approval of the IGA to maintain eligibility for potential future dividends, as communities that do not sign would forfeit

that opportunity.

Alderman Wamser expressed frustration with the situation, comparing it to communities that simply landfill everything rather than deal with recycling complexities. Ms. Wagner acknowledged the program's benefits, noting Waste Management's efforts to find markets for difficult materials such as plastic bags and its acceptance of #4 plastics, which were not processed at the previous facility.

She highlighted City of Pewaukee's strong recycling performance, with a residual rate of 12% compared to the national average of 30%, demonstrating effective community participation and county messaging. Ms. Wagner praised Waste Management's ongoing efforts to find new markets for recyclable materials but reiterated her disappointment with the county's unwillingness to cooperate or address community concerns.

The Committee acknowledged it had no real alternative given state law requirements.

Motion was made and seconded (J. Wamser, J. Blackwood) to recommend approval of the Intergovernmental Agreement between the City of Pewaukee and Waukesha County regarding the Municipal Recycling Dividend Program. The motion carried unanimously.

6. Public Comment - Please limit your comments to two minutes. If further time for discussion is needed, please contact your District Alderperson prior to the meeting.

There were no public comments

7. Adjournment

Motion was made and seconded (J. Blackwood, M. Kreiter) to adjourn the meeting at 4:34 p.m. The motion passed unanimously.

Respectfully Submitted

Magdelene Wagner
Director of Public Works