

Algoma Sanitary District #1 Water Utility Consumer Confidence Report for 2010

We are pleased to present you with this year's annual water quality report. This report is intended to inform you about the water quality and services the Algoma Sanitary District provides. As you will see from the charts and tables inside, your Water Utility did not have a single contaminant violation. In order to maintain these excellent results, your District's staff is continuously monitoring for bacteria and other parameters throughout the entire year. All bacteria samples for the year came back with safe results.

We are committed to and are constantly striving to provide the best drinking water to you while keeping water rates as low as possible.

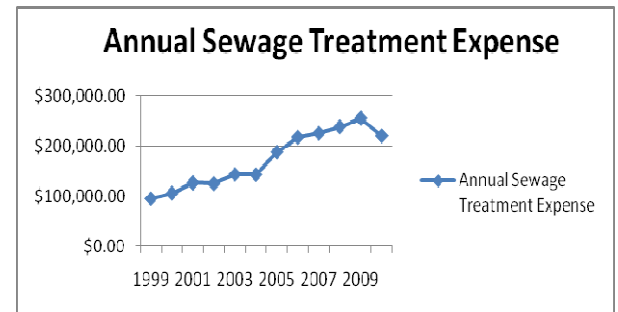
The Commissioners and Sanitary District Staff wish you a warm and safe summer.



Algoma Sanitary District #1
3477 Miller Drive
Oshkosh, WI 54904

Sanitary Utility — I & I Update

Our sewer treatment operations targeted at removing clear water from our sewer system has dramatically reduced our annual sewer treatment expenses. As you can see the chart below, annual treatment expenses in 2010 have decreased to the amount paid four years ago. This savings is due to the sump pump inspection project and the sewer Infiltration and Inflow (I & I) program. Our operators are continually working to identify and repair leaks and improve the structural integrity of our infrastructure, which reduces inflows.



Over the last three years our sewer utility operation team has cut the total sewage flow by 18%. The cost savings identified in the chart above is directly related to this I&I reduction. The sump pump inspection project has already paid for itself in cost savings. As the District continues to remove inflows into the sewer system, our expense ratio will continue to decrease over the next several years.

Trouble Mowing Around Service Valves?

If you notice your water service valve needs to be lowered in your front yard, please call us and we will be happy to adjust it for you at no charge.



Algoma Sanitary District #1
3477 Miller Drive
Oshkosh, WI 54904

Phone: (920) 426-0335
Fax: (920) 426-1181
Emergency Pager No. (920) 258-1030

Website: www.algomasd.org
E-mail: district.office@algomasd.org

Office Hours:
Monday — Friday
8:00 A.M. - 12:00 P.M. & 12:30 P.M. - 4:30 P.M.

The Sanitary District holds regular meetings on the 2nd Thursday of the month at 6:00 P.M. at the Sanitary District Office: 3477 Miller Drive.
The public is welcome to attend these meetings.

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From Your Director — Kevin Mraz



This annual newsletter is an opportunity for me to report our drinking water quality information to you and to discuss how well your water utility is operating. You will find the water quality results for many of the parameters we test for included inside. You can rest

assured that all of our results are far better than the EPA and DNR requirements. Our treatment/filtration plants were designed to go above and beyond the requirements, which result in exceptional water quality. This guarantees that your water system will continue to serve fresh, safe drinking water to your tap.

Our staff strives to have excellent customer service and to respond quickly to your concerns. If anyone has a specific question that is not covered in this short report, please call me, and I will be happy to provide further details.

Mission:

To provide safe drinking water and sewer services to the residents served by the Sanitary District.

Vision:

We strive to be the lowest cost, highest quality provider of municipal sewer and water services in the Fox Valley.

Quarterly Water Bills

The District remotely reads your water meters on a quarterly basis. You can expect to receive a water bill during the months of January, April, July, and October. Each bill is for the preceding 3 month period. The quarterly water bill in 2010 for a home using 17,000 gallons of water was \$120.31. After reviewing the District's long-term cash flow schedule, we have proposed to increase the annual water rate by matching the inflationary benchmark of 3% set by the Public Service Commission. This rate increase will take effect on your 2011 third quarter water bill.

Water Hardness

| Water | Grains per gallon |
|----------|-------------------|
| Hardness | 17 |

From Your President — Bob Nadolske



I want to take this opportunity to thank our past president, Earl Lawrence, for all of his hard work and commitment in making the Algoma Sanitary District #1 what it is today. Because of Earl's leadership, this Sanitary District has a promising future.

I also want to thank Rose Mraz for her 21 years of dedication to our Sanitary District. Rose recently retired from her position in April.

Thanks to our outstanding staff for making us financially sound. This is reflected by our excellent AA- Bond Rating. Because of the efforts of our devoted staff, we have been judged to have the second best tasting water in the State of Wisconsin.

We are very fortunate to have a staff that goes out of their way to make all of these accomplishments happen. That starts at the top with the leadership of Kevin Mraz. Kevin is the glue that holds the staff together, along with making sure that the day-to-day operations run smoothly.

Replacing Rose was no easy task, and we are very fortunate to have Michael Claffey assuming that position. Mike earned a Bachelor's Degree in Accounting and Business Administration and has over 10 years of accounting experience. He will continue to use his strong financial background to help us maintain our current solid financial position.

Working with Mike in the office is our newest employee, Sara Gonzales. Sara earned a Bachelor of Business Administration degree in Finance. She comes to us with previous office experience, and we are glad that she has joined our staff.

Finally, there are the men in the trenches (literally). You will see these men every day in their red trucks keeping our District performing to the level that you all expect. Thanks to Dan Benson, Mike Humbert, and Paul Bloesl.

In the Town of Algoma I have served on the Town Board, the Planning and Zoning Commission, the Commercial Site Plan Committee, and the Extra-territorial Zoning Committee. I look forward to serving Algoma as President of your Sanitary District.

As always, if you have any concerns, please give us a call.

Financial Strength

♦ **AA- Bond Rating** — Based on our Sanitary District being very financially conservative with our long-term growth and investment plans, we received an exceptional bond rating of AA-. This rating allowed the District to refinance our long-term bonds at the lowest possible rate. While maintaining the same payoff date, our new bond rating reduced the interest rate by more than 1.25% on \$2.5 million of our outstanding bonds.

♦ **Grant** — Our water utility received a grant of \$1,325,000 to help pay the cost to build the administrative, garage, and water treatment #3 facility.

Water Quality — Received 2nd Place

The Town of Algoma Sanitary District's Water Utility received 2nd place at the annual State of Wisconsin Water Taste Test Competition. This is an elite competition against all other water utility providers trying to claim the title of best tasting water in the state. We are very proud of this placement and will enter the contest again next year seeking a 1st place victory. The winner of the contest goes on to compete nationally in the Great American Water Taste Test competition in Washington, D.C.

*** Cost Savings ***

Automatic Water Bill Payments

The District offers a direct payment plan for water bills. Direct payment is an electronic payment alternative to online and paper checks. We have saved considerable time and money in processing payments from the residents already using this system, as well as saving our residents time to deliver or mail us their payments. Please consider taking advantage of this service and call us at (920) 426-0335 to request information be sent to you on how to take advantage of this program. The required form is also on the District's website under the Water tab for your convenience. We have 193 residents currently using this service and would like to extend it to everyone.

Algoma Sanitary District #1 Consumer Confidence Report 2010 Information

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's safe drinking water hotline (800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune systems disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by cryptosporidium and other microbial contaminants are available from the Environmental Protection Agency's safe drinking water hotline (800-426-4791).

The sources of drinking water, both tap water and bottled water, include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.
- Inorganic contaminants, such as salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban storm water runoff and residential uses.
- Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff and septic systems.
- Radioactive contaminants, which can be naturally occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, EPA prescribes regulations that limit the amount of certain contaminants in water provided by public water systems. FDA regulations establish limits for contaminants in bottled water, which shall provide the same protection for public health.

Radioactive Contaminants (Results for our District)

| Contaminant (units) | MCL | MCLG | Level Found | Range | Violation | Typical Source of Contaminant |
|--------------------------------------|-----|------|-------------|----------|-----------|--|
| COMBINED URANIUM (ug/l) | 30 | 0 | 4.2 | 1.2-4.2 | NO | Erosion of natural deposits |
| GROSS ALPHA, EXCL. R & U (pCi/l) | 15 | 0 | 8.0 | 4.8-11.1 | NO | Erosion of natural deposits |
| GROSS ALPHA, INCL. R & U (n/a) | n/a | n/a | 8.0 | 4.8-11.1 | NO | Erosion of natural deposits |
| GROSS BETA PARTICLE ACTIVITY (pCi/l) | n/a | n/a | 3.3 | nd-3.9 | NO | Decay of natural and man-made deposits. MCL units are in millirem/year. Calculation for compliance with MCL is not possible unless level found is greater than 50 pCi/l. |
| RADIUM, (226 + 228) (pCi/l) | 5 | 0 | .6 | .3-.6 | NO | Erosion of natural deposits |

Unregulated Contaminants (Results for our District)

| Contaminant (units) | MCL | MCLG | Level Found | Range | Violation |
|----------------------------|-----|------|-------------|-------|-----------|
| BROMODICHLOROMETHANE (ppb) | n/a | n/a | 3.0 | 3.0 | NO |
| BROMOFORM (ppb) | n/a | n/a | 1.6 | 1.6 | NO |
| CHLOROFORM (ppb) | n/a | n/a | 2.8 | 2.8 | NO |
| DIBROMOCHLOROMETHANE (ppb) | n/a | n/a | 3.1 | 3.1 | NO |

Fire Protection

The Algoma Fire Department has used the fire hydrants on 11 days over the past 12 months to combat fires, practice, and train.

The District thanks all the residents who continue to clear a path to the fire hydrants during the winter months. This makes the fire department's response time faster and safer.

Disinfection Byproducts (Results for our District)

| Contaminant (units) | MCL | MCLG | Level Found | Range | Violation | Typical Source of Contaminant |
|---------------------|-----|------|-------------|-------|-----------|---|
| TTHM (ppb) | 80 | n/a | 10.5 | 10.5 | NO | By-product of drinking water chlorination |
| HAA5 (ppb) | 60 | 60 | 1 | 1 | NO | |

The table below displays the number of contaminants that were required to be tested in the last five years. The CCR may contain up to five years worth of water quality results. If a water system tests annually, or more frequently, the results from the most recent year are shown on the CCR. If testing is done less frequently, the results shown on the CCR are from the past five years.

| Contaminant Group | # of Contaminants Tested for: |
|--|-------------------------------|
| Disinfection Byproducts | 2 |
| Inorganic Contaminants | 16 |
| Microbiological Contaminants | 2 |
| Radioactive Contaminants | 4 |
| Synthetic Organic Contaminants including Pesticides and Herbicides | 25 |
| Unregulated Contaminants | 4 |
| Volatile Organic Contaminants | 20 |

Volatile Organic Contaminants

| Contaminant (units) | MCL | MCLG | Level Found | Range | Violation | Typical Source of Contaminant |
|----------------------|-----|------|-------------|----------|-----------|---|
| XYLENES, TOTAL (ppm) | 10 | 10 | .0004 | nd-.0016 | NO | Discharge from petroleum factories; Discharge from chemical factories |
| ETHYLBENZENE (ppb) | 700 | 700 | .1 | nd-.4 | NO | Discharge from petroleum refineries |

| Term | Definition |
|-----------|--|
| AL | Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow. |
| MCL | Maximum Contaminant Level: The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology. |
| MCLG | Maximum Contaminant Level Goal: The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety. |
| MFL | million fibers per liter |
| mrem/year | millirems per year (a measure of radiation absorbed by the body) |
| ND | No Detect |
| NTU | Nephelometric Turbidity Units |
| pCi/l | picocuries per liter (a measure of radioactivity) |
| ppm | parts per million, or milligrams per liter (mg/l) |
| ppb | parts per billion, or micrograms per liter (ug/l) |
| ppt | parts per trillion, or nanograms per liter |
| ppq | parts per quadrillion, or picograms per liter |
| TCR | Total Coliform Rule |
| TT | Treatment Technique: A required process intended to reduce the level of a contaminant in drinking water. |

Inorganic Contaminants (Results for our District)

| Contaminant (units) | MCL | MCLG | Level Found (average) | Range | Violation | Typical Source of Contaminant |
|---------------------|--------|------|-----------------------|--|-----------|---|
| ARSENIC (ppm) | 10 | 0 | 0 | 0 | NO | Erosion of natural deposits; runoff from orchards; runoff from glass and electronics production wastes |
| BARIUM (ppm) | 2 | 2 | .096 | .047-.096 | NO | Discharge of drilling wastes; Discharge from metal refineries; Erosion of natural deposits |
| COPPER (ppm) | AL=1.3 | 1.3 | .473 | 0 of 5 results were above the action level | NO | Corrosion of household plumbing systems; Erosion of natural deposits; Leaching from wood preservatives |
| FLUORIDE (ppm) | 4 | 4 | 1.2 | .8-1.2 | NO | Erosion of natural deposits; Water additive which promotes strong teeth; Discharge from fertilizer and aluminum factories |
| LEAD (ppb) | AL=15 | 0 | 8.25 | 0 of 5 results were above the action level | NO | Corrosion of household plumbing systems; Erosion of natural deposits |
| NICKEL (ppb) | 100 | | 1.0000 | 1.0000-1.0000 | NO | Nickel occurs naturally in soils, ground water and surface waters and is often used in electroplating, stainless steel and alloy products |
| SODIUM (ppm) | n/a | n/a | 22.40 | 16.90-22.40 | NO | n/a |

Source of Water

| Well Source ID | Source | Depth (in feet) | Status |
|----------------|-------------|-----------------|--------|
| 1 | Groundwater | 673 | Active |
| 2 | Groundwater | 655 | Active |
| 3 | Groundwater | 670 | Active |

Upcoming Projects

- ♦ **Olde Apple Acres** — The District began the next phase of the subdivision in June 2011. Water and sewer infrastructure will be added to serve 26 new lots.
- ♦ **Highway 21** — Construction to reroute our sanitary sewer force main and gravity sewer will begin spring 2012. This will be completed in order to remove the infrastructure from under the future overpass.

Website:

www.algomasd.org

The District has a website to inform & provide helpful information. We add contents to the site continuously. Some of the information you will find includes:

- Consolidation updates
- A map showing the water service area
- A map of properties in the Sanitary District
- List of parcels with water service available by tax roll id & by address
- Well permit / abandonment procedures
- How to read your bill, water rates, and the billing schedule
- Minutes / agendas from previous meetings
- Prior CCR reports & newsletters
- Contact information & hours of operation

Proposed Consolidation of Algoma and Omro Sanitary Districts

For the past ten years the Sanitary Districts in the Town of Algoma and the Town of Omro have been working together through intergovernmental agreements to provide efficient water and sewer services to their residents. Recently the Districts have initiated discussions on ways to reduce their rates and have unanimously voted to become one entity through consolidation. There are several advantageous reasons to consolidate:

1. Save over \$60,000 annually by eliminating duplicated expenses including insurance, attorney fees, building rent, engineering, staffing, and audit expenses.
2. Maximize economy of scale savings.
3. Improve financial strength.
4. Expand the current customer base and increase future growth potential.

Consolidation by statute requires a referendum of the voting public to ratify, which will be included on the April 2012 ballot. In our efforts to inform the public and address your questions about this consolidation, the District will be scheduling public informational meetings over the next several months. Additional information is also available on our website at www.algomasd.org

Utility Director, Kevin Mraz, embraces this opportunity, stating "With our existing staff, experience, and infrastructure, this transition will be seamless, and our residents will continue to receive the same great customer service that we currently provide." He hopes to have a good turnout of voters to affirm this consolidation as a benefit to our current and future residents and to begin capitalizing on the potential savings.

How Does This Consolidation Affect Me?

| | Algoma Sanitary District | Omro Sanitary District |
|------------------------|--|---|
| Tax Levy | Proposed 2013 tax levy will be reduced by 6% from \$29 per \$100,000 of assessed value to \$27. | Proposed 2013 tax levy rate will be reduced from \$121 per \$100,000 of assessed value to \$27. |
| Water Rates | Current average quarterly bill is \$120 for 17,000 gallons of water. Consolidation would prevent significant increases above inflationary trends of 3% annually. | Current average quarterly bill of \$256 for 17,000 gallons of water will be reduced by 50% over a three year phase-in period to match Algoma water rates. |
| Fire Protection | The Town of Algoma and the Town of Omro are required by statute to provide fire protection to their residents. Consolidation will not affect the current fire protection charge. Cost will stay in the general tax levied by the Town of Algoma. | Each developed District parcel in the Omro Sanitary District will be charged \$100 on their annual property tax bill. This charge is already included in your annual property tax bill. |
| Sewer Rates | Retain the current low rates of approximately \$300 per year based upon existing contractual rates. | Current rate of \$792 will be reduced by \$101 to \$691 per year based upon existing contractual rates. |

The table above represents the approximate preliminary rate schedule of the consolidated District.