

**Algoma Sanitary District #1**  
**January 13, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) Commissioner Alexander Irvine with Commissioner Bob Nadolske and Commissioner Mike Gelhar present called the regular monthly meeting for January to order at 6:03 p.m. Also present were Kevin Mraz, Ray Edelstein, Michael Claffey, Joel Edson, and Rose Mraz. Jim Savinski and Dave Wagner were in attendance from the public.
  - a) Alex noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) The commission needs to choose officers amongst themselves due to the addition of a new commissioner. **Alex made a motion for Bob Nadolske to be President, Alexander Irvine to be Secretary, and Mike Gelhar to be Commissioner/second-Mike/carried unanimously.**
  - c) **Mike made a motion to approve the minutes as submitted for the regular monthly meeting on December 9/second-Alex/carried unanimously.**
  - d) **Mike made a motion to approve the cash receipts & investments report for December for sanitary and water as submitted including the balance adjustments/second-Alex/carried unanimously.**
    - i) NTD paid the first year of their 5 year contract for rental of the tower.
    - ii) There were balance adjustments totaling \$2,853 for a supply assessment for the splitting of a lot off of Bellhaven Road and \$140,012.76 for the cost of money adjustment for deferred assessments for a total of \$142,865.76. **Alex motioned to approve the balance adjustments as stated/second-Mike/carried unanimously.**
  - e) Approve pending bills for sanitary and water.
    - i) **Mike made a motion to approve the pending bills for January as submitted/second-Alex/carried unanimously.** It was noted that bond payments are due on March 15th totaling \$290,725.05.
- 3) Public Forum – Jim Savinski is present, and he is here to observe the meetings for the next few months to be aware of everything that is happening here since he is running unopposed for commissioner in the April election.
- 4) Commissioner Statements. Bob added that he wanted the commissioners to have an opportunity to address items that come up during public forum and have a dialog with any of the public that may come in.
- 5) Director's Report.
  - a) Review of District Statistics.
    - i) Night Flows. This is something that staff monitors on a daily basis to determine if there are any leaks or unusual changes in the water usage from midnight to 3 A.M. The repair of three leaks in Omro dropped that number from around 100 gallons per minute after flushing started and the opening of the broken valve in the farm field to around 40 gallons/minute after the leaks were repaired or stopped.
  - b) Correspondence
    - i) There is a tour group that is coming through tomorrow. A 4-H group with around 40 children and parents will be taking a tour of the water plant and seeing firsthand how a water utility operates.
    - ii) Kevin was a speaker at the state DOT conference and was able to speak about our water system.
    - iii) We received a letter from a resident at 181 South Oakwood Road. He is requesting to remove his sewer user fee since the house in question is vacant and there is no plumbing inside. He said he was forced by the Town of Algoma to finish the outside of the house and to install a sewer lateral, but the connection is not able to be used since the house is considered uninhabitable at this time. The commission decided that he could go on next month's agenda and the issue be discussed as long as he is here to state his case.
    - iv) Michael Schneider from Uniform Boutique has written to complain about his sewer user fee. He states that he paid \$17.57 on average per quarter in the city of Oshkosh. By moving one mile down the street into our District he is now paying based on the business rate of 1.5 times an equivalent user fee of \$266.17 in 2010, or \$99.82/quarter. He wants to lower his rate based on his usage being less than other businesses that are also paying this rate. The commission did not change the precedent on how the sewer bills are calculated, but he can be on the agenda for the next meeting and state his case as long as he is present.
  - c) Status of 2011 projects.
    - i) Olde Apple Acres is starting the planning process for the development of 30 lots in a subdivision there.
    - ii) The DOT is moving ahead with the Highway 21 project. They are paying for at least 90% of the project costs relating to moving our manholes. It will be ready to bid out in late spring for work to be done in mid-August once the 9<sup>th</sup> Avenue road work is completed. The project has two weeks to be completed while the highway is closed to traffic.
- 6) Report from Committees.
  - a) The District Advisory Council-None.
- 7) Old Business-None.
- 8) New Business.
  - a) Review the District Mission Statement and general power and duties according to WI stats 60.77(4). These statements were discussed and are the basis of how the District operates on a daily basis.
  - b) Discuss and act on the Treasurer job description. This is the last job description that needs to be completed for the employee handbook. This job description was handed out to everyone in attendance for their review. **Mike made a motion to approve the treasurer job description as submitted/second-Alex/carried unanimously.**

- c) Resolution Authorizing the Issuance and Sale of \$2,565,000 General Obligation Refunding Bonds. Dave Wagner from Ehlers & Associates is here to discuss the bond issue. The board in November authorized the sale of new bonds, and this is for approval of the actual bonds that were bid on earlier today. The lowest bidder for our bonds was Marshall & Ilsley Bank. The Sanitary District sought a bond rating and was able to receive a rating of AA- from Standard and Poor's, and this rating helped saved the District about \$290,000 through receiving a lower interest rate than would have been received without it. **Alex made a motion to approve Resolution 2011-1-1 authorizing the Bond sale as described above/second-Mike/roll call vote: Mike-yes, Bob-yes, and Alex-yes. Motion carried 3-0.**
- i) A portion of the proceeds received from this bond sale cover the payoff of a Public Land Trust Funds loan. A written notice of this payoff will need to be sent to them 30 days prior to March 15<sup>th</sup> notifying them of our intention. A letter will be e-mailed from Ehlers to take care of this. This letter should not be sent until after February 2<sup>nd</sup> to make sure nothing happens to the bond sale.
  - ii) The bond proceeds should be invested from February 2<sup>nd</sup> until payoff in an investment backed by U.S. Treasuries to ensure that they will be available to make the March 15<sup>th</sup> payment.
- d) Schedule the 3<sup>rd</sup> Consolidation Workshop with Omro Sanitary District #1. Items were reviewed that need to be discussed at this meeting, including cash flow schedules, setting water/sewer rates, and the referendum process that would need to occur if both sides were interested in proceeding.
- i) The Public Service Commission would need to approve the consolidation and the rate structure that was agreed upon for the consolidated District. It was advised that there can't be separate rates for water, but the sewer rates can be different based on the operational expenses of each district.
  - ii) Each District needs to make sure that their sewer user rate covers the operational expenses of their own District without using the tax levy. Since the tax levy would need to be the same across the entire District, both Districts must set their sewer user fee to cover their operational expenses and not rely on the tax levy to cover them because one District would then be paying some of the other District's costs.
  - iii) Meeting dates and times were discussed and the meeting was set for Wednesday, January 26<sup>th</sup> 5 p.m., at the Algoma Sanitary District office.
- e) Apply for Wisconsin DNR grant for emergency response tabletop exercise with Pre-emergency Planning, LLC. This company assists us with going through a disaster scenario and seeing how each agency involved would respond to it. We were approved for the tabletop exercise and received a grant to help pay for this. This would occur in late summer once the new commissioner was on board and up to speed on the issue. The commission directed the director to start the planning process with staff for this so we could complete this exercise by late summer.
- f) Authorize Omni Associates, Inc. to begin water and sewer extension design work for Olde Apple Acres first edition second phase. The plans were presented for this development on Crab Apple Lane, Braeburn Street, & Russet Lane for about a 30 lot development. Gerry from Midwest came in to sign the agreement and we received from them street grades and plats for this project. Kevin met with Omni regarding this project and would like final approval to hire them to design the water and sewer extension.
- i) Joel mentioned that there was concern at the Town Hall on the first phase of the project and the road grading they did. When they put the utility boxes in at road grade, they hauled all the dirt out and never came to fill it back in upon the completion of the project. They have been trying to get them to complete that for a while now with no success and want to put a moratorium on building permits until it is complete. Bob noted that planning has already begun on this project, and it would be too late to be subjected to this possible moratorium. **Mike made a motion to approve the hiring of Omni Associates to begin the water and sewer design work for Olde Apple Acres first edition/second phase /second-Alex/carried unanimously.**
- g) Method of recognizing past Commissioners. We wanted a way to recognize significant contributions of past commissioners or employees. Ray mentioned the custom in the courthouse of doing a portrait of each preceding judge who has served in that courtroom. It puts a face on each judge who has served in the past, and lasts for a while since there is not much turnover here for judges. We could look into doing a plaque with their name and time served on there. Ray mentioned that Diane Fremgen, the Clerk of Courts for Winnebago County, is the one who takes care of the portraits for the courthouse and would know who they use there. It was decided to look into this and discuss it further at the next meeting in February.
- h) Discuss and recommend the monthly salary for future Commissioners and make the salary for the Commissioner and Secretary the same amount. The only time that this change can be made is when a new commissioner is being elected, which would be occurring now this April. This issue would need to be put on the town board's agenda and approved by them as well. **Alex made a motion to increase the salary of the Commissioner to \$300/second-Mike/carried unanimously.**
- i) Discuss a uniform policy for setting the date for sewer user fees to begin. It was recommended that we have a uniform policy for a set date. It is common practice to finish building a home in around 120 days and use the sewer system in the process of selling it. Since the first thing a builder would have to do before starting to build is to apply for a sanitary permit, they would know ahead of time that they would be charged a sewer user fee 120 days after receiving their sanitary permit. If this policy were to be approved, we would state the policy on the sewer permit to make sure the builder was informed when applying for the new permit. It was decided that we need to include this policy as part of a new sanitary ordinance, put it on next month's agenda for approval, and, upon approval, publish it in the newspaper along with the effective date.
- j) Set the dates for upcoming meetings. The dates for the next two meetings are going to be changed to Tuesday February 8, 2011 and March 17, 2011 at 6:00 p.m. This change was approved by the commissioners and new meeting dates and times are set.

- k) **Mike made a motion to go into a closed-door meeting in relation to employee matters/second-Alex/carried unanimously.** The meeting has been moved into a closed session at 8:15p.m. and Ray, Michael, and Rose have left the building.
- l) **Mike made a motion to go back into open-door meeting/second-Alex/carried unanimously.** The meeting was opened back up at 8:27 p.m. There was a change to the earlier approval of the cash balances. It was noted that there was cash moved in December from the money market account at Associated Bank to Anchor Bank on the water side and to Citizens First Credit Union and Choice Bank on the sanitary side. **Mike made a motion to approve this change and the 2011 employee pay schedule/second-Alex/carried unanimously.**
- 9) **Mike made a motion to adjourn at 8:28/second-Alex/carried 3-0.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accountant

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**February 8, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Mike Gelhar present called the regular monthly meeting for February to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Michael Claffey, and Rose Mraz. Joel Edson was absent. Mike Schneider from Uniform Boutique, Andy Woznick from 181 South Oakwood Road, and Jim Savinski were in attendance from the public.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) **Mike made a motion to approve the minutes as submitted for the regular monthly meeting on January 13/second-Alex/carried unanimously.**
  - c) **Mike made a motion to approve the cash receipts & investments report for January for sanitary and water as submitted including the balance adjustments/second-Alex/carried unanimously.**
    - i) There were three balance adjustments in January. There was an assessment transfer of \$11,226.68 moved from Parcel #002-0040-02 to Parcel #002-0040-02-01. There also was a transfer of payment posting of \$100 posted from Public Fire to Water for Brian Schneider. Also, there was a write-off of \$68.76 on the sewer user fee of Blockbuster Video due to their pending bankruptcy. **Mike motioned to approve the balance adjustments as stated/second-Alex/carried unanimously.**
  - d) Approve pending bills for sanitary and water.
    - i) **Alex made a motion to approve the pending bills for January as submitted/second-Alex/carried unanimously.** It was noted that bond payments are due on March 15th totaling \$290,725.05.
- 3) Public Forum – Mike **made a motion to address Items 8A and 8B now since members of the public are here to speak on this issue/second-Alex/carried unanimously.**
- 4) Commissioner Statements. Bob and the other commissioners had nothing new to address.
- 5) Director's Report. Due to Rose retiring at the end of April, we are looking to fill her position, first looking within our own staff. If it is filled in-house, we will begin our search for a new utility clerk. We are going to be looking at test driving new lawn mowers that can handle cutting 20 acres and budgeted \$9k. We are also looking to buy a new truck this year and bids are due by the next meeting, March 17<sup>th</sup>. We ordered 54 new water meters @ \$169 each to cover new water service installation for 2011, since we have 8 in inventory.
  - a) Review of District Statistics. There was a chart presented on sewer flows by month along with the status of permits for the year and sump pump inspection progress.
  - b) Correspondence. None.
  - c) Status of 2011 projects.
    - i) Highway 21 sewer relocation. Staff is beginning the planning process for August road work. The road is being relocated near McDonald's by the retention pond so traffic can get around it this spring. The manholes will need to be raised to accommodate this road before it is installed so they are not covered up. It will be a part of the shoulder of the new roundabout. There will be a small cost for machine time involved with this.
    - ii) Apple Acres gave the authorization to proceed with the design plans for Apple Acres 1<sup>st</sup> Addition expansion. We are signing off on the contract documents and will mail them out tomorrow. The project bidding will start in early April and the developer wants to begin the work as soon as the frost is out of the ground.
    - iii) Omro Meter Vault. Water is bypassing the meter vault that is meant to happen only for fire protection purposes, which results in not knowing how much water is being used in Omro since it isn't currently registering. Water is going through the bypass and the valve is not seating properly. We knew there was a problem when there was a 20 gallon/minute leak in Omro in December and there was no increase in water flow registering on the meter. We will dig up the valve on Leonard Point Road in Spring when the ground is not frozen to determine what the problem is. The same thing is occurring at both Omro Meter Vaults.
    - iv) Emergency Tabletop Exercise. We are tentatively looking to schedule this in June of this year after the new commissioner is in place. We will go through an emergency scenario with other government agencies to determine our readiness for a disaster.
    - v) Audit for 2010. The Audit starts tomorrow and will run for 3 days this year.
- 6) Report from Committees.
  - a) The District Advisory Council-None. We are looking to have a meeting in late March to bring them up to speed on some of the issues relating to the Omro consolidation. The Town of Algoma is looking into some issues tonight on their own relating to storm water management that could be addressed as well. We are able to help the town with the planning and operation of this if they ask for our assistance.
- 7) Old Business
  - a) Discuss and act on method of recognizing significant contributions from past Commissioners. Ray mentioned that we should email the clerk of courts to see where they get their portraits from, and even possibly view the portraits there at the public safety building to see if they meet our needs.
  - b) Discuss and approve resolution 2-1-2011 sewer ordinance change setting the date for sewer user fees to begin 150 days after obtaining a sewer permit. The typical length of time to complete a residential home is around 120 days, with some completed sooner, and this would allow plenty of time for a builder to complete the project before billing sewer user fees. **Mike motioned to approve resolution 2-1-2011 for the sewer ordinance change with the change in wording to commence billing of the sewer user fees "not later than 150 days" after permitting/second-Alex/carried unanimously.**

8) New Business.

- a) Discuss and act on request for 181 South Oakwood Road. Andy Woznick came in this evening to request a removal of his annual sewer user fee charged on his property. He started building a house on this property and ran into some financial difficulties in the process of building the house. The Town of Algoma required him to finish the outside of the home to keep up the appearance of the property, even though there were no fixtures currently in the house. There is also a land contract on the property, which is currently in dispute and there are ongoing court proceedings and mediation related to this. The thing that the district wanted to note was that there is still a sump pump inspection due on the property, which would verify whether water fixtures or pipes are connected to the house. In the past, there was a sewer permit that was taken out when the house was started, and the district was not notified until much later that there was no indoor plumbing completed on this house. District counsel advised that until the issue of ownership is resolved, the district does not know who the owner is and who the proper party to make this request is. It was also advised that to carve out an exception in this case contrary to the ordinance that is being proposed for the district would create ongoing exceptions that would need to be tracked in the future. **Bob made a motion to reject the property owner's request for removing his sewer user fee because it would be against the District's proposed new ordinance that is being addressed later in the meeting/Mike seconded/carried unanimously.**
- b) Discuss and act on the request from Mike Schneider with Uniform Boutique regarding his sewer user fee. He stated that he recently moved his business to the district at the strip mall on 2275 Westowne Avenue. He would like to have his sewer user fee calculated by flow rather than on equivalent units. The equivalent unit used as the basis for the sewer user fee is based on engineering studies of what the average sewer use of a single family home. He states that he was not informed by his landlord of the sewer user fee in this Sanitary District, or even that he was no longer in the Oshkosh Sanitary District, which it was noted should have been done. He realizes that he probably will not be awarded his request this evening but would like to convince the commission to start a new category in the future for small businesses in the district that don't use very much water to pay a lower sewer user fee. He feels that he is being charged more than other districts in the area and is subsidizing others who have more sewage flow yet are paying the same fee. There is currently no way to meter flow used for each property in the District since everyone does not have a flow meter and many owners are not on the municipal water system. Also, the fixed cost of providing sewer service is around 70% of the cost of the service, with sewage treatment being a very small part of the cost. The commission has decided that they will review this matter in the future for possible consideration, including a review of what other area districts are currently charging, but will not be making any change to the sewer user fee at this time.
- c) Discuss and act on Consolidation with the Omro Sanitary District.
- i) Discuss and develop a list for fixing the terms of consolidation. Kevin created a list of possible consolidation terms that was passed out to everyone and discussed. The items listed are suggestions that would be the guide for taking the two separate district policies and procedures and combining them into one. The next meeting that we have related to this would have the terms that they would want on their side as part of this consolidation and negotiate them with what we would need. We want the Omro District to bring any questions that they have to help them decide on their end if they want to proceed with this as well as their issues they need in the consolidation terms.
- (1) We need to address the name of the consolidated district. Many things could be impacted by a name change, including the favorable bond rating that the District just received.
- (2) We need to inquire from the PSC if they will consider the proposed rate structure that we want before the referendum is sent to the voters for approval. We could look at other district consolidations to see how they handled their consolidated rates and other issues that came up.
- (3) We need to review the easements the District has to verify that they would transfer into the new consolidated district.
- (4) We want to have the same ordinances since otherwise it would increase the complexity and cost of managing the consolidated district and may result in future disputes.
- (5) With the combined tax levy, we need to make sure that each individual district's rates cover their operating expenses less depreciation before non-operating items and depreciation are included.
- (6) Commissioners will recommend to the Algoma Town Board which district commissioners to be appointed to the future consolidated district.
- ii) Discuss and develop schedule for pending consolidation. Requested a motion to allow the director to continue work on Director's proposed document of consolidation terms. If commissioners agree to the proposed terms, then they could be forwarded to Omro Sanitary District for their review. **Mike motioned to approve work on the proposed consolidation terms and changes previously discussed and forward to the Omro Sanitary District for their review/second-Alex/carried unanimously.**
- iii) Set a meeting date for the District Advisory Council. We would like to schedule a Consolidation Workshop in late March or early April based on when these terms are exchanged by both sides so that the differences can be discussed. We would wait until these terms are submitted by the Omro Sanitary District to meet, and would recommend that they submit them to us 5 business days before the March District meeting. The Advisory Council meeting should be scheduled after the April election.

9) **Mike made a motion to adjourn at 7:46/second-Alex/carried 3-0.**

Respectfully submitted:

\_\_\_\_\_  
Michael Claffey, Accountant

Approved:

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Robert Nadolske, President

**Algoma Sanitary District #1**  
**March 17, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Mike Gelhar present called the regular monthly meeting for March to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, Michael Claffey, and Rose Mraz. No one was in attendance from the public.
  - a) Bob noted that the District is using two tape recorders for the maintenance of the minutes. No one else is using one.
  - b) **Mike made a motion to approve the minutes as submitted for the regular monthly meeting on February 8/second-Alex/carried unanimously.**
  - c) **Alex made a motion to approve the cash receipts & investments report for February for sanitary and water as submitted including the balance adjustments/second-Mike/carried unanimously.**
    - i) There were numerous balance adjustments in February. There were the 2010 Cost of Money increases in assessments for the 4 deferred Witzel Avenue properties totaling \$1,384.87. There also were some adjustments in charging late fees on three customers totaling \$14.49 to write off, including \$9.87 for Oakwood Manor. **Mike motioned to approve the balance adjustments as stated/second-Alex/carried unanimously.**
  - d) Approve pending bills for sanitary and water.
    - i) **Mike made a motion to approve the pending bills for February as submitted/second-Alex/carried unanimously.** It was noted that bond payments were made on March 11<sup>th</sup> totaling \$290,725.05. Also, Public Lands Loan #6 was prepaid in the amount of \$753,145.25 on March 11<sup>th</sup>.
- 3) Public Forum – No one was in attendance from the public.
- 4) Commissioner Statements. Bob thanked everyone for moving the meeting back a week to accommodate his schedule as well as mentioning that, since this is Mike's last meeting as a commissioner, to thank him for his many years of service. Mike thanked everyone for their wishes and mention how far the district has come since he started, the projects that have been completed while he has been a commissioner, and how the district is in good shape for the future. Alex had nothing new to address.
- 5) Director's Report. The company that did the HVAC for the building is coming in this week to look at the heating system. There is an issue with the building maintaining the desired temperature, mainly with cold air coming in to the front of the building. There is a 1 year warranty on the building, and the subcontractor Selmer is responsible for any defective work during that period. Strand is charging \$2,200 for a study as to what is going wrong, and as long as they find something defective Selmer will pay that amount as well as the cost of the repairs. Also, the Wyldewood Baptist Church water extension is ready and the line has been installed completely into the church for their expansion. The line was pressure tested before and after their work was started to make sure that their work was done properly and the pressure held.
  - a) Review of District Statistics. There were five sewer permits and four water permits for the year at the end of February, right on schedule for what we are projecting. Night-time flow is currently at 41 gallons/minute, and included in that are 18 gallons/minute flowing into the Omro Sanitary District. The operators have located another leak in the Town of Omro, which will be discussed on a later agenda item.
  - b) Correspondence. None.
  - c) Status of 2011 projects.
    - i) Olde Apple Acres Lot 99 will be used as a road right-of-way for water and sewer main installation, according to what was decided at the last Town of Algoma meeting. The District will redesign the water & sewer main to extend it through that lot since we now know the plans for it.
    - ii) Omro Meter Vault. We are monitoring the flow of the Omro Meter Vault twice per week to make sure that the meters continue to account for the flow going into the Town of Omro and get a trend as to what is happening there.
    - iii) Emergency Tabletop Exercise. We are tentatively looking to set the schedule of this at the April meeting after the new commissioner is in place.
    - iv) Audit for 2010. We just received the Audit adjustments today and will be reviewing them over the next few days. We will send the audit report out to the commissioners prior to the next meeting, and we will schedule John from Baker Tilly to present the findings and answer any questions.
    - v) Copper Services in Omro SD. The copper services were installed in 2004, and one service leaked in 2009 and was replaced and wrapped in plastic. This same service developed holes in 2010 causing leaks only 1½ years after being installed. These leaks were on Marquart Lane, including one that was just found today, all within a ½ mile range.
      - (1) The pipes were found to have damage on the outside and were deteriorating, but the inside was clean and shiny. Estimates to replace these are about \$1,000-\$1,500 for each service and there are around 240 services installed, coming up to a price of \$240K to \$360K to replace. Due to the substantial cost involved, this matter potentially could wind up in litigation.
      - (2) Evidence is that the corrosive nature of the soil is eroding the pipe, with groundwater coming in contact with the copper service. Omro Sanitary District is being billed for Algoma Sanitary District time for locating and fixing their leaks.
      - (3) Ray wants the Omro Sanitary District to acquire soil samples. Engineers took 6 soil samples taken around the Town of Omro, including in the problem area, and 4 out of the 6 samples were found to be highly corrosive and 1 was found to be mildly corrosive, based on resistivity testing results. They are waiting for other test parameter results.

- (4) The material used in the Omro SD Water Utility is as follows: a C900 pipe that runs down the trench, a stainless steel saddle that holds it in place, a brass fitting, and a copper pipe that runs to the service valve with another brass fitting at the end.
  - (5) Betty from the Omro Sanitary District mentioned that there was soil testing done before the services were installed for the geology of the soil, for compaction and whether it could support the weight of the pipes, not compatibility testing, which would be a completely separate test. Ray questioned whether or not soil testing was done as part of an engineering study prior to the installation of these services, and Kevin thought that there were no records of any soil boring or testing. Ray mentioned that he wanted to know if these chemicals were native to the soil or put there by a past use of the property that has been farmed for a long period of time.
  - (6) We will be digging up and repairing the leaking service on Marquart Lane next month when we are able to use another wheeled excavator, so we should be able to see the condition of that particular pipe.
    - vi) 2010 Fluoride split sample comparisons to the State Lab of Hygiene were all acceptable.
- 6) Report from Committees.
    - a) The District Advisory Council-None. We are waiting to hear a response from Omro Sanitary District about their desired terms of consolidation. We will wait to have a council meeting until we receive those terms.
  - 7) Old Business
    - a) Discuss and act on consolidating with the Omro Sanitary District. We have not received any terms from them, so there is nothing new to discuss. We requested to receive them a week prior to our meeting so that we had plenty of time to review them ahead of time. The issue discussed earlier with the copper services in Omro SD may lead us to pause and see the damage involved and how this matter is resolved before we take any further action. The replacement of these services would be a large cost that would have an impact on Omro SD's financial situation. When we dig up the leaking service on Marquart Lane, we will take another soil sample and have it analyzed. But the financial resolution of this matter, especially if litigation is involved, will probably take a substantial amount of time.
  - 8) New Business.
    - a) The Town of Algoma has requested our attendance for a joint meeting regarding storm water management. We should wait until after April election for the new commissioner and the Algoma Town Chairman election before setting up this meeting. They have submitted a proposed agenda for our review and approval prior to the meeting. At the April meeting, we could gather some available dates to submit to the Town and see which one would work for them.
    - b) Review and approve purchase of a truck from sealed bid tab. The bids have come in and we would prefer the Ford over the Chevy because it has better towing ability. They are both similarly priced at around \$27,000. We would wait to purchase a plow kit toward the end of this year or early next year based on how our budget looks at the time. **Mike motioned to approve purchase of a truck not to exceed \$27,000/second-Alex/carried unanimously.**
    - c) Approve revisions to the employee handbook. The main change is to match the state law changes requiring employees to pay the 50% employee portion of their retirement payment with the Wisconsin Retirement System. Also, we are reviewing wording on the dates when the insurances are effective upon starting employment and when it ends upon leaving employment. **Mike motioned to approve the current changes made to the employee handbook regarding retirement/second-Alex/carried unanimously.**
    - d) Transfer rent payment to water utility from the sanitary utility. Joel inquired as to whether the rental amount paid was audit driven. Kevin mentioned that this was started when this building was built. We looked into rents in the area to determine a proper amount to have the sanitary utility pay the water utility for comparable space since the water utility paid the entire cost of the building. **Alex made a motion to approve the transferring of the rental payment from the sanitary utility to the water utility/second-Mike/carried unanimously.**
    - e) Transfer interest payment on the sanitary loan from the water utility to the sanitary utility. **Alex made a motion to approve the transferring of the interest payment on the sanitary loan from the water utility to the sanitary utility/second-Mike/carried unanimously.**
    - f) Complete designation account and withdrawal instructions for the Local Government Investment Pool Account. We are proposing to be able to transfer in and out of this account to make the Bond payments and into our bank accounts and to set up online access for these accounts. It was decided to have Alex and Bob set up as the authorized signatories on this account. **Alex made a motion to approve the changes made to the LGIP account and set up online access and transferring ability for our loan payoff and to one of our Community First Credit Union Accounts/seconded-Mike/carried unanimously.**
  - 9) **Mike made a motion to adjourn at 6:40/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
 Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
 Robert Nadolske, President

**Algoma Sanitary District #1**  
**April 14, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Jim Savinski present called the regular monthly meeting for April to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, Michael Claffey, and Rose Mraz. Mark Thompson was in attendance from the public.
  - a) Bob noted that the District is using two tape recorders for the maintenance of the minutes. No one else is using one.
  - b) Bob began the reorganization process of the Commission due to Jim Savinski being elected. Kevin read the District's procedure regarding organizing, electing a president, and appointing a secretary and treasurer.
    - i) **Jim made a motion to elect Bob as President/second-Alex/carried unanimously. Bob made a motion to nominate Alex as Secretary/second-Jim/carried unanimously. Bob made a motion to nominate Joel as Treasurer/second-Jim/carried unanimously.**
  - c) Mike noted a slight change to last month's minutes. **Alex made a motion to approve the minutes as submitted for the regular monthly meeting on March 17/second-Jim/carried unanimously.**
  - d) **Alex made a motion to approve the cash receipts & investments report for March for sanitary and water as submitted including the balance adjustments/second-Jim/carried unanimously.**
    - i) Mike noted the starred amounts on the pending bills are numbers that have been updated.
    - ii) Balance adjustments are as written.
  - e) Approve pending bills for sanitary and water.
    - i) **Alex made a motion to approve the pending bills for March as submitted/second-Jim/carried unanimously.**  
Abbreviations on the financial reports previously approved were deciphered.
    - f) **Bob made a motion to discuss item 8B before Public Forum/second-Alex/carried unanimously.**
- 3) Public Forum – Mark Thompson, in attendance from the public, had no comments.
- 4) Commissioner Statements. Bob requested that next month's meeting be moved to 6:30 p.m. Bob announced Rose's retirement at the end of the month and thanked her for her many years of service with the District.
- 5) Director's Report. Kevin thanked Rose for her 21 years of service to the District.
  - a) Review of District statistics.
    - i) Last year the amount of unaccounted water was 17 million gallons, above the 15% threshold from the PSC. This quarter the unaccounted water is less than 4%, or less than 4 gallons per minute throughout the Algoma Sanitary District, 1.5% of which is the allowance for the accuracy of the meters. Omro, on the other hand, had 2 million gallons of water pumped into their system but only sold 500,000 gallons, which means 75% of their water usage, or about 12 gallons per minute, is unaccounted. The leaks in the Town of Omro have been located and are going to be repaired by the time of the next meeting.
    - ii) Kevin reviewed the new water and sewer permits and the amount of flow sent to the Oshkosh Treatment Plant. The areas of Town that have higher sewer flows are where we can spend time finding leaks and fixing them.
    - iii) The Algoma Sanitary District received 2<sup>nd</sup> place out of 80 contestants at the annual taste testing contest (La Crosse took 1<sup>st</sup> place). The sample submitted was taken from the bubbler at the facility.
    - iv) Kevin requests to have four signatories on file at the bank for check signing to expedite check writing. We will request the paperwork from the bank and have the Commissioners sign it at the May meeting.
  - b) Correspondence. None.
  - c) Status of 2011 projects.
    - i) We will open the bids for the 26 new lots on Apple Acres on May 5 and is expected to finish the work July 11. This may adjust according to when the developer receives the Notice of Intent (NOI) Permit from the DNR. Kevin spoke to Joel Rasmussen about paving the roads so they can coordinate their schedules. The Town owns one lot and decided to use it for a road right-of-way, and the site plan has been adjusted to reflect that change.
    - ii) An emergency tabletop exercise is necessary to determine how to handle a water emergency. A company would come in on a DNR grant, along with other fire and police department and hospital officials, and prepare an emergency scenario. There will be a meeting on May 26 to plan the exercise and the scenario will take place sometime in June or July, probably during the day.
    - iii) The soil in the Omro Sanitary District was tested to try to identify if there was anything in there that may be causing this corrosion. The tremendous increase in Omro's unaccounted water may be due to water leaking through holes in the pipes caused by low resistivity in the soil corroding the copper pipes faster than normal. The copper pipes have no anode connected to them, which has allowed corrosion to develop holes in them. We found the leaks and will do three replacements of the copper piping with HDPE pipe. If they had to replace all 247 services it would cost just under \$200,000.
    - iv) The district has worked with the severed meter vault several times and finally has it fixed.
- 6) Report from Committees.
  - a) The District Advisory Council. We are still waiting to hear a response from Omro Sanitary District about their desired terms of consolidation. Ray has suggested to Kevin that some specifics be submitted to Omro. Their lack of professional staff and time does not allow them to look at the situation with the same amount of detail that Kevin has.
  - b) Planning Commission. Both Bob and Jim are members of the Town Planning Commission. Ray mentioned that is okay as long as they are there to discuss only business before the planning commission. The mere fact that they are together with



another committee does not require notice since they are not serving in this capacity. If business comes up there about the District, Ray's advice is to abstain from voting.

- 7) Old Business
- 8) New Business.
  - a) Kevin reviewed District mission statement and core values due to the new Commissioner coming on board, as well as the powers and responsibilities of being a commissioner.
  - b) Audit review with Baker Tilly for 2010. Overall, the financial position for the Algoma Sanitary District #1 is in good financial condition. The auditors noted that current staffing levels do not allow for required segregation of duties, which is normal for an entity of this size. Also, because of these staffing levels, the auditors are preparing the annual financial statements. A single audit was required this year due to the federal grant received, and the District was compliant with the requirements of the grant. The PSC Report was filed after the deadline this year due to additional time required to reclassify the new building project.
    - i) **Water Utility:** The District sold 3,000,000 gallons less water from previous year due to consumer water conservation. This, in turn, decreases revenues, which require increased rates for the customers to meet expenses. This situation is not unique to the District and is observed statewide. The amount of water sold is also directly correlated to the amount of annual rainfall due to lawn watering.
    - ii) The District is authorized to 1% rate of return by the Public Service Commission, with a standard rate of return between 6-7%. For 2009 the rate of return was 1.4%, and for 2010 is currently 4.65%.
    - iii) The construction of the new building was paid for by the water utility. The sewer utility pays rent to the water utility to share the building, which was part of the reason revenues increased by \$200,000. However, operations and maintenance expenses and labor and benefits costs also increased.
    - iv) Although there was an overall operating loss, it improved by \$50,000 from the previous year.
    - v) The utility received a \$1,300,000 grant toward the construction of the well and treatment facility.
    - vi) There is 14 months of unrestricted cash on hand available to cover expenses, which is very strong compared to the normal guide of a minimum of 3 months. The goal stated by previous commissioners was to have enough cash on hand to cover a year of operating expenses plus cash to cover the handling of an emergency response.
    - vii) The balance sheet indicated the District's debt to equity ratio is currently 27%, which is up from 19% the previous year. Because of the type, size, and age of the facility, it was expected to have a lower ratio. Currently there is \$14.3 million of long term debt outstanding, of which \$9.7 million is due to be received from special assessments, some of which are deferred. The auditors are not worried about the debt amount because of the special assessments and the district's age.
    - viii) Ray mentioned that deferred special assessments are amounts that increase over time and may never be received. It can also make it more difficult to sell a property with that amount potentially due in the future if a water connection is needed. It was noted that an average of 4.5% deferred assessments are never received. This district has chosen to be a voluntary water system.
    - ix) **Sewer Utility:** The sewer utility has 100% equity because it is an older system and has more customers. The amount of cash on hand is equal to 21 months of operational expenses. The District Commissioners set the annual sewer rate, not the PSC, since the sewer utility is non-regulated. Sewer revenues have grown over the past year due to a small rate increase and a growth in the number of sewer customers. The District's goal is to have annual sewer user fees cover operating and maintenance expenses.
    - x) A majority of the increase in operating expenses is a result of the rent being paid to the water utility. The rent is a fair rate based on comparable square footage and is a reasonable way of dividing the cost of the building. The amount of the net operating loss increased from \$264,000 to \$392,000, with \$184,000 of that loss being recovered through the tax levy.
    - xi) The amount due to the City of Oshkosh for treatment this year went down due to the reduction in the volume of sewage treated, even though the district had more users last year than the year before. The District owns 10% of the capacity of the City's treatment facility and pays the corresponding amount in treatment costs. This allows the District to have a flow not to exceed 1,000,000 gallons/day, with a volume over that amount resulting in increased treatment charges.
  - c) Discuss consolidation with Town of Omro Sanitary District #1.
    - i) Ray suggested that the District send a list of terms of consolidation for them to review and suggest changes from. Kevin mentioned the list he prepared with 14 terms that can serve as a starting point of their discussions. Bob mentioned that the commissioners of the new combined District will be appointed by the Town Board and cannot be determined as part of the consolidation terms.
    - d) Town of Algoma requested a joint meeting to discuss storm water issues and review a proposal that was put together last year. Bob suggested a Tuesday evening meeting, on either 5/17 or 5/24. Kevin will send everyone the Power Point presentation that the District put together as part of their proposal.
    - e) Ray commended Kevin on his chairmanship of the Wisconsin Society of Water Professionals, which is a significant accomplishment for a district this size. He suggested a press release be sent out to notify the community. Kevin always makes budget every year and is able to use the additional funds at the end of the year to purchase additional equipment and machinery to better the facility.
- 9) **Jim made a motion to adjourn at 7:42/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**May 12, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Jim Savinski present called the regular monthly meeting for May to order at 6:30 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey. Dave Wagner was in attendance from the public.
  - a) Bob noted that the District is using two tape recorders for the maintenance of the minutes. No one else is using one.
  - b) Jim noted a change in wording for last month's minutes. "The District owns 10% of the *capacity* (not *volume*) of the City's treatment facility." **Jim made a motion to approve the minutes with the change noted above for the regular monthly meeting on April 14/second-Alex/carried unanimously.**
  - c) Mike noted there are no changes to the cash receipts and investments report previously distributed. **Alex made a motion to approve the cash receipts & investments report for April for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) The only significant balance adjustment this month was to remove from Assessments the annual cost of money adjustment from a property whose assessment was previously paid in full. **Alex made a motion to approve the balance adjustments as submitted/second-Jim/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Mike notes the starred amounts on the pending bills are the changed amounts. Jim questioned the lump sum amounts for online payments because he claims to have not received the breakdown of his check in the mail as the other commissioners did. Kevin explained that health insurance and Wisconsin retirement are employee benefits and are not available to commissioners. It was decided that check stubs would be emailed to Bob and Jim, handed to Alex when he comes in during his office hours, and handed to Joel at the meetings to save mailing costs. **Alex made a motion to approve the pending bills for April as submitted/second-Jim/carried unanimously.**
- 3) Public Forum – Dave Wagner was in attendance from the public to discuss the Town of Omro Sanitary District Consolidation financial projections.
- 4) Commissioner Statements. Bob and the other commissioners had nothing new to address.
  - a) **Jim made a motion to discuss item 8B/second-Alex/carried unanimously.**
- 5) Director's Report.
  - a) Kevin will provide the documentation regarding errors and omissions on pending bills next month.
  - b) The District will send out its first disconnection notice in eight years due to default on a deferred payment agreement by Mark Daniels at 204 Wyldeberry Lane. The homeowner, Steve Faust, would also be notified.
  - c) Three Town of Omro Sanitary District copper repairs have reduced their unaccounted water by 25 gallons per minute as of April 20<sup>th</sup>. Engineers investigating the soil samples will analyze if there was negligence for not testing the soil or attaching anodes.
  - d) The concern regarding the wheeled excavator that was test driven is its off-road capability. Kevin would like to try a third style before deciding which model to purchase. He also wants to review storm water issues so he knows if the desired machine would be capable of handling them.
  - e) Olde Apple Acres 1st Addition is scheduled to start June 6 and to be completed within 30 working days.
  - f) Next month's agenda will include approval of the compliance and maintenance and annual report for the sewer system for the annual CMAR that is due next month to the DNR.
  - g) Kevin requests all Commissioners attend the storm water management meeting scheduled with the Town of Algoma on Tuesday May 24 at 5:30 p.m.
- 6) Report from Committees.
  - a) The District Advisory Council met on May 9 to inform them about the potential Town of Omro Sanitary District consolidation.
- 7) Old Business
- 8) New Business.
  - a) The bid for Olde Apple Acres 1<sup>st</sup> Addition will be awarded to Van Straten Construction Company for \$229,888, contingent upon receiving the signed contract documents from 300 LLC. **Alex made a motion to award the bid to Van Straten Construction Company as noted above, contingent upon receiving the signed contracts from 300 LLC/second-Jim/carried unanimously.**
  - b) Discuss consolidation with the Town of Omro Sanitary District #1.
    - i) Dave Wagner presented the financial analysis of consolidation versus no consolidation with the Town of Omro Sanitary District through 2029. He projected the ending cash balance for both scenarios to be within \$400,000.
    - ii) Consolidation would decrease the combined expenses amount by \$60,000 per year because the Town of Omro Sanitary District would no longer pay Algoma Sanitary District for their field and office services that are currently provided.
    - iii) The sewer user fee would be different in each community based on the different contractual cost for sewage treatment.
    - iv) The amount paid through the tax levy would have to be paid at the same tax rate for each community.
    - v) Public Fire Protection – Currently, the Town of Algoma pays for the Public Fire Protection so it is not paid by their residents through the District's tax levy or on their water bills. There are many residents who are not currently hooked up to the water system that benefit from having access to a fire hydrant if the fire department needs to use a nearby hydrant to fight a fire. However, it is unknown whether the Town of Omro will choose to pay their portion of the approximately

\$32,000 annual Public Fire Protection cost. Should consolidation occur, the Town of Omro Sanitary District water customers would pay this on their quarterly water bills or convince the Town of Omro board to pay the Public Fire Protection Fee so it is not paid exclusively by Town of Omro Sanitary District water customers residing in the Town of Omro.

- vi) The new consolidated District would abide by the current water and sewer ordinances of the Town of Algoma Sanitary District. Cooperation between the two Districts would be required while the referendum process is ongoing to abide by the proposed rules for the new District for new developments until the vote is taken and the results are known. It could mean that properties in the Town of Omro Sanitary District that have not hooked up to the sewer system in the past would be required to do so once the sewer line runs by their property. This could result in new houses that have built mound systems to avoid hooking up to the sewer line being required to hook up and to abandon their new mound system. The Town of Omro Sanitary District should notify these new customers of this.
  - vii) The Town of Omro Sanitary District has \$2.3 million of debt that is not covered by special assessments. As part of this consolidation there needs to be a plan of how this debt is going to be paid by the combined District. Also, the Town of Omro Sanitary District has \$6.6 million of net assets over the value of their outstanding debt.
  - viii) Advantages of Consolidation – Town of Omro Sanitary District residents’ water bills would decrease by almost half over the three year phase-in period, their tax levy would decrease by almost \$100 per \$100,000 worth of value, and their sewer user fees would decrease significantly. Algoma Sanitary District residents would not have increases in sewer or water rates and their tax levy may decrease because of the effects of consolidation. The Town of Algoma Sanitary District would greatly increase the physical size of the District and help stabilize long-term water and sewer rates with an increase in the number of customers.
  - ix) Review of Terms – Consolidation with Town of Omro Sanitary District involves taking all their assets and their liabilities. The name of the new District would be the Algoma Sanitary District. Easements would become the rights of the new District. The District would conduct operations from the current Algoma Sanitary District facility and cease rental of the building the Town of Omro Sanitary District uses on April 30, 2012. Water rates would be phased in to Algoma Sanitary District rates three years following approval of consolidation. Sewer user fees shall cover equally all operation and maintenance expenses except the actual treatment plant expense, which is based on contractual charges from the treatment facility serving that property against which the fee is applied. The tax levy shall be an equal mil rate regardless of location. The Town Board of the District with the greatest equalized value would fill the remaining terms of the elected positions for the new District. **Jim made a motion to approve the terms of consolidation as edited for further advancement/second-Alex/carried unanimously.**
  - c) The District was quoted \$9,362.40 for the purchase of a lawn mower from Joe’s Power Center. **Jim made a motion to approve a lawn mower purchase not to exceed \$9,700/second-Alex/carried unanimously.**
- 9) **Jim made a motion to adjourn at 9:20/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**June 9, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Jim Savinski present called the regular monthly meeting for June to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey.
  - a) Bob noted that the District is using two tape recorders for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on May 12/second-Alex/carried unanimously.**
  - c) Mike noted there are no changes to the cash receipts and investments report previously distributed. **Jim made a motion to approve the cash receipts & investments report for April for sanitary and water as submitted/second-Alex/carried unanimously.**
    - i) Approve the proposed investment changes. A handout was distributed with some proposed changes. It is proposed to move a money market from Anchor Bank along with some additional money from Community First CU to Bank First National, to move a CD due on June 14 from Choice Bank to Capital CU, and to move some money from the Local Government Investment Pool to Citizens First CU. **Alex made a motion to approve the proposed investment changes as submitted/second-Jim/carried unanimously.**
    - ii) Approve the balance adjustments. Mike noted there were only small changes to the balance adjustments except for adding four sanitary assessments to the assessments program without changing the balance of assessments due in accounting. **Jim made a motion to approve the balance adjustments report/second-Alex/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Mike noted the starred amounts on the pending bills are the changed amounts. **Jim made a motion to approve the pending bills for April as submitted/second-Alex/carried unanimously.**
- 3) Public Forum – No one was in attendance from the public.
- 4) Commissioner Statements. Bob noted the work that Mike has done with the investment changes and trying to maximize the return on our investments. He also wanted to note how well everyone did at the parade last weekend. The employees worked well together passing out water and appeared to be having a good time while volunteering to help our cause. It is a reflection on Kevin's management that they enjoy doing things like this together. The shirts that were printed for the event stood out and were noticed by the public watching the parade. Jim mentioned that everyone participating at the parade had a positive attitude and how that starts at the top. Bob also noted his desire to have everyone's picture on the website and how that has now been accomplished and looks good.
- 5) Director's Report.
  - a) Kevin noted that there were some changes that need to be made to the website. We are looking at changing one of the tabs to consolidation and putting that information on the website as long as the terms are approved later in the meeting. The information that was on that page was merged into the area that it was related to.
  - b) The Commissioners attended a meeting last month with the Town of Algoma relating to Storm Water Management. There are some possibilities on projects that need to be done and on how to best serve the Town in that capacity. The meeting went well and the presentation Kevin made was well received. We are now waiting to see what they are proposing to have us do. The Town is working with Strand over the next 6 months to see what projects they recommend doing.
  - c) There were about 950 water bottles handed out at the annual parade last weekend.
- 6) Report from Committees.
- 7) Old Business.
  - a) Discuss and act on the agreement titled "Terms for Town of Algoma Sanitary District and Town of Omro Sanitary District Consolidation" dated May 12, 2011. The Town of Omro had scheduled this consolidation as an agenda item on their Town planning commission meeting this month. They will forward any questions that come up at this meeting to us and will be able to discuss them at the next Town of Omro Board Meeting. One of the Commissioners from the Omro Sanitary District requested our current water and sewer ordinances and mentioned they will be discussing them at this meeting. The terms that were agreed upon at the previous meeting by the Omro Sanitary District Commissioners were signed and submitted to us for our approval and signatures.
    - i) Jim asked if the referendum is approved by the voters in April 2012, will the Omro Sanitary District be able to move out of their offices by the end of the month. Ray mentioned that their lease on the building they are renting expires at the end of April 2012. Once the consolidation is approved, they would no longer need to have a separate office and all of their future business could be conducted here at our location. **Jim made a motion to approve the terms of consolidation as submitted/second-Alex/carried unanimously. The Commissioners then proceeded to sign the terms of consolidation.**
    - ii) Review the specific rate structure based on term approval. Everyone received a copy of a flyer that presents the rates that will be proposed for consolidation. The rates are split for how they will affect Algoma Sanitary District residents and Omro Sanitary District residents. For the tax levy we are proposing an equal amount of \$27/\$100,000 of assessed value for both Districts. The water rates for Algoma Sanitary District residents will increase at the rate of inflation annually as set by the PSC while Omro Sanitary District residents will step down over 3 years to Algoma Sanitary District water rates. For Public Fire Protection, the Town of Algoma will continue to pay the entire amount, while for Town of Omro residents they could either pay \$100 annually per developed District parcel, have water customers pay \$170.76 per quarter on their water bill, or have the Town of Omro pay this out of the general tax levy. By statute, municipalities are

required to provide public fire protection for its entire boundary and determine how it is funded. Currently, for Omro Sanitary District residents, this is being paid as a part of their Sanitary District tax levy. For Sewer rates Algoma Sanitary District residents will pay around \$300 annually while Omro Sanitary District residents will pay around \$700 annually. These proposed rates are based on current contractual costs and existing budgets.

- iii) Review and approve flyer detailing specific impacts and benefits of consolidation to be included in the annual CCR Report and in a mailing to sewer customers in the City of Oshkosh. The mailing sent to City of Oshkosh residents will not include information dealing with the water service since these issues do not pertain to them. The Commissioners will review the flyers and propose changes prior to the mailing deadline of next week Wednesday, June 15<sup>th</sup>. This information should also be mailed to realtors, developers, and home building associations, along with an invitation to attend the public meetings.
  - iv) The power point presentation on the consolidation was discussed. This will be the information presented to residents during the upcoming public meetings. The basis for a majority of it will be what was presented on the CCR Report charts along with further details. A schedule of events leading up to the referendum will also be presented so residents will know a timeline of what to expect.
  - v) Public Meeting Schedule. It was proposed to have the first two meetings in early November, one in the Town of Algoma Sanitary District and one in the Town of Omro Sanitary District. Then, there would be another meeting for each District in January. The final meeting would then be held in February, as close as possible to the consolidation referendum, at a larger facility to accommodate as many residents as possible.
  - vi) Drafting the Resolution. The guidelines for the wording of this resolution are mentioned in the statute, but the final wording will need to be drafted and reviewed by our attorney, forwarded to and approved by the Town Attorney, and then given to the Town Clerk to be placed on the ballot.
- 8) New Business.
- a) Review and approve resolution #2011-6-1. This resolution approves the information contained in the Compliance Maintenance Annual Report as required by the Wisconsin DNR. **Jim made a motion to adopt resolution #2011-6-1 approving the CMAR Report/second-Alex/carried unanimously.**
  - b) Schedule the emergency preparedness tabletop exercise proposed for August 25<sup>th</sup> from 9:00A.M. to Noon and approve the requested participant list. The participants include the Water Utility, Town of Algoma Fire Chief and First Responder Representative, Town of Algoma Chairman, Winnebago County Sheriff, Winnebago Health Department, Winnebago County Emergency Management, Mercy and Aurora Hospitals, and the Wisconsin DNR district engineer. The contact information of each person should be reviewed to make sure everything is updated, specifically noting to check the DNR emergency contact during non-business hours. **Alex made a motion to approve the emergency tabletop exercise date and participant list/second-Jim/carried unanimously.**
- 9) **Jim made a motion to adjourn at 7:15pm/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**July 14, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Jim Savinski present called the regular monthly meeting for July to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on June 9/second-Alex/carried unanimously.**
  - c) Approve cash receipts & investments for sanitary and water.
    - i) Approve the investment changes. Bob noted the only change to the investments is the CD with Choice Bank has been moved to Capital Credit Union, with the remaining approved transfers posted in July. **Alex made a motion to approve the proposed investment changes as submitted/second-Jim/carried unanimously.**
    - ii) Approve the balance adjustments. Mike noted the only small change to the balance adjustments was that a billing for sanitary and town refuse fees had been previously invoiced so it was removed. **Jim made a motion to approve the balance adjustments report/second-Alex/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Jim asked if the breakdown under Platinum Plus was for credit card purchases, and what constituted transportation expenses. Mike confirmed that Platinum Plus amounts are purchases on the credit card and transportation expenses were mostly fuel for the trucks. Jim asked what employee benefits included and Kevin explained that they were for any purchases made for the employees in some way. The commissioners thought it should be called something different, but Mike explained that the PSC manual noted that they should be filed under "employee benefits." **Jim made a motion to approve the pending bills for July as submitted/second-Alex/carried unanimously.**
- 3) Public Forum – No one was in attendance from the public.
- 4) Commissioner Statements. Jim expressed his disappointment in the way Capital Credit Union handled the signing of the investment CD. Mike explained that he specifically asked that everything be set up so that the commissioners could come in, sign, and be on their way. Bob and Joel ended up spending an hour there due to Capital Credit Union's lack of preparedness and knowledge of the information needed to complete their own forms. Jim also suggested the Commission recognize Mike Gelhar for his time as a Commissioner. Bob stated it was an unfortunate situation that was completely overlooked, his past years of service were previously recognized, but he doesn't think doing anything about it now would help. The Commissioners had previously suggested making a wall of strictly past Presidents.
- 5) Director's Report.
  - a) Kevin announced that the Consumer Confidence Report for 2010 has been distributed. The website was updated with information regarding consolidation with the Omro Sanitary District prior to the release of the CCR. Before the CCR was received by our residents, the website had approximately 60-70 hits per day. The day the CCR was received the website received 130 hits & 375 hits the following days, tripling the daily traffic to our website.
  - b) Kevin shared that while the District was repairing a water leak in Omro the sides of the hole that was dug for the repair caved in. He was very thankful his employees used the trench box that he instructed them to use. He was also thankful the District allows him to purchase safety equipment, such as the trench box, which could have potentially saved a life or more that day. Jim asked how well the employees were trained to be in confined space entry. Kevin answered that he sends all of the operators to training based on OSHA requirements.
  - c) The Olde Apple Acres project is complete and will be turned over to Radtke Construction to construct the roads. All of the water lines were pressured-tested and the sewer lines were televised. These 26 new lots should be available for sale starting in the beginning of August.
  - d) We now have an employee trained to create GIS maps, and Kevin opened a map created to show the 36 properties that have not yet completed a sump pump inspection. A letter will be sent out to these properties to ensure that all sump pumps in our District are discharging properly to minimize inflow into the sewer system.
- 6) Old Business. No discussion
- 7) New Business.
  - a) Discuss and act on specific items regarding Sanitary District Consolidation.
    - i) Determine contribution in aid of construction for sewer connections. The CAC is derived based on the acreage served and the number of homes built per acre. Kevin explained that the new sewer connection charge in the Town of Algoma is \$1,852 + \$150 for a sewer permit. A new sewer connection charge in the Town of Omro is \$2,000, with \$500 going to the City of Omro due to existing contracts, + a \$75 sewer permit, which is the same cost as a sewer connection in the City of Omro. When the details of consolidation are discussed in further detail during a future workshop, we will need to address whether sewer connection charges and permits are going to be universal between both Districts, with Omro connections owing an additional \$500 to the City of Omro because of their direction of flow, or if another alternative is desired.
    - ii) Determine supply assessment for water connection. When a water connection is desired, a water supply assessment is created based on water tower & well facilities costs. In 2003 the cost was \$2,120/connection. Each year the water supply assessment increased by 3.75% inflation which was in \$2,518 in 2008. The current water supply assessment cost in the Town of Algoma is \$2,960 plus a \$40 permit fee. The current water supply charge in the Town of Omro is \$3,382 plus a \$200 permit fee. Each District's permit charge is different due to the Town of Omro including around \$160 extra for the cost of the water meter in the permit fee. If consolidation is ratified the water connection and permit charges should be

equal in both Districts. Ray suggests that Kevin inform the Omro Sanitary District that such details are under consideration and allow them to be discussed at their next meeting before a workshop is scheduled between the two Sanitary Districts.

- iii) Discuss the potential effect on existing homes with private treatment systems. The Town of Algoma sewer ordinance dictates that if sewer is available to a property and it is located within the Sanitary District, it must hook up to the sewer system within six months. There are currently 3 parcels that are looking to build residential houses further than 200 ft from the sewer main at the northwest intersection of Sand Pit Road and Leonard Point Road in the Town of Omro Sanitary District. This would be in violation of our ordinance and is not consistent with either Town's planning. However, if an owner makes a petition to be removed from the Sanitary District and it is approved by the Town of Omro Board, then the ordinance would not apply to them. Bob thinks we should hold off on pursuing these properties in violation of the ordinance for now. The Town of Omro Sanitary District has 36 properties that have grinder pumps in service, which require additional maintenance. The Algoma Sanitary District only has two grinder pumps because they have been actively removing them. Consolidation would cause the District to actively remove these Town of Omro grinder pumps.
  - iv) Discuss and approve referendum language. According to Ray the current language should satisfy the requirements. This was sent out to the Town on June 28. Bob will check with the Town of Algoma Attorney on the status within the next week or two if official approval is not received. This language is, "Shall the Algoma Sanitary District and the Omro Sanitary District be merged to form a single Sanitary District." **Jim made a motion to approve the referendum language/second-Alex/carried unanimously.**
  - b) Discuss and act on requirements for a residential well permit renewal. Residents that are hooked up to the municipal water system and are also using their wells are required to renew their well permit with the District every five years. The District sent out a letter informing these residents that their well permit renewal was due. The letter explained that the WI DNR requires a licensed well driller or pump installer to inspect the well and verify it meets the requirements of section NR 812.42.1. This statute states that "Existing (wells) shall be evaluated according to and comply with the requirements that were in effect at the time they were constructed or installed." Jim Savinski was approached by his neighbor who received the letter and questioned this new requirement. Jim Savinski contacted Jim Schedgick, the WI DNR Water Supply Specialist, and pointed out that the statute doesn't appear in the Administrative Code. Jim Schedgick responded that it was in the Ordinance and, therefore, enforceable. Jim Savinski doesn't think it is appropriate to make municipal water residents who have kept their well perform this approximately \$125 inspection when those residents that are using their wells for everyday use don't have to. He goes on to explain that wells are compliant with current regulations when they are built and an additional inspection is unnecessary. Kevin explained that because the DNR sets the requirements for our residents, it not only protects the water utility, it also protects those residents that use their well exclusively because it verifies that unsafe well water is not entering the aquifer or the municipal water system. It is because of these requirements that unsafe wells are discovered and action is taken to correct them. Ray suggests we pursue this issue with the DNR further before we alert those remaining residents that need to renew their well permit this year about any changes. Bob agrees and is willing to call a special meeting to discuss future findings if necessary.
- 8) **Jim made a motion to adjourn at 7:35pm/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**August 11, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine and Commissioner Jim Savinski present called the regular monthly meeting for August to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on July 14/second-Alex/carried unanimously.**
  - c) Approve cash receipts & investments for sanitary and water. Jim asked if the District is required to keep a certain amount in the government investment pool. Kevin answered that he would give the Commissioners a copy of the District's investment policy that states the guidelines for investment options. Mike offered to find out if there is a minimum dollar amount that the District must keep in the government investment pool account. **Alex made a motion to approve the cash receipts & investments for sanitary and water/second-Alex/carried unanimously.**
    - i) Approve the balance adjustments. Mike explained the first balance adjustment was to write off the interest charges accumulated on an account because the bills were being sent to the wrong address. The second adjustment was to void Omro's June bill before re-posting it. **Jim made a motion to approve the balance adjustments report/second-Alex/carried unanimously.**
  - d) Approve pending bills for sanitary and water. **Alex made a motion to approve the pending bills for August as submitted/second-Jim/carried unanimously.**
- 3) Public Forum – No one was in attendance from the public.
- 4) Commissioner Statements. Bob asked to move next month's meeting to September 6 at 4:00 p.m. **Jim made a motion to approve the change of the monthly meeting date/second-Alex/carried unanimously.** Bob attended the storm water meeting on July 26. The Town's focus is a project in the Sheldon Drive and Oakwood Road area to cost \$1.35 million. The Sanitary District has offered to take over storm water management from the Town, but will not do so unless we have both the authority over and responsibility for how it operates. Joel stated that the first presentation on storm water management with the Town electorate will be on September 8. The water tabletop exercise is scheduled for August 25 at 9:00 A.M. We have received several responses for expected attendance and will continue to pursue more to attend. Jim complimented the accuracy and detail of the minutes submitted from the monthly meetings. He said they give a strong sense of what went on during the meeting. Also, the consolidation resolution was sent to the Town of Algoma attorney for his review and he has yet to respond. If we do not hear anything by the time of the next meeting, we will go ahead and finalize it and send it to the City of Oshkosh for their approval.
- 5) Director's Report.
  - a) Review of District statistics. Kevin wants to schedule an initial budget workshop with the Commissioners. This will allow them to go over a packet of information the District has established as perimeters to make sure we have enough cash reserve and other assets on hand to form the annual budget. This information will give the Commissioners assumptions that will need further discussion at a follow-up workshop. The initial budget workshop was scheduled on Wednesday, August 17 at 1:00 p.m. The final budget must be approved at the October meeting to have it published 30 days before the November 17<sup>th</sup> deadline. Kevin also wants to give the Commissioners a tour of the District's facilities so they can see what the District has to maintain, for evidence of any major capital improvements like generators and pumps, and to obtain a greater understanding of what the District does on a daily basis since over 80% of the District's infrastructure is below ground. This tour was scheduled on Monday, August 22 at 10:00 a.m.
  - b) Correspondence. McClone Insurance will send the District a 20% dividend from its workmen's compensation insurance for maintaining a good safety record. There have been no injuries or claims for the past year so Kevin is encouraged by that. Bob asked if the District was going to put it back into the insurance portion of the budget. Kevin answered that it would go back into total cash on hand. He tries to encourage the staff to stay in shape by organizing activities such as the bike-a-thon during the spring and rewarding employees upon completion.
  - c) Status of 2011 projects. The Olde Apple Acres water and sewer main project is complete. The District has invoiced the developer for the most recent pay request. There will be a final pay request sent to Midwest, but the rest has already been billed. We are waiting to receive the money from Midwest for everything that has been installed.
- 6) Old Business.
  - a) Discuss and act on requirements for residential well permit renewal. Ray carefully compared Section NR812 to the District's Ordinance. He explained that the overall intent of NR812 is consistent with the requirements of the Ordinance. The Ordinance's primary purpose is to insure that one's residential well is not harming the groundwater, their system, or their neighbor's system. Although NR812 does not specifically require a well inspection, there are several valid reasons for enforcing one, including upgrades performed on the well and the importance of meeting current standards. He explained that existing well features may not meet the requirements of new construction, and if the well is not upgraded to meet them it must be abandoned. A possible solution Ray suggested is to modify the District's Ordinance if the Commissioners wish to do so. Kevin explained that when someone hooks up to municipal water, they are required to make sure their well is compliant with NR812. However, since the plumber is already on site, the resident may not see a direct cost since it is included in the cost of hooking up. They may not understand why this is necessary now because their relatively new well is still in good condition and the aquifer is being protected. However, if 25-30 years from now some of these houses get sold to new owners and none of these residential wells were inspected, major issues could develop. For instance, if the cap was knocked off and went unnoticed, inappropriate objects such as grass clippings and animals could get inside and contaminate the water. People



with wells that do not use them for drinking purposes could also use them to dispose other liquids. This inspection requirement helps to protect those residents that use the aquifer for drinking water. This ordinance only affects people on the municipal water system that have multiple sources of water. Since everyone needs water to live, individual wells are not subject to this ordinance. When municipal water was first made available, the District offered an abandonment credit, which has since expired, to encourage residents to abandon their well. A possible solution would be to have the District hire one plumbing company to perform all the well pump inspections at a reduced cost with the well permit fee. The letter the District sent for its residential well permit renewal stated that new DNR regulations required this well inspection. Kevin explained that the email he received from Wendy of the DNR stated that residents should expect the District to implement this requirement on behalf of the DNR. Another letter from Town of Hobart stated that their residents were told that there will be a requirement that a plumber must inspect their wells. Jim Savinski stated that Jim Schedgick of the DNR could not back the requirement with the code. Jim Schedgick then said that it is not a DNR requirement, but a District requirement. Ray stated again that this is an optional ordinance that the District elected to enact and, unless it is repealed, the inspection will be required. Jim thinks we should modify the ordinance to remove this requirement unless the well is upgraded. He states that if there is something wrong with a residential well, it will be evident in the bacteriological sample results. Kevin states that, since this requirement has already been implemented, waiving it now would upset the people who have already complied with it. Bob concluded that the District will keep this topic on next month's agenda and discuss it again.

7) New Business.

- a) Schedule Budget Workshop. It was scheduled earlier in the meeting for August 17<sup>th</sup> at 1 P.M.
- b) Develop policy regarding the recent state changes allowing for the concealing and carrying of firearms. Kevin feels it is unsafe for employees to carry a gun while they are working for the Sanitary District and will look to insert language banning it into the employee handbook.
- c) Act on written request for water service to lot #8 on Cambria Court. The property owner of this vacant lot sent in a written request for water service for his proposed new rental property with multiple units. The District would have to install approximately 740 feet of water main to serve the entire cul-de-sac. A quote from Van Straten Construction estimated the total cost of this project at \$94,000, which included fire protection and two hydrants and would serve 12 parcels. After construction, well, and tower costs, the District would assess approximately \$10,800 per parcel, which could be payable over 20 years. The District would use cash on hand or obtain a bond to fund this project. The last time the District sent out the water service survey to Cambria Court, six parcels said yes, four said no, and three did not respond. Kevin is comfortable sending out the survey again because a majority of the responding property owners previously agreed. Most of these parcels are duplexes, but some of them are condos. A condo would require two services to that parcel so that each side could make the choice to hook up separately. A duplex would require one water line and one valve for each unit, reducing the cost. There is the potential for 24 new hookups if all of these residents take advantage of municipal water. Kevin will compile the letter and survey, send it to the commissioners, and mail it to the 13 property owners with the goal of getting a response from everyone contacted. The District needs a 70% participation level to proceed unless there is a health issue, but there is no indication of bad well water in that area at this time. Some areas of the District have to be flushed regularly to make sure the water is turned over, and the District may also need to flush the south end of Cambria Court if they choose not to hook up.  
**Jim made a motion to proceed with the process of making water service available to lot #8 Cambria Court/second-Alex/carried unanimously.**

8) **Jim made a motion to adjourn at 7:10pm/second-Alex/carried unanimously.**

Respectfully submitted:

\_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved:

\_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**September 6, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Alexander Irvine present called the regular monthly meeting for September to order at 4:05 p.m. Commissioner Jim Savinski was absent. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, Michael Claffey, and Sara Gonzales. Margaret Miller of 1759 Lake Breeze Rd was in attendance from the public.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Bob made a motion to approve the minutes for the regular monthly meeting on August 11/second-Alex/carried unanimously.**
  - c) Approve cash receipts & investments for sanitary and water. **Alex made a motion to approve the cash receipts & investments for sanitary and water/second-Bob/carried unanimously.**
    - i) Approve the balance adjustments. Mike explained the only balance adjustment was to write off an interest charge on an account because the payment was late due to being sent to the District's old address. Mike also noted that the District received the final payment from the Town of Algoma for the collection of past due bills, assessments, and fees from the 2010 tax roll, so their balance owed to the District is paid in full. **Alex made a motion to approve the balance adjustments report/second-Bob/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Mike noted the few starred additions on the pink sheet, including a payment to Van Straten for the work on Olde Apple Acres. Kevin explained that the uniform reimbursement to the operators is an allowance for steel toe boots and other gear for working in the field and the sewers. **Alex made a motion to approve the pending bills for September as submitted/second-Bob/carried unanimously.**
- 3) Public Forum – Margaret Miller was in attendance from the public. She came to discuss the renewal requirements of the well permit which she completed today. She stated that she feels the charges are becoming excessive. After reviewing the DNR regulations, specifically 810.16, she would like the District to consider two things. First, subsection 2a states that a minimum of one safe bacteriological sample is necessary for renewal of a well permit. The District is currently requiring two safe results at least 14 days apart. Kevin explained that when the water system was first implemented the DNR required two safe bacteriological samples on each well in addition to testing for other contaminants such as arsenic. The requirements have decreased to bacteriological testing only. Margaret requests the well permit renewal requirements be changed to one safe test result to follow the code. Her second request deals with subsection 2b which requires a plumber to inspect the well. She stated that it is a costly \$125 procedure that was done five years ago when the plumber hooked up her property up to Municipal water. She states that having a plumber inspect the well again is an unnecessary additional cost since the inspection could be included in the cost to hook up, and she doesn't want to have to do it again for ten years. Margaret feels it's unfair that only the people who use the Municipal water system and have kept their wells are required to complete this. Prior to hooking up, no one cared if there were bacteria in their private well because homeowners were not required to test for it. She explained the DNR code states that an inspection is required no less than every ten years, and she asks the District to consider changing the well permit renewal requirement to follow the code. Ray explained that Section 810 was changed effective December 2010, and it was poorly drafted because it is in conflict with section 812. One section states the well must be inspected every ten years, and the other states the permit must be renewed every five years. In order to do so, the well must be compliant, but only a plumber can verify compliance. Ray suggests since the District has already implemented these requirements, the well permit renewals outstanding should complete them as instructed. Then those and all other renewals will go on a ten year cycle for the well inspection with renewal of the permit every five years which will require only one safe bacteriological test result. Of the 122 residents notified to renew their well permit earlier this year, or who have recently hooked up to the Municipal water, 30 have completed the well permit, 25 have at least done the cross-connection inspection by a water utility operator, and 67 are unknown. District staff will follow up with those who have not completed their well permit renewal, and at that time they will explain the requirements that are in effect and the changes that will take place upon completion. The District will keep track of which residents have completed which requirements and when their well will come due for inspection. The District does not need DNR permission to implement these changes. If there is noncompliance, the District may issue a citation or pass the situation to the DNR. However, the DNR states that a Sanitary District must demonstrate a need to keep a well. The Algoma Sanitary District is a voluntary water system and presents lawn watering as a need for keeping a well. If the DNR gets involved due to noncompliance, they may dictate that lawn watering is not a need for keeping a well and this privilege may be lost for everyone.
- 4) Commissioner Statements. None
- 5) Director's Report. Kevin expressed his condolences for the passing of Bert Wertsch from the Town of Algoma. He also announced that one of the District's operators got married over the weekend.
  - a) Review of District statistics. Using Well #1 flow rates, the District's residents use over 400 gallons of water per minute between 4:30-5:30 p.m. This amount exceeds the number of gallons pumped during that time, due to increased usage and lawn watering. Around 9:00 p.m. the volume pumped recovers and again pumps more water than residents use. The water system is not designed to pump and meet instantaneous demand, which is why the water tower was built for up to 400,000 gallons of excess storage capacity. The District has additional pumping capacity, but was only using one of its three wells at that time.

- b) Correspondence.
    - i) The District completed their water survey report with the DNR. The DNR commended the District for their diligent effort in maintaining & operating the water system. They were very impressed with how well everything is taken care of. This included the Omro Sanitary District as well as the Algoma Sanitary District.
    - ii) There has been some research done on the Well #2 facility because its pumping capacity has reduced by about 30 gallons of water per minute. The District performed a pump test and determined the pump had developed wear. It has been in operation for the last seven years, and the water loss is less than 10% of the total flow. The District will plan to budget approximately \$17,000 over the next three years to repair this issue.
    - iii) There have been a few residents on Scenic Drive who have inquired about water service becoming available in their area due to poor water quality, but the District has not received a formal request for water service yet.
  - c) Status of 2011 projects. The operators will be sealing manholes and flushing all of the District's hydrants within the next month, which they usually do every fall.
- 6) Old Business.
- a) Discuss and act on modifying requirements for well permit renewal. Due to the discussion for well permit renewal requirements earlier in the meeting, **Bob made a motion, effective 1/1/2012, to modify article 6, section 5, subsection A, of the District's water ordinance, to read that an inspection of a well by a licensed well driller or pump installer is required every ten years, and modify article 6, section 5, subsection B, of the District's water ordinance to read that one safe bacteriological sample result is required within 60 days of the well permit application or renewal date/second-Alex/carried unanimously.**
  - b) Review and act on response for water service on Cambria Court. The District requested the survey be returned by September 26; therefore not all responses have been received. However, of the responses received thus far there are four no votes and one yes vote. The yes vote is from the resident that owns the vacant lot and sent the written request to petition for water service. He wants to build a new condo, but his survey response indicated he would *only* build on the lot if it has Municipal water. Four no votes are the most the District can receive to move forward with the project. Kevin offered to call this resident and explain that if he wants water service he should convince his neighbors to vote yes. Unless every other response votes yes, this project will be dropped.
- 7) New Business.
- a) Preliminary 2012 budget review. Jim Savinski met with the District separately to review the budget information. The following projects and maintenance items are expenses and capital budget items proposed for 2012.
    - i) Some items are to be purchased in 2011, such as fire hoses and replacement blades for the water main saw.
    - ii) Some are items to be purchased in 2012 that the District is still waiting for price quotes on.
      - (a) The cost to replace the 40 year old portable diesel generator at the Shorehaven Lift Station with a stationary electric generator is approximately \$35,000. Purchases like this are budgeted throughout multiple years. \$20,000 was saved towards it in 2010 and \$15,000 is projected to be saved in 2011. Therefore, the District will be able to purchase this big ticket item in 2012.
    - iii) The DNR requires the District to submit water samples throughout the year. The allotted cost for this in 2011 was \$9,491, but next year it will only be \$663 because of reduced sample requirements and many of these samples only need to be submitted every three years. This will have a positive impact on the water budget for next year.
    - iv) Storm Water items are not budgeted if the District assumes this responsibility. However, if that changes, a wheeled excavator would move from priority number five to number one.
      - (a) It would pay for itself fairly quickly for sewer and water line repairs, especially if the District consolidates with Omro because invoices from Freund Excavating have been adding up quickly.
      - (b) The District has \$80,000 set aside for 2011 and will have another \$60,000 for 2012.
    - v) Potential consolidation expenses with Omro for 2012 are not a part of the proposed budget.
      - (a) Staff wages with the consolidation process are estimated to be \$15,000.
      - (b) Repainting all of Omro's hydrants would cost approximately \$2,500 in paint.
      - (c) Programming to integrate Omro's lift station information into the District's SCADA system would be about \$50,000.
      - (d) Review Omro's annual budgeted income and expense, and make sure Omro does not refinance.
    - vi) Algoma's bond principal and interest payments are stabilized at approximately \$1.2 million annually.
    - vii) If sewage flow to the City of Oshkosh Wastewater Treatment Plant exceeds 1 million gallons per day, or 5% of total capacity, retained earnings will be used to cover the cost to increase to 7.5% of total capacity.
    - viii) A budget workshop date is set for October 11 at 2:00 P.M. According to the statute, the District will publish the 2012 proposed budget prior to the public hearing, and the public hearing will be held immediately prior to the November 10 District meeting. The statute deadline for final budget approval is November 10.
  - b) Discuss and schedule joint consolidation workshop with the Omro Sanitary District. The workshop is scheduled for September 12 at 4:00 p.m. The consolidation agreement states the Commissioners recommend that the Town of Algoma Board appoint two existing Algoma Sanitary District Commissioners and one existing Omro Sanitary District Commissioner to fulfill the remaining terms of the consolidated District commission. Kevin will suggest that Omro discuss which Commissioner is interested in transferring to the consolidated District board. He will also send them potential dates for the public consolidation meetings so they can check their schedules before the meeting. The wording

of the referendum text needs to be approved by numerous legal entities; it is unclear who will approve it from the Town of Algoma since it is not decided who will take over as their attorney.

- c) Discuss and approve security and surveillance upgrade. Kevin received quotes from two different companies and is waiting for one more before a decision is made. Putting this extra security in place for the water system is a reasonable step to take to prevent tampering and reduce response time. Once an alarm system is chosen it will take about 60 days to install. As long as it is purchased by December 31, 2011, it can be a part of this year's budget. The District will keep the topic on next month's agenda to discuss it further once all of the quotes are received.

8) **Bob made a motion to adjourn at 5:35pm/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**October 13, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Jim Savinski present called the regular monthly meeting for October to order at 6:00 p.m. Commissioner Alexander Irvine was excused. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on September 6/second-Bob/carried unanimously.**
  - c) Approve cash receipts for sanitary and water. **Bob made a motion to approve the cash receipts for sanitary and water/second-Jim/carried unanimously.** Mike recommends four changes to investments: 1) transfer a little less than \$250,000 out of the local government pool, because the investment rate is so low, and put it in a CD at Choice Bank, 2) take smaller funds from the water accounts and move them to Community First Credit Union to take advantage of the higher investment rate, 3) transfer the funds at Citizens First Credit Union from a money market to a CD because the rate will provide another .25% if it is locked in for 6 months, & 4) transfer funds out of Community First C.U. to a CD at Fox Communities Credit Union. Mike has found that the local government pool does not require a minimum balance. **Jim made a motion to approve the investment changes as Mike presented/second-Bob/carried unanimously.**
    - ii) Approve the balance adjustments. Mike explained the only balance adjustment was to write off a sewer user fee for a new condo in Wyldeewood Village. The buyers chose to purchase a different condo so the District billed for the new unit. **Jim made a motion to approve the balance adjustments report/second-Bob/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Jim asked why AT&T and NTD are included on the bottom of the pending bills list with no dollar amount. Mike explained that the due date for such bills falls between meetings. Therefore, those bills needs to be approved ahead of time so the payment is not received after the due date. **Jim made a motion to approve the pending bills for October as submitted/second-Bob/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Jim had three issues regarding well permits that he wished to discuss.
  - First, he noted the well inspection form in the District's Ordinance for well permit renewal is inferior to Wisconsin DNR Form #3300-221, which is more comprehensive and explains what is considered 'in compliance' based on when the well was constructed. Kevin stated the District requires that form to be submitted before a well permit is issued. One issue with it is that it states the DNR "recommends" the inspection be performed by licensed well driller or pump installer, however state codes *required* it. He wanted the DNR to clarify that because it creates conflict between plumbers & well drillers. Jim asked if the form was in the District Ordinance. Kevin explained that anytime the Ordinance is changed the District is required to publish it, which can be expensive. Ray suggested if the District was going to change it, they should word it as such, "administrative code provisions effect at the time of submittal." Jim didn't realize the District was requiring the form and is satisfied that it does.
  - The second issue relates to Section 6, which states that if a well does not pass a bacteriological test, it must be abandoned. Ray explained that after failing a bacteriological test, the resident has *three months* to abandon their well. However, in the meantime, if they can provide proof that their well can pass two tests, the District will issue a permit. Kevin explained that the lab does not report failed results to the District nor to the DNR; only to the owner. The issue with a failed well is that something needs to be done and there must be a time limit to do so. Kevin knows failed samples have been taken and when that happens the resident calls us and asks what they can do. He walks them through a sample procedure to make sure it's not a false positive, and provides them with suggestions, such as cleaning the faucet. Another point Kevin wanted to mention is the issue with shared wells. If building A & B use the same well and building A hooks up to the Municipal Water but still uses the well for outside watering, they must permit the well according to the District Ordinance. Then, if they receive an unsafe sample, it would be their responsibility to abandon the well. However, if building B still uses the well, the District does not have the authority over building B to require abandonment. Therefore, Kevin determined that disconnection of the well from building A's basement, which would disable them from using it, would mean they are not required to permit it while it supplies water to building B. There are about 50 shared wells in the District. In this situation, Ray suggests building A provides the District with a copy of the well agreement with their neighbor. This will allow the District to better decide who is responsible for the well. The District can also notify the DNR if an issue remains.
  - The last issue Jim wanted to discuss dealt with the cost difference that people who have hooked up to the Municipal Water and have chosen to keep their wells for outside use have to pay these well permit costs. Everyone receives the benefit of permitted wells, which is protection of the water table, while those who are not hooked up do not have to pay anything towards it. Jim asked why the District charges \$40 to issue a permit. Kevin stated that the PSC has set that cost, and the District would have to request a water rate adjustment from the PSC to change it. The permit charge is a legitimate cost that allows the District to recover fuel and staff expenses for performing cross-connection inspections and processing paperwork. A well permit renewal due every five years results in a permit cost of \$8 per year to the resident. The well permit fee has been disclosed and has not increased since the establishment of water service in 2003.

When deciding to hook up, residents were given the choice to either keep and permit their well for outside use or accept an \$800 credit the District offered to cover most of the expense of abandoning their well. One alternative the District has to lower the cost of well inspections is to contract a plumber to inspect every well due to be permitted that year, get one rate per inspection, and find an avenue to cover the expense. A levy would be supported 100% by the District and is the only way to spread the cost to everyone in the District. However, this will upset the people that have already paid for the inspection. Bob stated that the District did the residents a favor by allowing them to have a dual system when it could have forced properties to hook up to Municipal Water. This well permit policy can save residents money if they water a lot.

- Bob announced that he visited Commissioner Alexander Irvine today after having hip surgery on Tuesday afternoon. Alex was very alert and seems to be doing well. He apologized for not being here and told Bob to say hi to everyone for him. Bob reassured Alex that his chair was still here waiting for him.

5) Director's Report.

- a) Review of District statistics.
- b) Correspondence. When a resident declares bankruptcy, their outstanding sewer user fees and water bills are considered unsecured debt, but the sewer and water main assessments are considered secured debt. The District has had some correspondence lately with the bankruptcy court to make sure this secured debt will still be collectable in the future. Ray explained the court has to put it on their bankruptcy payment schedules. When he called the bankruptcy trustee about the Bethe's payment schedule he found that it was classified incorrectly, but the trustee was then going to adjust it properly. The additional filing for their sewer user fees that hadn't hit the tax roll yet was scheduled as unsecured debt, but the District will only receive \$0.38 per dollar owed. The number of people and the amount of past due bills is not overly high and is usually the same people every year. The District must make sure to place these past due bills on the tax roll because they then become secured debt. The sewer & water assessments for the Bethe's two lots currently total about \$29,000. The special assessments are levied on each parcel before construction of the mains begins.
- c) Status of 2011 projects. The operators began flushing all of the hydrants in the Sanitary District this week. Currently about 30% of the system has been flushed. They start at the tower and work their way out through the Town, and all of the streets will be turned over within the next week. The District also had a gas line installed at the Shorehaven lift station for the new generator. Once complete, Winnebago County road crews quickly laid down the asphalt to fix the road.

6) Old Business.

- a) Discuss and act on response for water service on Cambria Court. Kevin stated that the District received nine responses declining water service and only four property owners agreeing to receive water service on Cambria Court. The only non-response to the survey was from a transition in ownership of one of the properties. Since the percentage of participation is less than 40%, the District cannot financially afford to proceed with the project. If the interest in water service was on the northern end of the street, the District would consider installing an extension from Omro Road to service only those parcels. However, since the interest is more towards the southern end, the lateral would have to pass six or seven properties before reaching one of those who would use it. The total project would cost almost \$100,000 and only \$40,000 of that amount would be collected for infrastructure costs. Kevin explained the situation to the property owner who initially submitted the written request for water service. He told him if he is still interested in receiving water service he can talk to the neighbors to try and change their minds, but the property owner said he wouldn't pursue that at this time. Jim mentioned that he knows someone who bought a house around Honeycreek Road whose well tested three times the legal limit for arsenic. Although that area does not have water service available currently, Kevin said if there is a health concern he can meet with the neighbors and find out if they want to pursue water service. **Bob made a motion to decline water service for Cambria Court/second-Jim/carried unanimously.**
- b) Review and act on 2012 budget. The budget was thoroughly discussed at the budget meeting the previous Tuesday. There was no further discussion with anyone from the public. Mike showed the Commissioners how the Oshkosh Northwestern would publish the budget. He explained that the District condensed some of the layout, which will dramatically reduce the cost of publishing while still having enough detail. Last year it cost about \$1,600 to publish but this year it should be about half that amount. **Jim made a motion to approve the proposed 2012 budget as submitted/second-Bob/carried unanimously.**
  - i) Set public hearing date for 2012 budget. **Bob made a motion to schedule the public hearing for November 10 at 6:00 p.m./second-Jim/carried unanimously.**
- c) Discuss and approve security and surveillance upgrade. The District received the final quote from LW Allen for a security system that connects into the existing SCADA system. LW Allen handled all of the District's electronics for its lift stations, so they are very well-versed with these types of equipment and systems. They also installed the District's existing security system, camera, and other devices so the company is a competent contractor. Their quote of \$4,789 was the lowest price the District received, but does not include some additional engineering cost from Strand to integrate this into our existing SCADA system. Kevin recommends the District accept the quote from LW Allen for the security and surveillance system upgrade. There are funds available from the existing budget, and the installation will be completed and paid in 2011. **Jim made a motion to accept the quote from LW Allen for security and surveillance upgrades for \$4,789/second-Bob/carried unanimously.**

7) New Business.

- a) Discuss and review consolidation with the Omro Sanitary District.
    - ix) Upcoming public informational meeting. The District sent out a notice to their 850 water customers with the dates, times, and locations of the public consolidation meetings. They will also have this information printed in the upcoming quarterly Town Newsletter. The Town of Omro water and sewer customers received this notice in their quarterly bills as well. The District will have a message on the cable channel for both districts by mid-November.
    - x) Verbiage for grandfathering of Omro private sewage system parcels. After analyzing the parcels in the Town of Omro, the District discovered there are about 60 properties with an improved value that are not paying sewer user fees. If it is determined that gravitational sewer is available at those property lines, the parcel would be required to hook into the Municipal Sewer system upon consolidation. However, according to the policy the District is in the process of finalizing, all existing structures greater than 200 feet from the sewer line will not be required to hook up to it. Upon failure of a private septic system, however, the parcel would be required to hook up to the Municipal Sewer system. This policy would not apply to new structures. If consolidation is approved, parcels in the former Town of Omro Sanitary District boundary will then abide by the Algoma Sanitary District's Ordinance.
    - xi) Water supply cost for new connections. The water supply cost is calculated by dividing total revenue from new connections by the total capacity of connections. Based on the remaining connections available, expected revenue of \$3.5 million divided by 2,100 homes equals \$3,135 per connection for 2012. Since a connection in the Town of Algoma is currently \$3,071, this amount would increase by \$64 per property. A connection in the Town of Omro is currently \$3,475, so it would decrease by \$340 per property. The difference in connection charge is the additional cost for the extension to serve the Town of Omro. Consolidation will spread the cost throughout the entire merged District. The parcels affected by this are those who will hook up to sewer after April 2012, such as the new lots at Olde Apple Acres. The infrastructure cost for the water mains on these properties was paid-in-full. However, each issued permit will incur a supply charge to cover District expenses such as the water tower, well facilities, etc.
  - b) Sewer user fee credit for vacant building at 2725 Omro Road being parcel number 002-0111. This uninhabitable property is owned by Mary Jean Irvine. Since no one is living there, there is no water usage or sewer treatment cost associated with that parcel. The District's policy for vacant lots is to decrease the user fee to 30% of the annual fee. **Jim made a motion to credit \$192.84 to Mary Jean Irvine at 2725 Omro Rd/second-Bob/carried unanimously.**
- 8) **Jim made a motion to adjourn at 7:10pm/second-Bob/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
 Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
 Robert Nadolske, President

**Algoma Sanitary District #1**  
**November 10, 2011**

Public Hearing for Proposed 2012 Budget

- 1) Public Forum. No one was in attendance from the public. No additional discussion was had.
- 2) **Jim made a motion to adjourn at 6:02pm/second-Bob/carried unanimously.**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Jim Savinski present called the regular monthly meeting for November to order at 6:02 p.m. Also present were Kevin Mraz, Ray Edelstein, and Michael Claffey. Commissioner Alexander Irvine was excused. Joel Edson was absent.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on October 13/second-Bob/carried unanimously.**
  - c) Approve cash receipts for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water/second-Bob/carried unanimously.**
    - iii) Approve the balance adjustments. Mike noted one additional balance adjustment for a water supply assessment payment on a new lot in Olde Apple Acres. **Jim made a motion to approve the balance adjustments report/second-Bob/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Bob asked what the check to Business Card was for and Mike stated that it was for the monthly credit card purchases. Jim asked what the check to Sealing Systems, Inc. was for and Mike stated that it was for manhole sealing kits. Bob asked about the status of the manhole sealing project. Kevin stated that the District has sealed 303 manholes so far, leaving 549 remaining. This purchase will allow approximately 60 additional manholes to be sealed next year. The 2012 budget includes the remaining funds to purchase enough kits to seal a total of 120 manholes, which will complete about half of the District manholes. The District has noticed that, after sealing the manholes that flow into the lift stations, pump times have decreased, even after major rainstorms. Previously, the Shorehaven Lift Station would run 24-36 hours straight with one pump never shutting off. Now, this pump runs a maximum of only 6 hours per day. The District pays \$0.84 per 1,000 gallons of wastewater, which can add up quickly. This manhole sealing project has reduced inflows coming into the stations, providing a definite payback. **Jim made a motion to approve the pending bills for November as submitted/second-Bob/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Bob said he visited Commissioner Alexander Irvine last weekend. He's going through physical rehabilitation and hurts a lot, so if anyone is considering sending him a card or going to see him, he would definitely encourage it. Both Alex and his wife's eyes light up when someone comes to visit. Their kids see him on the weekends, but aside from that they tend to get bored. Kevin said the District sent Alex flowers this week.
- 5) Director's Report. Kevin stated that the District is considering switching vendors for the purchase of liquid chlorine & fluoride for water treatment. We are currently purchasing these chemicals from Hawkins out of Fond du Lac for a total cost of about \$11,200 annually, including their additional fuel and trip charges. The District provided various vendors with the chemicals we currently use and requested quotes for them. The lowest quote received is from Martel Water Treatment out of Janesville which totals around \$6,000 annually, including trip charges. The other quotes were from Hydrite Chemical Company with an annual cost of around \$7,600 and from Millport Enterprises with an annual cost of around \$9,200. Switching to Martel would save the District about \$5,000 per year. There is not a contract in place with Hawkins at this time, and having this company periodically switch delivery drivers causes more work for the District. Ray wanted to make sure that the District properly tests the new chemicals to make sure the formula is the same and that we are not stuck with a new company for a year if there are any problems. Kevin mentioned they will perform bench tests to ensure the new chemicals meet the District's treatment specifications.
- 6) Old Business.
  - a) Discuss and review consolidation with the Omro Sanitary District. Kevin said he met with the Oshkosh City Attorney and the Oshkosh City Clerk yesterday to discuss the process of getting the referendum on the ballot. Kevin obtained all of the forms he needed and will deliver them to Charlotte Nelson, the Town of Algoma Clerk, as she will be in charge of publishing it. These forms provide the explanation for the language the District will need to use when submitting the referendum to each municipality affected. The referendum must be published at least four Tuesdays prior to the election. Bob suggested that Kevin give it to her directly a little earlier than required. The District wants to be sure residents attend the public meetings and are well-informed about the consolidation before voting. Ray said they need to understand that once the District maxes out on the amount of development it can do here, the cost of service per resident will continue to increase. Enveloping additional developable land in Omro will help increase the economy of scale and spread the District's expenses among additional users. Kevin then reviewed the PowerPoint presentation for the public meetings and noted the new slides that were added. He discussed the District's mission statement and vision to be the lowest cost, highest quality provider of municipal sewer and water services in the Fox Valley area and explained that this consolidation is an opportunity to continue to pursue that goal. One slide has maps of the two



Sanitary Districts, and Kevin will also have larger maps for residents to review. This presentation will show the public how consolidation would impact each resident's water and sewer rates, tax levy, and public fire protection, and will provide detailed information on each area so the public can make an informed decision on April's referendum. The Commissioners and Ray discussed the information in the slides and gave Kevin suggestions on changes they want before the presentation. The District will also provide the Town with information to give to the cable channel for the public meeting dates a week prior to being aired so the cable channel has ample time to enter them into their system.

7) New Business.

- a) Resolution # 2011-11-1 to review and approve setting the 2012 annual sewer user fee to \$292 per equivalent unit. Jim read the resolution verbatim. **Jim made a motion to approve resolution # 2011-11-1 to set the 2012 annual sewer user fee to \$292 per equivalent unit/second-Bob/carried unanimously.**
- b) Resolution # 2011-11-2 to review and approve increasing the contribution in aid of construction by 3.5%. Jim read the resolution verbatim. **Jim made a motion to approve resolution # 2011-11-2 to increase the contribution in aid of construction by 3.5%/second-Bob/carried unanimously.**
- c) Discuss and approve the 2012 budget. **Bob made a motion to approve the 2012 budget/second-Jim/carried unanimously.**
- d) Resolution # 2011-11-3 to review and approve the Washburn Street Utility Extension Agreement for technical services presented by Strand Associates, including task order # 11-01 for bidding and construction-related services in the amount of \$27,800. Jim read the resolution verbatim. **Jim made a motion to approve resolution # 2011-11-3 to approve the Washburn Street Utility Extension Agreement for technical services as presented by Strand Associates, including task order# 11-01 for bidding and construction-related services in the amount of \$27,800/second-Bob/carried unanimously.** Kevin explained there will be advertisements for bids for this project on December 8 and December 15, with bid opening on January 6 and awarding of the construction contract at the January 12 meeting.
- e) Review and approve the 2011 budget year-end purchases. There are several year-end purchase items on the list sent to the Commissioners earlier. The first item discussed was stamps. Bob mentioned the price of stamps is increasing to \$0.45 each beginning in January (22<sup>nd</sup>). Considering the number of items the District mails annually, Bob suggested to stock up on Forever stamps. The next item was shelving frames, wood, and plastic bin containers. These would be used to organize tools, parts, and paperwork in the garage. The paint will cover 30 hydrants in the District for the year and would be painted by District staff. If the consolidation referendum passes, additional paint would be purchased to paint Omro's 90 hydrants and Algoma's hydrants would wait until the following year. The plotter will allow the District to print GIS maps that they have created, as well as plan sets, which would save the District \$50 per map that they would pay the county. Bob recommended increasing the allotted amount to include additional sets of ink cartridges and rolls of paper. The two fire hoses will be used for directing water when flushing hydrants. So far, sewer has spent \$8,000 of its \$117,000 capital item budget and water has spent \$8,000 of its \$18,000 capital item budget. **Jim made a motion to approve the 2011 budget year-end purchases plus the additional stamps for next year as noted/second-Bob/carried unanimously.**

8) **Bob made a motion to adjourn at 7:22pm/second-Jim/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President

**Algoma Sanitary District #1**  
**December 8, 2011**

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Jim Savinski present called the regular monthly meeting for December to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey. Commissioner Alexander Irvine was excused.
  - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes for the regular monthly meeting on November 10/second-Bob/carried unanimously.**
  - c) Approve cash receipts for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water/second-Bob/carried unanimously.**
  - iv) Approve the balance adjustments. Mike explained there were several balance adjustments necessary to set up Olde Apple Acres 1<sup>st</sup> Addition in the District's assessment system. Another balance adjustment involved the splitting of a parcel owned by Kay Mark, which required the recording of a supply assessment. The remaining balance adjustments involved writing off of sewer late fees because the individuals no longer owned the properties. **Jim made a motion to approve the balance adjustments report as submitted/second-Bob/carried unanimously.**
  - d) Approve pending bills for sanitary and water. Mike explained there were a lot of additional purchases added to the pending bills due to year-end purchases made. Kevin stated there are only two items left from the original list he presented to the Commissioners to purchase yet. Bob asked what was purchased from USA Bluebook. Kevin explained it was the purchase of two pumps for transferring chemicals from a bulk tank to a day tank. **Jim made a motion to approve the pending bills for December as submitted/second-Bob/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Jim mentioned the importance of using consistent terminology. For example, the terms "sanitary" & "sewer" and "sewerage" & "sewage" tend to be used interchangeably, although they have different meanings. Also, in one of the handouts sewer connections were labeled as *sanitary permits* under the *sewer* section. Kevin agreed and added that the definition of *sewer* includes storm water *and* the sanitary sewer, which can lead to some confusion amongst residents. He requested inconsistencies be emailed to him so they can be corrected. Kevin concluded that the District will strive to be more consistent with their terminology in the future.
- 5) Director's Report.
  - a) Review of District statistics.
    - Kevin sent the Commissioners an annual chart tracking water and sewer connections during the past five years. In 2006 there were 608 water connections and as of 12/1/11 there are 856. There were 2,430 sewer connections in 2006 and now there are almost 2,600. This amounts to 248 water permits and 170 sewer permits being taken out over the past five years. This gives the District an idea of how it's been doing through both good and slower economic times and can be used as a guide to produce the annual budget.
    - One project to be completed early next year is the inspection of 29 remaining sump pumps. Due to the wet season which exceeded the average for rainfall, there was an increase in District sewer flows and standing water seen in many ditches around town.
  - b) Correspondence. Ray wanted to give an update on the bankruptcy file currently in progress. The trustee filed an objection so there is a phone hearing scheduled on January 9. The water and sewer assessment amount for two parcels is \$29,000. First, it was deemed unsecured debt and only 38% was to be collected. When Ray informed the trustee that assessment debt is secured debt it was increased to 100% payback, but it also included the deferred assessment amount. If an assessment is in deferred status it is not an active debt. An assessment is considered a tax and, therefore, has a very high priority. Ray will know more regarding the collection amount at next month's meeting.
  - c) Status of 2011 projects. Kevin is developing a list of additional projects the District will target during 2012. These will be discussed at next month's meeting.
- 6) Old Business.
  - a) Discuss and review feedback received during public informational meeting held on December 7, 2011 regarding the consolidation with the Omro Sanitary District. The first public consolidation meeting was held the previous night at the Algoma Town Hall. Unfortunately, only one resident attended the meeting and he was from the Town of Omro. Although the District did not receive the amount of feedback they had hoped for, the resident and the Districts' Commissioners had some good discussions. The biggest question most Town of Omro residents will have pertains to whether they will have to hook up to the municipal sewer system upon consolidation. Ray explained the best way to approach this issue is to state that any resident who wants sewer service should notify the District, and if the District has service available, they will take care of it for them. Bob suggested the District consider using a resource such as the Oshkosh Northwestern to better publicize the informational meetings or possibly conduct an interview with them as election time approaches. Kevin answered that he would prefer to draft a press release with questions and answers regarding the facts that affect most residents. He also considered doing another mailing that is short and to the point presenting the savings of the consolidation in numbers. One possibility attendance was so poor was the meeting for the

highly-debated \$12 million school system referendum held the same night, but only about 100 people attended. Some other possibilities for low attendance include that it was Pearl Harbor Day, held on a Wednesday night, the approaching holiday season, or being scheduled too far from the April election. Bob suggested the District schedule a few more meetings closer to the election to try to reach more residents.

7) New Business.

a) Resolution # 2011-12-1 to review and approve insurance proposal for 2012 from McClone Insurance Group. Bob explained there were a few changes made since the resolution was sent out the previous week. First, Bob spoke with Brian McClone and asked why the District was paying the whole amount at once. When he realized it can be broken out quarterly for a \$5.00 fee, the District opted to pay the insurance in quarterly installments. Second, the District found some duplication on certain equipment because contractors included them on additional policies. McClone charges \$1.50 per \$100 of value and the state's policy is \$0.23 per \$100 of value. Bob also discovered that the District had a lot of equipment that was not covered, which has now been corrected. Bob thinks the premium is going to be the same once the changes are completed. Currently, the District has an umbrella policy for \$1,000,000 for \$3,000 annually, and the cost to increase it to \$2,000,000 would be \$4,729. Ray explained because this is a governmental entity, there are limitations in the amount of insurance that needs to be carried. The District hasn't had a claim in at least five years, and Ray is comfortable with the current amount of coverage due to the quality of training Kevin gives the employees. Bob asked if there are maximum limitations. Ray stated that even though there is a cap, it can be applied individually. In order to exceed \$1,000,000 worth of coverage there would have to be a pretty catastrophic event. From Ray's understanding, Kevin has done well in reducing the risk of such an occurrence. For example, whenever Ray comes to the District Office, even when the weather is bad, the sidewalks are clear to reduce the risk of falling and getting hurt on the ice. Bob added that the District goes above and beyond in the winter to clear out hydrants if they see people haven't done so. Bob wanted to review the details of the District insurance policy to allow him to investigate different options so there's a record that the District discussed other possibilities and is not negligent with their insurance. Ray mentioned that Omro has only had a couple of incidents, but he couldn't think of any injuries or serious damages. The only incident that came to mind was when one of the contractors didn't put the box in the trench and it collapsed. Kevin interjected and said that more recently a contractor was inside the trench box when the trench collapsed, so an accident was avoided. Ray stated that if anything employee-related happened, he could only imagine it would be an accident. Kevin explained there are two major areas concerning bodily injury for the District's operators, confined space and competent person. The operators attended a workshop on confined space last month and are now certified for three years. Certification as a competent person enables the operators to analyze the side walls of an excavation and know what type of shoring or trenching is needed to protect the excavation before entering it. Ray suggests the District tell the insurance company that its employees receive training on a regular basis and ask if a discount is available. Sometimes when a risk reduction seminar is attended the premium can be reduced by as much as 10%. Kevin explained that the District's good safety record and not having any claims gives them a workers' compensation rebate at the end of the year. Kevin thanked Bob for using his professional expertise in reviewing the insurance policy and trying to reduce the District's risk exposure. Bob suggests the District leave the policy as is because he thinks it adequately covers its risk. Actually, he said the amount of coverage received for \$3,000 in premium isn't bad. Jim added the biggest risk the District has is hitting someone with a company vehicle. Ray stated all the facilities are secured and all chemicals are locked up and under an alarm system. Bob concluded the District should make the changes discussed on the resolution, get the final premium amount, wait to receive the bill, and pay it in mid-January. Jim added that the resolution should contain the words, "Therefore, be it resolved that..." Ray stated it should read, "Whereas, the Town of Algoma Sanitary District #1 has received the proposal for 2012 insurance coverage with McClone Insurance Group, and whereas additional changes are necessary, therefore be it resolved that upon approval of the Director following the submitted changes, the board approves quarterly payments of the 2012 premiums." Once the resolution is rewritten, the Commissioners will sign it when they come to sign checks. **Jim made a motion to approve resolution # 2011-12-1 to approve the insurance proposal for 2012 from McClone Insurance Group as discussed/second-Bob/carried unanimously.**

b) Resolution # 2011-12-2 to review and approve the return of road deposits for multiple properties. Kevin explained the District is ready to clear a few road deposits that were collected in the past off its books. Two of the properties needed some cost of work deducted from the deposit before refunding it. The repairs on Kewaunee Street were more substantial because they went across the road and left a couple-inch dip in the road crossing. The operators received a verbal quote from Winnebago County for \$500 to repair the road, which was deducted along with the inspector's time from the deposit. The repair on Scarlet Oak Trail was a smaller section, but required more mobilization, which was also deducted from the deposit. The other two didn't have any issues. The alterations on Sunkist Road vanished when the road was repaved and the one on North Oakwood Road just had the inspection time deducted. All of these deposits were submitted to the District by the builder rather than the individual owner. However, it is unknown whether the builders passed this deposit cost onto the homeowners, making them the rightful recipient of this refund. The District will send a letter to both the builder and the homeowner to determine who should be issued the deposit check. Ray suggests the District change the resolution to say "refund the following deposits" and remove the words "to the homeowner". If both parties claim to be owed the refund, they must come to a District meeting and explain to the Commissioners why their position is correct. There is probably something in the contract with the property owner

concerning whether specific costs were built in. In the future, the District should try to determine the recipient up front before alerting both parties. Kevin explained these refunds are aged. Ray thinks the refunds are probably due to the homeowners because if this was the contractor's money they would have asked for the deposit back upon completion of the work. Ray suggests the District word the resolution as, "Whereas, the District is satisfied that refunds should be made based upon acceptance of the work for which the deposit was made. Therefore be it resolved that the following deposits be refunded." Bob stated that these resolutions be sent to Ray before the meeting so that proper wording can be established prior to the meeting. **Jim made a motion to approve resolution # 2011-12-2 to approve the return of road deposits for the properties listed with changes as discussed/second-Bob/carried unanimously.**

8) **Jim made a motion to adjourn at 6:55pm/second-Bob/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_  
Robert Nadolske, President