

**Algoma Sanitary District #1**  
**January 9, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for January to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey. The following individuals were in attendance on behalf of the owner of parcel #002-0178 discussed in agenda item 7b): Attorney David Van Lieshout, representative Mike Allen, and realtor Paul Schmidt. It was agreed to begin the meeting with agenda item 7b).
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on December 13 as submitted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. None.
    - ii) Note any balance adjustments. Mike explained a large portion of the December balance adjustments include the 2013 annual cost of money increase for parcels with deferred water and sewer assessments. The increase for the parcel discussed in agenda item 7b) was also included in the balance adjustments, which the District may need to amend in the future based on the motion passed. **Jim made a motion to approve the December balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike asked that the total amount approved for Xylem Water Solutions be increased by about \$43 due to the increased shipping charge on the bill received the day of the previous meeting. **Jim made a motion to approve the January pending bills for sanitary and water, including the increase for Xylem Water Solutions from \$3,373.76 to \$3,416.88, and previous disbursements for December as submitted/second-Chad/carried unanimously.**
    - Mike explained approval of the bond payments due February 1 is included in pending bills, but he also needed the resolution signed to authorize the wire from First Merit Bank.
- 3) Public Forum. Attendees from the public addressed the Commission during agenda item 7b).
- 4) Commissioner Statements. Chad thanked Kevin for the educational experience while taking him and his son on a tour of the District water tower and facilities.
- 5) Director's Report.
  - a) Review of District statistics. Kevin went over a few 2013 year-end totals which included 37 water permits, 27 sewer permits, average annual sewage flow to the City of Omro of 53,000 gallons per day (gpd), and an average annual water flow of just under 200,000 gpd.
    - Chad asked what the average sewer flows for the Town of Omro were the previous year, and Jim answered 65,000 gpd and 2011 flows averaged 72,000 gpd. With the new sewage treatment rates effective for 2014, this decrease in Town of Omro sewer flows will save the District about an additional \$24 per day.
  - b) Correspondence.
    - Kevin has been drafting contracts with the developer of Butte des Morts Meadows 3rd Addition to design water and sewer service for a 4.5 acre parcel located off of Nelson Road near the Town Park and the District's well #2 facility. It is currently laid out as two residential lots, but the T-intersection will become a cross-intersection, which will create a new street and result in ten residential lots. The plat is going through the Town's approval process at this time and construction should begin soon.
    - A resident renting a house on Emmers Lane, which is a City of Oshkosh property located within the Algoma Sanitary District, participated in the reduced price arsenic testing the District offered last fall. The result of the arsenic test was sent to the owner, Bay Lake Bank, and the renter learned the result, which was 93 parts per billion (ppb), when he contacted the District. The tenant and his family have lived there for multiple years and, since the safe drinking water level is less than 10 ppb, he asked Kevin what his options were. Kevin first suggested he test another sample to confirm the data and offered him bottled water in the meantime. He also suggested he discuss with the property owner and the City of Oshkosh about the possibility of having a water line stubbed over to serve the property. The second sample result was 283 ppb, and the Wisconsin Department of Natural Resources (WDNR) standard is that water with an arsenic level over 100 ppb should not be used for food preparation, bathing, or have any skin contact. The area the property is located is zoned commercial and two houses have already been removed, so it would not make sense to re-drill a well at that location. The house was deemed uninhabitable since it does not meet the safe water standards, and the occupants have since moved out.
      - o There are several reasons for arsenic results to adjust, including changes in the water table level, demand on the water, and staggering of the rock. When a sample is taken in to be tested, the arsenic level of the water is identified only at that point in time.
      - o The tenant learned that the City requires that residential wells be permitted every three years, however, this property was annexed to the City in 2006 and the City had no record of a well permit issued for that parcel.

- The head legal counsel from Bay Lake Bank has been in contact with the District, and Kevin forwarded him all of the information the District sent to the tenant including the Phase IV Watermain Extension Planning Brochure, the sample extraction instructions attached to the sample bottle that was distributed, and the arsenic test result from Northern Lake Service, Inc.
  - The District's policy follows WDNR code which requires District residents with homes that are hooked up to the municipal water system to permit their private wells with one safe bacteriological test result (among other requirements) every five years. The owners of District properties that are not hooked up to municipal water are responsible for the water quality of their private residential wells.
  - This is just one example of the arsenic problem within the District and, unfortunately, some residents have unsafe wells. Now that the arsenic level of this residential well is known, these individuals were able to move out of that house, and the District offered them safe bottled drinking water if needed.
- c) Status of 2013 projects.
- i) Valve vault bypass port.
  - ii) Electric generator purchase.
  - iii) Jet and televise 25,000 feet of sewer main. Jim liked the idea of jetting and televising sewer mains in the Town of Omro, and Chad added that the Omro Sanitary District did some televising just before the consolidation. Kevin stated staff has reviewed those tapes and will use that information to complete some repairs in the needed areas.
  - iv) Seal up to 68 manhole adjustment rings.
  - v) Interior wash down and inspection of elevated water storage tank. Kevin explained there are two methods to clean and inspect an elevated water storage tank. The first way is by dry tank inspection, which requires the tank to be taken offline while the workers enter it in their work clothes, disinfect it, and then put it back online to do a bacteria test. The quote for dry inspection was \$2,200, but the tower would be offline until the results are received. It also requires monitoring for 36 straight hours, wasting water, a pressure reducer installed on a fire hydrant, and one well to pump constantly while the tower was offline. The other method is by a wet tank inspection, where scuba divers in dry suits completely disinfect themselves with chlorine, enter the tower, video tape everything, clean it, and do a bacteria test for a cost of \$2,800. This allows the tower to stay online, and Kevin feels not needing the extra oversight required with draining the tower by the dry tank inspection is worth the \$600 additional cost. There must be positive pressure flowing upwards during the inspection, so staff will pump the water level up while the company is scrubbing the inside of the tower so water can depart through the overflow drain and not flow back into the system. There is also a drain at bottom of the ball that the workers can scrub material to. This process will likely take more than eight hours to complete and the water temperature must be at least 40 degrees, so this project will not be acted upon until spring. If the inspection yields additional necessary repairs, the District would be notified and would consider it a completely new project.
    - Jim asked what the typical water temperature is in the tower during this time of year. Kevin explained well #2 usually pumps 47 degree water from 4:30 p.m. to midnight to raise the water level on the tower from about 11 feet to 20 feet. At that time the overall water temperature in the tower drops to about 37 degrees and continues to fall throughout the night. An alarm notifies staff when the temperature reaches 33 degrees, and during times of cold weather staff may have to dump some water in the tower to prevent freezing.
  - vi) Repair manifold piping at well #2 facility. Kevin explained there appears to be a small part of the manifold that does not completely shut off from the injector because there is still chlorine in the injector when the pumps shut off. This increases the level of chlorine residual in this manifold, so staff is working to insert some timers to help correct that possible design flaw.
- 6) Old Business.
- a) Discuss City of Omro status update of non-binding mediation efforts to resolve wastewater treatment contract negotiations.  
The Commissioners did not go into closed session pursuant to Wisconsin Statute 19.85(1)(e) to discuss matters in relation to the intergovernmental agreement between City of Omro and Algoma Sanitary District regarding wastewater treatment services from the City of Omro. Some discussion was held on the proposal the District received from the City of Omro. **Jim made a motion to accept the rates presented by the City of Omro and to direct the Director to communicate with the City in furtherance of the ongoing negotiations/second-Chad/carried unanimously.** Peter was excused and left the meeting, and the Commissioners proceeded to agenda item 2a).
- 7) New Business.
- a) Discuss and act on petition for addition to Algoma Sanitary District for parcels in Town of Omro with boundaries that do not match parcel lines. There are about 20 parcels in the Town of Omro with structures that are connected to the District's municipal sanitary sewer system, but only a portion of the parcel is within the District boundary. Ray explained that because these parcels are so large, parts of them were excluded to avoid the entire parcel being levied and the additional value added to the total equalized value of the Sanitary District. Kevin stated the Winnebago County computer program previously was able to remove a portion of these parcels from the District, so the owner would only be taxed on the portion within the District, but now the County states the entire parcel must be either completely in or completely out of the Sanitary District. Chad mentioned the Town of Omro will not approve residential lots that are

larger than one acre. Staff will review all the parcels that need to be added, and the Commission can expect to approve a list that will be sent to the Town of Omro to act on before tax roll season this fall.

- b) Amend special assessment on parcel #002-0178 to reflect the actual cost of improvements constructed to benefit this property for municipal water service.
  - i) Receive waiver of special assessment notices and hearings in accordance with Wisconsin Statute 66.0703(7)(b).
  - ii) Amend special assessment to reflect actual value of improvements as of January 1, 2014 in the amount of \$117,475. The remaining balance shall increase at a cost of money at 3.75% per annum.

Kevin explained this property was originally proposed to have 47 lots installed. During the time the preliminary plat was going through the approval process with the Town of Algoma, the District obtained an easement and installed a watermain through a portion of it and assigned 47 deferred water assessments to the property at the interest rate of 3.75% for the project. The Town did not approve the plat and the property was later foreclosed, leaving Citizens First Credit Union as the owner of the undeveloped property. Their attorney, Dave Van Lieshout, explained the property has an interested buyer that originally had a closing date scheduled for January 31, 2014, but it has been postponed until March 1 while more information is received from the District regarding the options for sewer service to develop the property. Kevin recommends the Commissioners amend the special assessment to match the exact cost of the infrastructure installed at the 2.365% interest rate the District acquired for the Safe Drinking Water Loan in 2003. The District received a signed waiver of notices and public hearings from the owner, which is required in order to amend an assessment. The District is not going to provide the property owner a discount on their assessment balance and feels it can amend this balance since there were no services installed, no connections were made on the property, and the owner is charged the interest the District paid on the loan to construct this watermain. **Jim made a motion to amend the special assessment amount for parcel #002-0178 to \$113,580.65 as of January 1, 2014, with payment due no later than March 14, 2014 with interest accruing at a rate of 2.365%/second-Peter/carried unanimously.** The Commissioners then proceeded to agenda item 6).

- 8) **Jim made a motion to adjourn the regular monthly meeting at 7:12 p.m./second-Chad/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President

**Algoma Sanitary District #1  
February 13, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for February to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Jim suggested adding “an additional” after “saving” and before “\$24 per day” under agenda item 5a). **Chad made a motion to approve the minutes of the regular monthly meeting on January 9 including the small change mentioned/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. Mike mentioned a couple of investment changes are included in pending bills.
    - ii) Note any balance adjustments. The largest one was the \$397,336.65 adjustment that was approved at the previous monthly meeting to decrease the assessment amount for parcel #002-0178. Another was to establish and record a sewer cost of \$7,920.00 for parcel #016-0307-02-03 based on discussions the District had with the owner of the property. The owner previously had a verbal agreement with the Omro Sanitary District and now there is a written agreement on file signed by the owner to lock down a value going forward. There were also two small bankruptcy interest adjustments that equaled less than a dollar. **Jim made a motion to approve the January balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike explained pending bills included a couple of checks to transfer funds from the District’s primary bank to two other financial institutions to maximize the FDIC insurance coverage. Another couple of checks were to transfer funds received from the Town of Omro for resident assessment payments. The pending bills cover sheet also included approval of two bond payments due March 1 and March 15. Upon approval of pending bills, the Commissioners signed an additional document to approve the wire for payment due March 1, and Mike will notify the Commissioners in a couple weeks when the additional wire for the bond payment due March 15 is ready to be signed at Community First Credit Union. **Peter made a motion to approve the February pending bills for sanitary and water and previous disbursements for January as submitted/second-Jim/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Chad asked if the District had an order to run water and Kevin answered it is not necessary because the Operators flush the cold water out of the system through a hydrant by the tower and, as a result, the District has not had any leaks, freezing, or bursting, with night time flows staying relatively consistent at 41 gallons per minute. There are about 25 different communities, including the City of Omro, that have asked their residents to run water to prevent pipes from freezing. Staff noticed the City of Algoma was on that list and the TV stations reported it as “Algoma”, so Mike contacted them to have them specify the *City of Algoma* was included and the *Town of Algoma* was not. Kevin recently met with other utilities and learned that Green Bay had over 250 frozen taps and Kaukauna had over 100, so it is a major issue that is happening throughout the state. He is very thankful the Operators do their diligent work inspecting the mains and water services as they are installed to verify they are 6-8 feet deep in the ground. Fortunately, this has not been an issue for the District at this point in time.
  - Jim thinks the District’s co-op program is a good thing and he was glad to see it started. Kevin agreed and added there are two students from the natural resources technician program at Fox Valley Technical College that come in a couple days a week. They will observe water and sewer lateral installations, get hands-on experience, learn industry terminology, and perform some light duties. Kevin feels it is a good way to give back to the next generation and to get to know the pool of candidates available in this field. It also helps keep the Operators on their toes and make sure they are current on their information. Jim asked if the District would permit high school students to job shadow the Operators and Kevin said he would allow them to come and observe, but he would like to see how the Operators handle the co-op program first and determine how much of a burden it is on them.
  - Kevin stated the District’s newest Operator, Ethan Firgens, came from the UW-Stevens Point program and has been on staff for almost two weeks. He seems to be fitting in well, and after only a few days of sampling, he was able to show one of the co-op students the proper sampling procedure.
  - The District has been communicating with various people regarding municipal water and sewer service for Jones Park. Kevin previously met with the farm owner to discuss how the District could serve the three lots to be installed from the east since sewer cannot go to the north. The owner was concerned about having a newly paved road torn up to install water and sewer service. Kevin explained that water could be installed off the edge of the road if the Town board decides to change its mind and have the District extend it there later, but sewer would likely come from a different area. Depending on the natural progression of the subdivision, the engineers have to work out which streets would be installed first so the District can serve the area logically and economically. Kevin asked the Commissioners to forward any future communications they receive to the office and welcomed them to attend meetings if they desire.



- 5) Director's Report. Ray moved to discuss agenda item 7b first and resume at this point once that item is complete.
  - a) Review of District statistics. The District issued five water permits and four sewer permits in January, and with a few more issued in February, it looks like it will be a productive year. Two water and sewer digs were completed that week, and wastewater flows to the City of Omro averaged 42,000 gallons per day for the month of January.
  - b) Correspondence.
    - The District received a request for water service from the chiropractic office that recently purchased a commercial property on Omro Road. The property currently receives water from the next door neighbor's well, and the neighbor did not reply to the District's Phase IV water survey last fall. The owner already hired a plumber to bring the water pipe out to the property line, but, unfortunately, the District was not notified so staff was not able to inspect the depth of the water line installation. Kevin proposes the District extend a water service 192 feet to serve that property for the \$11,500 quoted in the Phase IV Watermain Extension Planning Brochure. He is confident the project can be completed for that amount, with any remaining balance included in cash reserves to cover any future cost should the watermain be fully extended past that property. The previous owner of this property participated in the arsenic study the District offered last fall and the shared well tested above the safe drinking water level.
    - At the previous District meeting, Kevin notified the Commissioners of a bank-owned rental property on Emmers Lane that tested extremely high for arsenic. Kevin has since been informed by the plumber of the project that the City of Oshkosh will tap the watermain near Walgreens to serve municipal water at that residential dwelling.
  - c) Status of 2013 projects.
    - i) Valve vault bypass port.
    - ii) Electric generator purchase. Kevin informed the Commissioners that the 75 kilowatt generator is available to view in the garage.
    - iii) Jet and televise 25,000 feet of sewer main.
    - iv) Seal up to 68 manhole adjustment rings.
    - v) Interior wash down and inspection of elevated water storage tank. The tower will be cleaned and inspected by a diving team as described at the previous monthly meeting to be scheduled sometime this year.
    - vi) Repair manifold piping at well #2 facility. This project has been postponed until there is warmer weather. Since well #2 is the closest well to the tower, it has been used primarily to pump the warmest water to it.
      - o Jim asked what the temperature of the ground water is and Kevin answered close to 50 degrees.
    - vii) 2013 Financial audit. The audit was currently underway and the field work was expected to be completed the following day. The Commissioners can anticipate receiving a report at the monthly meeting in April or May.
    - viii) Annual reports PSC / CCR / CMAR. Kevin wanted to make the Commissioners aware of the several annual reports that the District submits. The Consumer Confidence Report, scheduled to be released after April, is sent out to the entire community and is a great tool for the District to communicate with its residents.
- 6) Old Business. None.
- 7) New Business.
  - a) Discuss engineering agreement including water and sewer design for Butte des Morts Meadows 3<sup>rd</sup> Addition. The District received the Authorization to Design and Authorization to Let Bids forms signed by the developer, so Kevin hired OMNNI Associates, Inc., to begin designing and bidding the installation of water and sewer service for 10 new residential lots on Nelson Road and Addie Parkway in the 3<sup>rd</sup> Addition of the Butte des Morts Meadows Subdivision. The final platt is still awaiting approval from the Town of Algoma, and the developer hopes to begin construction this May. The District received quotes of \$2,750 for engineering to design and \$2,220 for bidding, plus additional fees for final approvals and permit fees, and is also reviewing the potential options for serving the neighboring 10-acre parcel.
  - b) Petition for addition on parcel number 016-0313. Ray explained that Winnebago County will not act on the CSM the owner is trying to get approved because previously only a portion of this parcel was put in the District. They say their system needs the entire parcel to either be completely in or completely out of the District. First, Ray will see if the original document that put a portion of that property in the District provides an adequate description of it. Then, he will see if the surveyor will provide a legal description for what is proposed on the CSM as "Lot 2" and have only Lot 2 added to the District because it is currently being served by municipal sewer. The Town of Omro requested to receive any petitions between 10-30 days of their meeting date for them to publish their notice. Ray then left the meeting, and the commission proceeded to agenda item 5.
- 8) **Peter made a motion to adjourn the regular monthly meeting at 6:40 p.m./second-Chad/carried unanimously.**

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

Approved: \_\_\_\_\_  
 Jim Savinski, President

**Town of Algoma Sanitary District #1  
March 13, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for March to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on February 13 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. To take advantage of additional FDIC insurance coverage, Mike suggested the District invest \$247,000 at Fox Valley Savings Bank (FVSB) at 0.45% interest. This is the same rate as Community First Credit Union, where the District invests a majority of its funds. **Jim made a motion to open a new account with \$247,000 at FVSB/second-Peter/carried unanimously.**
    - ii) Note any balance adjustments. Mike explained several balance adjustments included the addition of two water costs of \$8,510 and \$8,855 and a sewer cost of \$8,778. A balance adjustment of -\$6,098.70 decreased the assessment amount on parcel #002-0018 to the cost of the exact footage of watermain on the property using the same methodology as the other Hunters Court parcel discussed at the January meeting. Kevin further explained the parcel is currently split by a dead end road and, once the road extends, the parcel will become a road right-of-way and will no longer conform to the Town's building requirements. A third set of balance adjustments posted about \$445 of interest through the February 27 closing date for the water assessments of parcels #002-0178 and #002-0018. The remaining balance adjustments were for small interest adjustments from the monthly bankruptcy payment received. **Peter made a motion to approve the February balance adjustments report as submitted/second-Jim/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike proposed not to approve payment to PTS until the District receives the final bill with the total amount due. The approval for payment to Hydrotex should be decreased to \$208.43 to remove the sales tax charged. Mike noted a wire for the bond principal payment that is due April 1 is ready for signatures at Community First. The interest payment will be automatically deducted from the District's checking account on the due date. Mike will notify the Commissioners when an additional wire for the \$694,828.58 bond payment due on May 1 will be ready for signatures at Community First. Mike had a note for the Commissioners to sign at the meeting which authorized First Merit Bank to wire the \$54,269.32 bond payment also due May 1. **Jim made a motion to approve the March pending bills for sanitary and water with the changes noted and previous disbursements for February as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Peter commented on how well organized the monthly reports always are and the other Commissioners agreed.
  - Jim noted the District's official title is "Town of Algoma Sanitary District #1" and asked that staff use it consistently within its documents.
- 5) Director's Report.
  - a) Review of District statistics.
    - Kevin announced the District still had not experienced any freezing within the water system. He has heard the pretty dire situations other communities are in, which could have a huge financial impact on them. He proposes to continue draining the cold water from the tower before it enters the system to prevent freezing.
    - As mentioned during pending bills, the purchase of the three parcels on Hunters Court closed successfully and the District received payment in full for the outstanding assessments.
    - The District connected a new home on Marquart Lane in the Town of Omro to water and sewer earlier that week. As explained during balance adjustments, the payments received were addressed as "costs" since the property was not officially assessed. It is a huge benefit for the District to begin receiving payment for the investment the former Omro Sanitary District put into its municipal water and sewer system.
    - Kevin noted District flow to the City of Omro spiked up the previous day to 60,000 gallons, which is about a 20,000 gallon increase. Based on lift station pump times, staff knows the approximate area between the Springbrook Road and Young Road Lift Stations where a potential leak of 12,000 gallons could exist in the system. The District has contacted the owner of a property along the river in this area where it has an easement to let him know staff will be doing some leak investigation in his field in the next week or two. The District anticipates an increase in flow as the ground continues to thaw, and the Operators will track this as they televise the sanitary sewer mains with Great Lakes in the upcoming months. Last spring the District found and repaired a broken 4" lateral that triggered a high water alarm at the Samers Bay Lift Station.

- Flows in the Town of Algoma have barely increased by 10% so it is not an area the District needs to focus on at this time. In 2012 the District abandoned a leaking pipe on Highway 21 which decreased total flows to the City of Oshkosh substantially.
  - The District has distributed seven water permits and five sewer permits during the first two months of this year. The Commission mentioned it was great to be building new homes despite the cold weather and the extra steps builders need to take because of it.
  - There are several new homes throughout the District that are being constructed for the Parade of Homes in May. Kevin showed the Commissioners the one page advertisement the District ran in The Home Run magazine that identified vacant lots with water and sewer available in different subdivisions throughout the District. While it will be difficult to measure the success rate of the ad since buyers probably will not contact the District directly, hopefully realtors will reference that page with their potential customers. The District will not run the ad every month, but Kevin feels this was a good time of year to help direct potential buyers to these areas.
- b) Correspondence. Kevin attended the Town of Algoma meeting where he received the schedules for two upcoming projects. The Board discussed the Oakwood Road culvert crossing which will be an expansion of North Oakwood Road from Omro Road to the lake. They also discussed expanding Omro Road from the Brooks Lane roundabout 4,500 feet west which is just past Oakwood School. The Town is also proposing to install 10 feet wide dual-use asphalt trails on Omro Road and the west side of North Oakwood Road.
- c) Status of 2013 projects. District staff has been very busy with many current and upcoming projects. Three homeowners on the west side of Partridge Court submitted responses to participate in the watermain extension survey last fall. The District hired an engineer to design a watermain extension from Lake Breeze Road to service these three properties. The fourth parcel did not respond to the survey, so staff posted a note on the door to notify the homeowner and asked that she inform the District of her decision about having water made available to her property by April 1. The District did not receive sufficient participation from property owners past the fourth property to extend municipal water service any further. At the time of the meeting, the District received one waiver of special assessment notices and public hearings, and Kevin spoke with the homeowner of another property prior to the meeting. The Commissioners can plan on seeing the water special assessment process for these properties on the agenda to approve at the April monthly meeting. Kevin proposed to bid out the construction of the project with the Butte des Morts Meadows water and sewer development. Jim asked if these properties on Partridge Court submitted samples to be tested for arsenic last fall and Kevin presented the arsenic study map which showed the west corner property tested above the safe level of 10 parts per billion (ppb), the middle property did not test, and the east property had a trace of arsenic within 0.01-9.99 ppb.
- 6) Old Business.
- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
    - i) The Commissioners will go into closed session pursuant to Wisconsin Statute 19.85 (1) (e) to discuss matters in relation to the intergovernmental agreement between the City of Omro and the Town of Algoma Sanitary District #1 regarding wastewater treatment services from the City of Omro. **Peter made a motion to go into closed session at 6:25 p.m./second-Jim/carried unanimously.**
    - ii) The Commissioners will reconvene into open session to discuss and act on matters discussed during closed session regarding the wastewater treatment services proposal from the City of Omro. **Jim made a motion to reconvene into open session at 7:30 p.m./second-Peter/carried unanimously.** Jim stated the District will continue to review the proposed contract and each Commissioner shall provide their comments before the next monthly meeting.
- 7) New Business.
- a) Water system special assessment for parcel #002-0129-07 also identified as 3180 Omro Road and parcel #016-0839 also identified as 4966 Lansing High Point. Both property owners have elected to pay the water special assessment on the tax roll over 20 years. Kevin stated the District received reasonable quotes to extend water service to both of these properties. The contractor that is performing the utility extension for the property on Lansing High Point will excavate up to the watermain located at the corner of the property. Kevin recommended the Commission approve the water special assessments for these two properties.
    - i) Accept both waivers of special assessment notices and public hearings. The signed documents were made available for the Commission to review. **Chad made a motion to accept the waivers of special assessment notices and public hearings from the owners of 3180 Omro Road and 4966 Lansing High Point/second-Peter/carried unanimously.**
    - ii) Final assessment resolution number 2014-3-1 authorizing public improvement & levying special assessments. The Commissioners received a copy of the resolution prior to the meeting. **Jim made a motion to adopt resolution 2014-3-1 to authorize public improvement and levying special assessments for 3180 Omro Road and 4966 Lansing High Point/second-Chad/carried unanimously.**
  - b) Approve quote from Precision Drilling, LLC to install water service to 3180 Omro Road. Kevin explained once the Commission approves assessing the property, they then need to approve the water service installation. Kevin recommended the Commission accept the quote from Precision Drilling, who did an exceptional job on the Leonard Point Road sewer extension in the Town of Omro, to bring a 1-1/4" water line to 3180 Omro Road for \$3,300. The quote includes tapping the watermain north of the asphalt, boring under the driveways, and bringing the exposed waterline to the property line for the chiropractor's office. The excavation was scheduled for March 17, and then the

owner's plumber can complete the connection to the building while the valve is exposed. **Peter made a motion to approve the quote for Precision Drilling, LLC, to install water service to 3180 Omro Road/second-Chad/carried unanimously.**

c) Discuss and act on petition for addition and removal to Algoma Sanitary District for parcel #016-0313 in the Town of Omro. Ray explained the owner of this parcel has been trying to have a CSM approved by Winnebago County to split the parcel in order to sell part of it. Currently, a portion of the parcel is in the District, but the portion that is connected to municipal sewer must be entirely in the District. Ray recommended removing the entire parcel from the District, have the County approve the CSM with a legal document number, and then add lot 2, which is the portion of this parcel that is connected to sewer, back into the District. He drafted a resolution, petition for removal, and petition for addition for the District to approve at the meeting. He also drafted Findings, Decision, and Orders for the removal and addition of property to the District for the Town of Omro board to approve. Kevin will work with the Town Chairman to schedule a time to submit these documents to the Town of Omro so that they can be approved within the allotted publishing time requirements. Because the owner requested to change the boundary multiple times, Ray suggested the District pass some of the charges the District will incur for his time to the owner.

i) Resolution number 2014-3-2 to add property to and remove property from the Sanitary District. The Commissioners received a copy of the resolution prior to the meeting. **Peter made a motion to approve resolution 2014-3-2 to add and remove property from the Sanitary District as submitted/second-Chad/carried unanimously.**

8) **Peter made a motion to adjourn the regular monthly meeting at 7:45 p.m./second-Chad/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President



**Town of Algoma Sanitary District #1**  
**April 10, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for April to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales. District Accounting Manager Michael Claffey was excused. Town of Omro Chairman Brian Noe and Town of Omro Planning Commission Chairman Thomas Tuschl were in attendance from the public.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on March 13 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Peter made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes. Kevin mentioned during the regular meeting in March, the Commission motioned to transfer funds from Community First Credit Union (CFCU) to open a new account with Fox Valley Savings Bank (FVSB). This was suggested because the current balance at CFCU exceeded the collateral limit for about two months until the wire for the bond payments was made. However, after learning of the extra requirements and personal information the bank wanted on the Commissioners in order to open a new account, the District decided not to proceed with that investment change. **Jim made a motion to not open a new account at FVSB/second-Chad/carried unanimously.**
    - ii) Note any balance adjustments. Kevin stated the balance adjustments were similar to those in previous months and no further discussion was had. **Chad made a motion to approve the March balance adjustments report as submitted/second-Peter/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Kevin appreciates that the Commissioners signed the wires for CFCU and First Merit Bank and they are scheduled to be sent on April 24. Additional wires are not anticipated in the near future. **Jim made a motion to approve the April pending bills for sanitary and water and previous disbursements for March as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. Chairmen from the Town of Omro decided to wait to speak until the Commission reached agenda item 6) Old Business.
- 4) Commissioner Statements.
  - Jim and Peter provided the dates in April they would be out of town.
  - Jim offered congratulations for the babies born to staff members recently. Kevin added Michael Claffey's wife delivered a girl the previous week and he is currently spending time at home. District Operator Mike Humbert's wife also delivered a girl about a month ago, which he took time off for, and the Operations Department is now fully staffed with three Operators. The newest Operator received the pager for the first time that week.
- 5) Director's Report.
  - a) Review of District statistics.
    - Kevin stated permits are generally not requested during times of cold weather. However, the District released a total of six sewer permits upon the completion of the first quarter. Also, another six permits were released in early April for four eight-unit buildings and two two-unit buildings in the City of Oshkosh. The District projects to surpass its targeted permits for the year and is anticipating quite a bit of growth in the upcoming months based on the number of new homes and increased housing starts, which is definitely a good sign for this early in the year.
    - The average daily sewage flow to the City of Omro in March was 72,000 gallons per day (gpd) which far exceeds the District's target of 45,000 gpd. At the time of the meeting the average daily flow for April was down to about 60,000 gpd. The large flow increase was mainly due to spring thaws and runoff. However, there was also a sanitary sewer manhole found on Samers Bay Road that was under water. It is likely a snow plow or frost heave pushed up that manhole and allowed water and gravel to come through the crack and enter the system. When the Samers Bay Lift Station high level alarm went off, staff responded immediately, sandbagged the manhole, opened it, and sealed it to prevent flow from continuing to enter the sanitary sewer system. Thankfully, no private sewer laterals backed up but, unfortunately, about 160,000 gallons of water was transported to the City of Omro Treatment Plant that day. The District is aware of the drainage issue in that area that causes flooding, and staff will continue to carefully inspect manholes as a more permanent drainage solution is sought.
      - o Chad asked what flows at the Samers Bay Lift Station were like once staff sealed that manhole. Kevin answered he would have to verify this with pump runtimes, but flows seem to have returned to normal at about 10,000 gpd from around 120,000 gpd during this high-water alarm.
      - o Jim commented this was the same area staff found the broken pipe last year. Kevin agreed and explained last spring the District found a broken four inch lateral under the floor boards of an abandoned house and, since the house was not heated, water ran through the cinder blocks and into the lateral.

- o Jim asked how many manholes the District is aware of that are underwater in that area. Kevin answered a majority of manholes are above the observed flooding level but, in addition to that manhole, there are also a couple on Harbor Village Drive and two by the boat landing that are submerged when it floods.
  - o Jim asked for clarification that the separation of the manhole chimney seams is what was causing the flooding. Kevin explained he opened a couple dozen manholes throughout the District to see what was going on, and it seemed most were raised up due to frost. There was over six feet of frost in the roadways, which did more damage this year than over a normal winter. Even though there was water in the ditches near the District office, no flooding occurred because the frost was mostly in the center of the road.
  - o Jim mentioned he had not seen any flooding around Sheldon Drive or the area where he lives on Oakwood Circle. Kevin added the District experienced a very gentle thaw this spring as it warmed up during the day and cooled down and refroze at night. He said there still was about 12-30 inches of frost in the ground because the neighbor hit frost when he was putting tiles in on his farm.
- Kevin reported a seal on the pump at the Springbrook Lift Station had failed, allowing water to get inside by the motor windings. It has been repaired and the Commission can expect to see the approximately \$4,000 cost on the pending bills sheet for the next monthly meeting.
  - Jim noticed a water lateral service was dug on Oakwood Circle earlier that day, and he found it interesting that the excavator ran the pipe all the way to the back of the house where the private well is located. He also noticed another house on that street was marked by Diggers Hotline, and asked if there was going to be another water service installed. Sara stated the District received a call from a homeowner on Oakwood Circle that was looking to hook up to municipal water within a month. This will require switching the deferred assessment to participating status, which is excellent for the District. Kevin explained sometimes homeowners call Diggers Hotline so that excavators are informed of what utilities they may come in contact with and provide a good cost estimate for the job.
- b) Correspondence. None.
  - c) Status of 2013 projects. Kevin stated the Operators began jetting the sewer mains that week, during which they also inspect manholes for leaks. Then, in another week or two, the televising crew will televise about 25,000 feet, or about five miles, of sewer pipe in search of leaks within the sanitary sewer mains. These are two methods the District uses in effort to continuously decrease flows to the City of Oshkosh and the City of Omro.
- 6) Old Business.
- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
    - i) **Peter made a motion at 6:13 p.m. to go into closed session pursuant to Wisconsin Statute 19.85 (1) (e) to discuss matters in relation to the intergovernmental agreement between the City of Omro and the Town of Algoma Sanitary District #1 regarding wastewater treatment services from the City of Omro/second-Chad/carried unanimously.**
    - ii) **Peter made a motion to reconvene into open session at 7:15 p.m. to discuss and act on matters discussed during closed session regarding the wastewater treatment services proposal from the City of Omro/second-Chad/carried unanimously. Chad made a motion to direct the Utility Director to prepare another draft contract based on the discussions had and notes the Commissioners provided previously/second-Peter/carried unanimously.** As long as time and duties permit him to do so, Jim asked that Kevin send his draft contract to the Commissioners prior to the monthly meeting in June.
- 7) New Business.
- a) Water system special assessment for parcel number 0022523, 0022524, 0022525, and 00201290701 also identified as addresses 1406 Lake Breeze Road, 1362 Partridge Court, 1356 Partridge Court, and 3200 Omro Road. Jim clarified 1406 Lake Breeze Road is one of the three properties on Partridge Court to receive municipal water service.
    - i) Accept waivers of special assessment notices and public hearings. Kevin stated the District received waivers and participation responses from all four property owners. Three are paying the special assessment in full by November 1, 2014 and one is paying it over 20 years. The signed documents were made available for the Commission to review. **Chad made a motion to accept the waivers of special assessment notices and public hearings from the owners of said properties/second-Peter/carried unanimously.**
    - ii) Final assessment resolution number 2014-4-1 authorizing public improvement & levying special assessments. The Commissioners received a copy of the resolution prior to the meeting and no further discussion was had. **Jim made a motion to adopt Resolution #2014-4-1 to authorize public improvement and levying special assessments for said properties/second-Chad/carried unanimously.**
  - b) Award contract project number M1430A14 for Nelson Road and Partridge Court sewer and water improvements based on sealed bids received. Kevin stated earlier that week the District opened bids to extend water and sewer mains throughout the Third Addition of the Butte des Morts Meadows Subdivision and water mains to the three properties on Partridge Court. The developer of Butte des Morts Meadows was currently working on their Developers Agreement with the Town of Algoma and planned to receive the final plat approval from Winnebago County on April 29. Bids can be held up to 60 days before awarding a contract without prices changing. Once the developer has all the necessary approvals and permits finalized, the District will award the contract and send the developer the revised Notice to Proceed that will include the bid tabs for this project. The District was pleased to receive very reasonable prices for

both projects. Donald Hietpas and Sons had the lowest bids of \$28,535 for Partridge Court and \$70,760 for Butte des Morts Meadows. Action on this item was tabled until the next monthly meeting in May.

8) **Peter made a motion to adjourn the regular monthly meeting at 7:20 p.m./second-Chad/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
Sara Gonzales, Utility Clerk

Approved: \_\_\_\_\_  
Jim Savinski, President

**Town of Algoma Sanitary District #1**  
**May 8, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for May to order at 6:00 p.m. Also present were Utility Director Kevin Mraz and District Accounting Manager Michael Claffey. Commissioner Chad Hayes and Attorney Ray Edelstein were excused. Sarah Schleede, CPA and Manager with Baker Tilly, was also in attendance to give her presentation for agenda item 7a).
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Mike mentioned since Utility Clerk, Sara Gonzales, was present at the April meeting in place of him, he named her as the preparer of the minutes and she signed them. **Jim made a motion to approve the minutes of the regular monthly meeting on April 10 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. None.
    - ii) Note any balance adjustments. Mike explained the biggest balance adjustment was to record the water assessment for the new connection at Krueger Family Chiropractic on Omro Road. The Commission can expect to see additional balance adjustments to record the other connection on Omro Road, the three future connections on Partridge Court, and one on Lansing High Point. The remaining balance adjustments were to record small interest payments and to charge two nonsufficient funds fees. **Peter made a motion to approve the April balance adjustments report as submitted/second-Jim/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Mike explained the April pending bills sheet included an estimate to Rhyme of \$1,500 and, since then, the District received the invoice for \$1,464.19.
    - The invoice listed for Xylem indicated it was for a pump at the Samers Bay Lift Station, but Mike clarified it was actually for the Springbrook Lift Station.
    - There are two invoices listed separately from the City of Oshkosh for wastewater treatment services: one is for fourth quarter of 2013 and the other is for first quarter of 2014.
    - The next bond payment is due August 1 so no action will be necessary until July.
    - The purchase of a utility truck from Bergstrom Ram was included on pending bills, but it was also an agenda item to be discussed that evening. Kevin stated he test drove the truck that day and recommends the Commission approve the purchase for \$28,579 but, since it will probably take about eight weeks to be delivered, staff is not requesting payment for it at this time. When Peter asked how the District saves for large item purchases, Kevin stated the District budgets about \$12,000 annually for truck purchases.
    - **Jim made a motion to approve the May pending bills for sanitary and water, less the payment for the Ram truck to be discussed during New Business, and previous disbursements for April as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
  - Jim suggested the Commission discuss agenda item 7a first and resume at this point once that item is complete.
- 4) Commissioner Statements. None.
- 5) Director's Report.
  - a) Review of District statistics.
    - The District distributed 14 water permits and 13 sewer permits this year, with about half of the water permits issued for new construction houses. Like most communities, the number of gallons sold per household decreased last year, however, the increased growth the District experienced allowed net sales to remain fairly steady.
    - The sewage flows increased during the month of April to an average of about 85,000 gallons per day (gpd) flowing to the City of Omro treatment plant, increasing the year to date average to about 60,000 gpd. This amount is below the normal annual average flow of 72,000 gpd but above the District's target average of 45,000 gpd. The average monthly flow to the City of Oshkosh also jumped up to just over 800,000 gpd.
    - Kevin explained that about three weeks prior the District's night flow water usage increased from 46 gallons per minute (gpm) to 68 gpm. Once staff realized it was not coming back down, the Operators began to search for a leak and found it within four hours with a listening device enabling them to hear noise on the watermain. Kevin presented to the Commission a piece of the copper pipe from Valley Road that had corroded from the outside, which the District hired Freund Excavating to repair. They decided to relay the entire pipe with a poly pipe by sliding the cable through the copper pipe, pulling new pipe through the existing hole, and connecting the poly pipe to the main rather than reusing the copper pipe. They did not have to dig up the road, but restoration was still necessary. It is uncertain what caused the corrosion, perhaps a fitting dug holes into it, or maybe the copper was not perfectly cylindrical, or the frost in the ground contributed. The rest of the pipe was immaculate even though it was 11 years old. The original pipe had brass connected to copper wrapped in plastic with a rubber grommet around it. It had contact with groundwater but not soil, heat was not used on it, and the ground temperature was 55

degrees. Staff found this to be the only leak in the system and flows immediately dropped about 15-20 gpm after the repair. The unaccounted water during first quarter was merely 6 gpm.

- Kevin also showed several videos of leaks the District's sewer camera found in the municipal sewer system.
    - o A crack in a personal sewer clean-out on Samers Bay Road was found while televising. An estimated 5-10 gpm, or 14,000 gpd, of flow was entering the system and cost the District about \$28 per day in sewage treatment. The District gave the homeowner a two week notice to repair it.
    - o An additional crack was found around the entire circumference of sewer pipe on Manor Drive, and the District hired Great Lakes to insert a 10 foot liner for \$3,600 to prevent water from coming in.
  - b) Correspondence. None.
  - c) Status of 2014 projects. The Operators were jetting and televising the sanitary sewer mains with Great Lakes that week.
- 6) Old Business.
- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
    - i) **Jim made a motion at 6:50 p.m. to go into closed session pursuant to Wisconsin Statute 19.85 (1) (e) to discuss matters in relation to the intergovernmental agreement between the City of Omro and the Town of Algoma Sanitary District #1 regarding wastewater treatment services from the City of Omro/second-Peter/carried unanimously.**
    - ii) **Peter made a motion to reconvene into open session at 6:55 p.m. to discuss and act on matters discussed during closed session regarding the wastewater treatment services proposal from the City of Omro/second-Jim/carried unanimously.** No action was taken.
- 7) New Business.
- a) Discuss and act on the 2013 annual audit after a presentation by Baker Tilly. Sarah Schleede, a Certified Public Accountant with Baker Tilly who also conducted the District's audit the past few years, said the utility is in good shape as is evident by its financial statements. Since the merger with the former Omro Sanitary District occurred in the middle of 2012, the previous year's audit showed the two utilities operating as separate entities for half of the year. Once the incomes were combined, the 2013 audit shows the District experienced a significant cost savings from the consolidation as reflected in the financial reports and handout distributed prior to the meeting.
    - o Water Utility:
      - There was a slight decrease in the number of gallons of water sold which was very common amongst water utilities in Wisconsin since it was a significantly wet year. However, the District did not see as much of a reduction as other utilities, and the increase in water rates the District implements each year helped to keep operating revenues very consistent and similar to the previous year.
      - Operation and maintenance expenses decreased significantly due to the cost savings of the consolidation.
      - The amount of net operating loss improved over last year.
      - The change in net position was a lot higher than in 2012 because the water utility wrote off its remaining debt issuance costs since it can no longer amortize them due to GASB Statement 65. The main reason for this increase is from the large amount of this non-cash expense recorded on the income statement in 2013. Going forward, the District will no longer need to amortize these debt issuance costs every year.
      - The balance sheet indicates the water utility has about 14 months of unrestricted cash on hand, which is the same as last year and very good considering Baker Tilly's normal recommendation of 3 months. Sarah explained the water utility needs this cash on hand to help pay off the significant amount of debt it has.
      - The amount of debt outstanding decreased as assessment receivables decreased.
      - The water utility did not have any significant projects during 2013. As the water utility continues to pay off its debt, the percentage of capital financed by earnings increases. The 2013 audit reveals this amount was 30% and Baker Tilly likes to see it at 50%, but they recognize that, as a new water utility, this ratio will increase as the water utility matures.
      - The rate of return was 4.76%, which is very good considering the authorized rate of return of 1.4%.
    - o Sewer Utility:
      - Like the water utility, the sewer utility experienced significant cost savings during 2013 because of the merger with the former Omro Sanitary District and the decrease in treatment charge expenses.
      - Net operating loss was a lot less than the previous year. Operating revenues decreased slightly due to the decrease in user rates charged to Town of Omro residents, but the annual rate increase helped to offset it.
      - Like the water utility, the sewer utility also wrote off debt issuance costs, but the amount was not as high and did not impact non-operating income as much. Mike added the issuance costs for sewer were about \$20,000-25,000 compared to the amount for water of about \$100,000-115,000, a significant difference.
      - Capital contributions decreased slightly in 2013 due to the major highway project that occurred in 2012.
      - As an older utility, the sewer utility does not have as much debt as the water utility. It holds 24 months of unrestricted cash on hand, which is very good as Baker Tilly recommends 3 months, and 88% of its capital is financed through earnings. Baker Tilly saw nothing unusual with the sewer utility and noted it had a few more sewer main extension projects than the water utility.
      - There was a categorization change this year due to the implementation of GASB Statement 65 which created a new line item under the heading of deferred inflow of resources called unearned revenue which were basically



unearned property taxes. This was always included in noncurrent liabilities, but since no obligation is necessary to receive that money, it is now considered a deferred inflow of resources.

- Sara added she appreciates working with all of the very corporative staff here and stated Mike is always ready and willing to help out should the auditors have any questions, and Jim and Peter concurred.

- o Internal Controls:

- Every year Baker Tilly mentions the District's limited staff does not produce an ideal control environment. However, they recognize that as a smaller utility, the District does not have the necessary funds to hire staff to segregate duties any more than it has already, which is not unusual for utility this size. The auditors are not too concerned, but they are required to make the Commission aware of it. Jim asked if there are some things that can be contracted out to an outside services company. Kevin explained there are firms that can take over certain operations, but there is always a cost and the only way to pay for that is to increase rates. The auditors feel the District has adequate controls in place to address the issues that result from having a limited office staff. Therefore, this is not something the District will pursue at this time because of the increased expense and reduced customer service. Instead, the monthly meetings allow the opportunity for the Commission to review account balances for pending bills and the financial reports on a regular basis. Also, the auditors spend a lot of time monitoring financial operations, periodically and during the audit, and use different procedures to test for fraud and irregularities. In the end, the District's insurance policy provides protection to cover this type of risk.

- o The Commission is comfortable with where the District is at and with the expertise of the auditors who do this review. The team that has been in place for the last few years has been very thorough with the items that are reviewed and knowledge of District operations since the District has used them for quite some time. Mike mentioned that this auditing firm is out of Madison, has broad industry expertise, and is one of the few firms that do a majority percentage of the utility audits in the state of Wisconsin. The Commission feels that Sara has been doing a good job with this audit for the last three years. John Andres has been the partner in charge of the District's account for quite some time and a new partner is now going to be working with us going forward.

- b) Discuss and act on purchase of a replacement vehicle. Kevin stated the District received a few bids and the cheapest quote, which is also the one the Operator who will be driving the truck is leaning towards, is for a Dodge 2500 Ram truck for \$28,579. It is necessary that the truck purchased has a gross vehicle weight of 10,000 pounds in order to pull trailers to replace the 2005 vehicle's towing capability. The District has four trucks total and tries to replace one vehicle every two years. Kevin is still working to finalize the details of this truck with the sales representative but requested the Commission authorize this purchase, not to exceed a certain dollar amount. Jim asked if the District planned on selling or trading the replaced vehicle and Kevin answered trading in, with the Kelly Blue Book value of about \$6,000 depending on its condition. All District trucks have the same standard tools so they are interchangeable between the Operators. Jim asked if the District had just one truck capable of plowing and Kevin stated there are two trucks with a plow, and he is also looking to get the receiver portion on the new truck so that three trucks can plow since the pump for the hydraulic system is maintained on the plow itself. **Jim made a motion to authorize Kevin to purchase a truck not to exceed \$30,000/second-Peter/carried unanimously.**

- c) Discuss and act on resolution #2014-5-1 to approve the DNR required Compliance Maintenance Annual Report. Jim read the resolution verbatim. He reviewed it previously and the couple minor changes he suggested had already been made. Even though there was a bypass event recorded, which was not caused by the District, it was a good report. **Jim made a motion to adopt resolution 2014-5-1/second-Peter/carried unanimously.**

- d) Award contract project number M1430A14 for Nelson Road and Partridge Court sewer and water improvements based on sealed bids received. Jim stated this topic was tabled at the April meeting. The quote includes \$28,535 for the watermain extension to serve three properties on Partridge Court and \$70,760 for water and sewer improvements for ten lots in the Third Addition of Butte des Morts Meadows, which will be billed to the developer per the Developers Agreement, which has now been signed and notarized by both the District and the developer. Kevin recommends the Commission award the contract to Donald Hietpas & Sons, Inc. of Little Chute, Wisconsin, and added that, although the contract amount is \$99,295, the ending cost may adjust based on actual units and footages. The only contingent items are unforeseen contaminations or rock removal, but these are not expected. The total value will change as the contractor submits change orders. **Jim made a motion to approve contract project number M1430A14 in the amount of \$99,295 to Donald Hietpas & Sons/second-Peter/carried unanimously.**

- 8) **Peter made a motion to adjourn the regular monthly meeting at 7:05 p.m./second-Jim/carried unanimously.**

Respectfully submitted: \_\_\_\_\_

Michael Claffey, Accounting Manager

Approved: \_\_\_\_\_

Jim Savinski, President

**Town of Algoma Sanitary District #1**  
**June 12, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for June to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey. Commissioner Peter Cernohous was excused.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Mike mentioned there was a minor typo on page one of the minutes sent out previously and clarified it should state Sarah Schleede was a “manager”, not a “manger”, with Baker Tilly. The copy to be signed, as well as the copies included in the colored packets, reflected the change. **Chad made a motion to approve the minutes of the regular monthly meeting on May 8 with the change as noted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. None.
    - ii) Note any balance adjustments. Mike explained two main balance adjustments recorded water and sewer costs for parcel #016-0340 in the Town of Omro. Completion of this properly records deferred assessments on this parcel based on the agreement the former Omro Sanitary District had with the homeowner for use of his property to install water and sewer service in that area. **Jim made a motion to approve the April balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike clarified the District truck purchase equaled the \$28,653.50 previously requested plus an additional \$72.50, which was included on the pending bills cover sheet, for a total of \$28,726.00. Jim asked if this included a snow plow and Kevin stated the District will purchase the snow plow later with a different vendor so the attachment will be the same as the other plows. He also stated the District intends to keep the vehicle that was going to be replaced through the summer for the additional summer employees to drive and will decide after that time if it should be sold or retained. **Jim made a motion to approve the June pending bills for sanitary and water and previous disbursements for May as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Chad thanked Kevin for inviting him and his family to participate in the Town of Algoma Fireman’s Annual Parade the previous weekend, saying it was great and everyone had fun. Kevin added the weather was excellent and the District distributed about 970 of the 1,000 water bottles prepared so it worked out really well.
  - Jim was glad the District received a good response on its CMAR from Mark Stanek of the Wisconsin DNR.
  - Jim spoke with Andy Irvine, Alex Irvine’s son, regarding a memorial for his father as a former District Commissioner and President for many years. Kevin explained the family initially wanted to plant a tree, but the Site Planning Committee discouraged it. Now, they are considering the purchase of an engraved bench to place in front of the District office. Kevin said if the family is still interested he can send them some ideas and prices to consider.
  - Jim noted the District has paid about \$10,000 in overtime to employees so far this year which equates to almost \$25,000 per year. He asked which employees qualify for overtime, and Kevin stated all staff members except himself, and the District budgets for that additional operating expense. Since some overtime is required for emergency situations, such as during heavy rainstorms or power outages, Kevin feels it is actually a very reasonable price. In addition, regarding overtime, he explained the Lead Operator told him he thought the operations staff would have to work 10 hours per day this summer in order to get everything done. Therefore, Kevin decided to remove some of the entry level jobs from the Operators and bring in younger temporary workers at a lower rate to do some of the basic maintenance duties, such as window cleaning, moping, and lawn mowing, to help offset some of the overtime costs. However, there will always be some normal overtime every week because an Operator has to collect water samples on Saturdays and Sundays, and Kevin allows them to either leave early the following Friday or receive overtime pay. There will also be office overtime every month for attendance at the monthly District meetings. Kevin does not want to reduce office hours because he feels it is important to have staff available to answer customer questions. He is comfortable with the fact that the District currently has a higher work load than staff members and some projects must wait for spare time to be accomplished. Within the next six months he will review the summer temporary work and upcoming projects, noting which jobs have some payback, such as checking for leaks which are very worthwhile, and determine which ones may need to wait until the District has the benefit of hiring another fulltime employee. Jim concluded that the District acquired an additional municipality but did not add employees, and he wanted to make sure not to overwork the current employees. Kevin acknowledged the importance of balancing the work load to employee ratio.
- 5) Director’s Report.
  - a) Review of District statistics. The District distributed 17 of its targeted 25 water permits and surpassed its target of 15 sewer permits with 16 already distributed. Naturally, as sanitary sewer users are added to the system the sewer flows

will increase. The District's goal is an average flow of 45,000 gallons per day (gpd) to the City of Omro and this year's average flow to date is 62,000 gpd, but Kevin found it interesting that at this time last year the average was 66,000 gpd. He noted it has been pretty wet recently and showed how this flow has been continuing to drift downward, as evidenced by the previous day's flow of 51,000 gallons.

b) Correspondence.

- There are a few optimistic projects coming up on different commercial properties that will be discussed in the future as they become more public.
- At the previous monthly meeting, Kevin showed a video of a leak found in the sanitary sewer clean out on a lateral for a home on Samers Bay Road. He announced the homeowner had it repaired and, based on previous and current lift station pumping times, the Operators estimate the leak was about 7-9 gallons per minute, which had a pretty significant impact on flows to the City of Omro.
- A leak was found in the parking lot of Frank's Place in the Town of Omro, and the owner was put on notice to repair it within a week. He has been cooperative with District staff and appears to have a contractor coming for repairs.
- The Operators lowered a high water valve in the Harbor Village Subdivision down to grade.
- As the Town of Omro was paving roads they noticed water flowing in the ditch of Notre Dame Drive, which is high in elevation compared to its surrounding area, and called Kevin to see if a watermain broke. After further investigation, he found the water was coming from a new house on the southwest side of Notre Dame Drive and Marquart Lane. During the sewer lateral and water service excavation, the District Operator noted a sand vein with significant water on this site. Because the groundwater level is so high in this area, water poured into the excavation while they dug. The house has a drain tile around its footing and a pipe that gravity-flowed about 2-3 gallons per minute into the ditch. There are no culverts in the driveway area so it flowed over the driveway and road surface down the street. As long as it does not freeze, it may continue to drain all year.
- The District was pleased to learn earlier that day that Standard & Poor's will maintain the District's AA- bond rating and the official documents are expected to arrive soon. District staff completed the paperwork they requested in-house.
- The District's annual Consumer Confidence Report (CCR) was sent to the printer on Monday, will be taken to Mail List Processing the following week, and will be mailed to all residents in the District the last week of June. Staff learned of a well abandonment cost sharing program offered by Winnebago County that funds up to 70% of the total cost to properly abandon a well to a maximum of \$1,000 per project. Staff discussed the details of the program with the Director of the Land and Water Conservation Department, who explained this is a water quality program funded by taxpayer dollars, with project approval not dependent upon socioeconomic status. Residents must apply to be considered for funding and have the quote approved by the County prior to starting the abandonment. If the quote is over \$500, they must obtain an additional quote. Kevin decided to include a copy of the well abandonment cost share program brochure with the CCR, saying it is a great service for residents and a very good advertisement to current and future water users. Jim also asked that staff send him a draft of the CCR in the future before printing.

c) Status of 2014 projects. The sewermain extension for the Third Addition of Butte des Morts Meadows was completed that day and the watermain extension is scheduled to begin on Monday, June 16. The watermain extension on Partridge Court is scheduled to begin Tuesday, June 17, weather dependent. The Operators will shut down the watermain while they install the first 100 feet of pipe and the water tower will serve one half of the system while Wells #1 and #3 serve the other half of the system during this time.

6) Old Business.

- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services. Kevin stated he did not receive any correspondence from the letter he sent to the City Administrator the previous month, so there was nothing new to discuss. The Commissioners opted not to go into closed session pursuant to Wisconsin Statute 19.85 (1) (e) to discuss matters in relation to the intergovernmental agreement between the City of Omro and the Town of Algoma Sanitary District #1 regarding wastewater treatment services from the City of Omro.

7) New Business.

- a) Discuss and act on correspondence from Town of Algoma regarding costs associated with stormwater management project of the Honey Creek culvert upsizing to cross Oakwood Road.
  - The District was first contacted regarding this project on February 10, 2014 by an email from Strand Associates that included the proposed plans to relocate water and sewer utilities to accommodate the culvert they designed for the Town of Algoma. Kevin sent an email to Strand Associates to verify that the cost of the project would be borne by the Town of Algoma, and scheduled a teleconference for February 21 to discuss the details. At the teleconference, Strand Associates staff confirmed that Winnebago County would pay 50% of the original project cost estimate, in the amount of approximately \$165,000, and the Town of Algoma would pay the rest.
  - The District reviewed Town of Algoma minutes to confirm financial responsibility for the stormwater project costs:
    - o Stormwater Special Meeting on November 25, 2013: "Terry Steel of 2848 Sheldon Drive asked if the culvert/bridge has funding. Acting Chair Rasmussen said that the money has been approved."
    - o Stormwater Special Meeting on February 25, 2014: Mark Shubak from Strand Associates presented information about the project and stated, "Petitioning Winnebago County for financial assistance was successful for 50% of the bridge cost. The County currently has \$164,590 in their 2014 budget for this project. The design was changed to accommodate the future widening of Oakwood Road which includes a ten foot

width for a multi-use path. The estimated cost of the project is \$500,000. The increase of \$170,000 from the original \$330,000 estimate is due to the widening of the bridge.”

- Bill Forrest, the Town’s Interim Administrator, met with Kevin on May 22 and mentioned the engineers told him the District would pay approximately \$74,000 to move its utilities. However, Kevin told him that was the first he heard of the District providing any financing for this stormwater project. He also had not received any correspondence from the engineers or the Town requesting payment, nor had he seen any bids, cost items, or been given an opportunity to discuss or explore alternative bridge walking path designs for this project. The engineers must have recommended the Town award the contract because he mentioned the project was awarded for a total cost of over \$630,000.
  - Upon review of the Town’s budget, the District found funds designated for stormwater management capital projects in the amount of \$350,000 in 2013 and \$100,000 in 2014.
  - Kevin explained to the Commission that when the Wisconsin Department of Transportation (WDOT) works with the District on highway projects, utility relocation meetings are held years in advance. Based on the circumstances of the project, the District receives funding from the WDOT to cover the cost of relocating its utilities. When the District has a project that affects another utility, it does not charge them to move a gas or electric line, nor does it charge the Town of Algoma for asphalt or ditch repairs when completing water or sewer main extensions.
  - When Strand Associates designed the watermain installation for this area eight years ago, they installed a casing pipe, so when it comes time to replace the watermain, the District can simply slide the old one out of the casing pipe and put the new one in without affecting the existing culvert or creek. A watermain depreciation schedule is 100 years, thus only 8% of its useful life is complete. The sewermain is about 35 years old with a depreciation schedule of 50 years, and when the sewermain would need to be replaced, the District would simply re-line the existing sewer main without expensive excavation. Since both mains are still in relatively new condition, the District would have no reason to replace or relocate these utilities.
  - Kevin had previously held a public meeting with the Town of Algoma in 2011 by their request to present a concept plan for the District to create, be responsible for, and operate a stormwater utility.
  - Jim asked if the District must obtain permission from the Public Service Commission (PSC) of Wisconsin in order to move water lines. Kevin stated the head of the PSC for water utilities explained municipalities must receive approval for facilities, but the installation of watermain for under \$25,000 does not require formal approval.
  - Ray suggests the District notify the Town of Algoma in writing that the Commission discussed the situation and asks the Town to notify them of their plans. Once the Town hires a new Administrator, the District should invite the Town to explain why they think the District has a liability to pay to relocate its utilities for this project. He said the District should also stress that the Town does not have its permission to construct its water and sewer lines and must provide the District at least a 72 hour notice to do so.
- b) Discuss and act resolution 2014-6-1 to authorize early principal payment on the 2004 Special Assessment B Bonds. Kevin explained the former Omro Sanitary District obtained B Bonds for water and sewer installation for the development in the Barony Country Estates. The owner has paid off the individual water and sewer assessments on each lot as it is sold. Between early assessment payoffs, specifically about \$135,000 received from the commercial parcels on Highway 21 and Sand Pit Road, and the existing reserve fund balance the bond documents required, the District currently has about \$414,000 of cash on hand dedicated toward future payment of these B Bonds. Therefore, the District proposes to pay off \$330,000 in principal, which will decrease the annual principal payments from \$65,000 to \$35,000 and save \$95,000 in interest costs over the life of the bonds. Quarles & Bradley acted as the District’s legal counsel and generated all the required documents for this transaction. Ehlers developed the revised payment schedule and reserve requirement of \$53,077, which is based on either the maximum periodic debt service or 125% of the average debt service. All documents were provided for the Commission to review, including the letter from Quarles & Brady detailing the services provided, the resolution and Exhibit A describing the breakdown of funds paid on the existing bond, excerpt of the minutes documenting how the resolution is approved, and certification of compliance confirming this meeting was accurately posted and published according to open meeting law public notice requirements. **Chad read the resolution verbatim, and Jim made a motion to adopt Resolution 2014-6-1 regarding early payment of the B Bonds/roll call vote: Chad-aye/Jim-aye/carried unanimously.** All documents were signed and sealed as necessary, and Kevin stated Ehlers would generate the required notice to bond holders.
- 8) **Jim made a motion to adjourn the regular monthly meeting at 7:15 p.m./second-Chad/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President



**Town of Algoma Sanitary District #1**  
**July 10, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for July to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on June 12 as submitted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. Mike explained the debt reserve fund account at First National Bank consisted only of sewer funds and, in order to make the early bond payment in August, the water utility had to buy some of those reserve funds so the payoff will accurately reflect the split between water and sewer. **Jim made a motion to approve the \$40,000 transfer from the water general fund account at Community First Credit Union to the sewer general fund account at Community First Credit Union as presented to facilitate the transfer of debt service funds at First National Bank/second-Peter/carried unanimously.**
    - ii) Note any balance adjustments. Mike explained four balance adjustments recorded new water assessments, three for the watermain extension on Partridge Court, which is completed, and the fourth for 3200 Omro Road, the property next to Krueger Chiropractic. Also, there was a sewer cost recorded at 5130 Sand Pit Lane in the same amount as the original project plus interest that the former Omro Sanitary District installed sewer to but did not assess. **Peter made a motion to approve the June balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Jim noted the Commission previously approved the contract from Donald Hietpas & Sons for the Partridge Court Watermain Extension and the Third Addition to Butte des Morts Meadows sewer and water development for the amount of \$99,295.00, but the invoice received was for \$90,707.66. Kevin explained the ending construction cost is based on the actual units installed and often differs from the bid price since certain bid items or footages are increased or decreased, or if unforeseen circumstances, such as rock removal, surface during construction. The District encountered some risk for the Partridge Court Watermain Extension since it special assessed those properties a fixed dollar amount. However, in subdivision development, the risk is passed to the developer as they are responsible for paying the total cost of installment. Mike mentioned this first payment does not include retainage of about four to five thousand dollars, which will be due upon completion of the asphalt repair on Partridge Court. **Peter made a motion to approve the July pending bills for sanitary and water and previous disbursements for June as submitted/second-Jim/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Peter mentioned that he may not be available for the monthly meeting in August and asked if it should be rescheduled. The Commissioners decided to leave it scheduled for August 14 with Jim and Chad planning to attend.
  - Peter thought the Consumer Confidence Report was a great newsletter, but asked that staff be sure abbreviations were spelled out as he did not notice the table of definitions on the inside.
  - Jim said the Irvine family is still interested in purchasing a personalized metal bench in honor of Alex Irvine as one of the District's longstanding Commissioners. Kevin said he would research some different outdoor structures, pick a design that everyone agrees on, and send it to the family. Peter suggested the bench be placed in Jones Park in the Town of Algoma for better recognition, but Jim and Kevin said from the family's perspective as the primary headquarters for the District, the administrative building would be more appropriate considering how many years Alex spent serving on the District Commission. Chad mentioned they could also name a room in the administrative building after Alex.
- 5) Director's Report.
  - a) Review of District statistics.
    - The District distributed 18 sewer permits and 21 water permits during the first half of the year. Earlier that week the District distributed permits for three new sewer and water connections in the Barony Subdivision in the Town of Omro.
    - Kevin stated the sewer flows he sent the Commissioners prior to the meeting were adversely impacted by the nine inches of rainfall the District experienced in June.
    - Kevin said according to the Town of Algoma building inspector, the last permit they distributed was in May, thus the Town of Algoma ordinance change regarding groundwater and basement separation definitely has had an impact on permit applications for new construction housing. When Jim asked the status of that change, Kevin stated he attended the Town of Algoma meeting the previous evening along with about ten developers, six attorneys, and a couple of residents. He said there was good discussion had and it was interesting listening to all the different perspectives. He explained the Planning Commission recommended to the Town Board to approve a change in the language under Applicability that line itemed out "...building permits for proposed buildings with basements issued after <date>" and



have it read, “This article will apply to all *land division applications* submitted for review after this effective date and not affect properties that are currently subdivided as residential lots.” The ordinance, Article 8: Basement/ Groundwater Separation, states that “there needs to be at least a one foot separation between the surface of the basement floor elevation and the seasonal groundwater table level at that location.” The contractor for the last vacant lot on Lake Breeze Road found groundwater indication at 27 inches and told the owner they could not have a basement lower than 15 inches below ground according to the current ordinance. However, if this change is approved, the ordinance will only apply to new subdivisions and will not affect existing lots. An attorney for the homebuilders in attendance stated that since properties are already zoned residential, this cannot be a zoning ordinance, and since there is not a comprehensive stormwater management plan in place, it cannot be a stormwater ordinance. There are Uniform Dwelling Codes (UDC’s) in place which detail how to build a house when an obstacle, such as water, is encountered.

- Jim asked if this situation was similar to the house in the Town of Omro that seemed to have been built on a spring, and Kevin concurred saying since there is not a pump, the water free-flowed out the tile to the ditch, and the Operators noticed it flowing over the road since there is not a culvert under the driveway. Some people suggest clay dams be installed around sewer pipes, however, water could still flow into and intersect the house footings because of all the sand on lots with high groundwater, regardless of the sewer lateral location. Water does not travel through the sewer trench making the lot wet in high groundwater. When the District works on a sewer lateral on Brooks Lane, it has to obtain a dredging permit from the Wisconsin Department of Natural Resources (WDNR) because the ditch is considered lake bottom. In many areas it is not the lack of a clay dam on the sewer pipe that causes the damage, it is just high groundwater and permeable soils. At the Town of Algoma meeting, the Road Commissioner mentioned he sees properties with sand that have water flowing through regardless of whether the District has clay dams. Because of these issues, it is important to verify every property has sufficient basement tile and sump pumps to handle redirection of the groundwater if they intersect the seasonal water level.
- b) Correspondence. Kevin stated a couple WDNR officials came the day of this meeting to survey the water system. They verified all aspects of operation were compliant with the codes. They reviewed the permit process, cross-connection inspection and well abandonment forms, toured all the facilities, and examined all lab sheets. There were about half a dozen small issues that the District will have to work on, three of which are backflow preventers on pumps. They liked how smoothly the District is operating and that all paperwork is readily accessible. As an example, the WDNR received a call the previous week about a pipe sticking out of the ground on a District property that was thought by a well driller to be a well left open without a cap. The District had the well abandonment form on file which indicated the shared well was in the back yard and sent pictures showing that pipe they were referring to was a frost sleeve that went around the sewer cleanout. The WDNR thanked the District for responding efficiently to the situation. Kevin believes District staff does a good job keeping information properly filed and easily retrievable.
- c) Status of 2014 projects.
  - Partridge Court and Butte des Morts Meadows. The District received safe bacteria test results from the watermain extensions on Partridge Court and Butte des Morts Meadows, so these existing and future homes can now connect to the municipal water system. Other than the aforementioned asphalt, these projects are now complete.
  - Addie Parkway water valve leak repair. The District plans to patch over the saw cut area in the resident’s driveway identified in a picture to repair the District’s portion of the water service instead of replacing the entire driveway.
  - Zillges property on Leonard Point Road and Sand Pit Road. The Town of Omro is proposing to review Zillges’ current proposal that will subdivide their five acre lot into three separate lots in August. This would match the number of sewer assessments the District previously charged against this parcel.
- 6) Old Business.
  - a) Discuss and act on City of Omro contract negotiations for wastewater treatment services. Kevin stated he still had not received any correspondence from the letter he sent to the City Administrator and there was nothing new to discuss. The Commissioners opted not to go into closed session pursuant to Wisconsin Statute 19.85 (1) (e) to discuss matters in relation to the intergovernmental agreement between the City of Omro and the Town of Algoma Sanitary District #1 regarding wastewater treatment services from the City of Omro.
- 7) New Business. None.
- 8) **Chad made a motion to adjourn the regular monthly meeting at 6:40 p.m./second-Peter/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President

**Town of Algoma Sanitary District #1**  
**August 14, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for August to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey. Commissioner Peter Cernohous was excused.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on July 10 as submitted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes.
      - Mike stated the \$40,000 transfer of restricted water funds to help facilitate the upcoming \$330,000 principal payment of B Bonds approved at the July monthly meeting had been completed.
      - Mike proposed to close the CWF Equipment Replacement Fund account at First Merit Bank and transfer the balance of \$23,728.60 to Community First Credit Union to help fund purchases the District already made, and will continue to make, for several eligible replacement items, such as lift station pumps. He noted an additional account at West Pointe Bank contains a majority of these replacement funds and these amounts are reported annually on the District's CMAR.
      - **Chad made a motion to transfer \$23,728.60 + interest of equipment replacement funds from First Merit Bank to the account at Community First Credit Union/second-Jim/carried unanimously.**
    - ii) Note any balance adjustments. Mike explained one balance adjustment added a bounced check fee to a customer's water account, another voided an invoice that was reissued for the same dollar amount, and the remaining one wrote off a small uncollectable late fee for an interim billing for a new sewer customer. **Jim made a motion to approve the July balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Mike gave a review of total sewage treatment expenses for the first two quarters from both treatment facilities. The City of Omro charged \$51,271.84 to treat 11.5 million gallons, which is \$4.40 per 1,000 gallons. This time last year the District paid \$7.30 per 1,000 gallons to the City of Omro for wastewater treatment service. The City of Oshkosh charged \$75,925.54 to treat 116 million gallons, which is \$0.65 per 1,000 gallons.
    - Mike also mentioned the pending bills sheet includes the \$330,000 B Bond principal payoff approved at the previous monthly meeting.
    - **Jim made a motion to approve the August pending bills for sanitary and water and previous disbursements for July as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. None.
- 5) Director's Report.
  - a) Review of District statistics.
    - Kevin stated the District distributed 32 water permits and 26 sewer permits, both of which have exceeded their budgeted goals. The District also exceeded the budget for sewer CAC payments and the amount of water assessments that have switched from deferred to participating status.
    - Kevin explained staff analyzes total sewage flow as it relates to daily lift station pump totals and the amount of rain received. The amount of time it takes for the flow to return to normal after a storm event can be a good indicator of where and how a majority of additional water may be entering the municipal sanitary sewer system. The Commissioners could see after receiving rain, daily lift station flow totals in the Town of Algoma spiked up, even as much as triple the amount of the previous day, and then would slowly trickle back down. This indicates there may be leaks down in the main that take longer to flush out of the system. Total flows in the Town of Omro tend to trickle back down to normal a little more quickly, which indicates leaks are likely on the surface from clean outs and cracks that allow instantaneous flow into system. Flows have decreased slightly since some noncompliant sump pumps that staff discovered around Sheldon Drive have been resolved. Televising is complete for the year, and once the repairs on the system are done, Kevin anticipates seeing a further reduction in the flow. When identifying inflows and infiltrations in the municipal sanitary sewer system, staff is able to narrow down the location by the level of flow to a particular lift station or street, which will help the District identify where to make additional repairs in the future.

b) Correspondence. Earlier that day Kevin met with John Haese, the new Administrator for the Town of Algoma. John retired from the Winnebago County Highway Department and has some experience in this geographic area. John stated he understood Kevin previously told the Interim Administrator that the District would not pay to relocate water and sewer mains for the Town's stormwater project on North Oakwood Road. Kevin showed John the email he sent Strand Associates stating he understood the Town would pay for this project, and he also told him about the teleconference he had with Strand when they said the County and the Town were providing the funds. Kevin reiterated to the Commission that he is not proposing the District pay anything for it because he cannot justify charging the District's 1,000 water customers for a stormwater project. John said he informed Strand and the Town that the Town would pay the \$73,000 to relocate the District's mains and not the District. Kevin also shared with John the stormwater management PowerPoint presentation he gave to the Town in 2011 and told him if the District were to assume stormwater management, they would require 100% responsibility and oversight.

c) Status of 2014 projects.

- Several homeowners on Waldwic Lane in the Town of Algoma have requested water service. This request has been made before, with only about half of the homeowners agreeing to pay the assessment, but about half a dozen homes have sold since. Each homeowner on this private road owns up to the edge of the road and an equal interest in the road, which gives them a say in what happens in it. Since these homeowners do not have a road committee, the District sent a letter the previous day to the petitioners stating they must obtain every homeowner's signature on an easement giving the District legal authority to access the road right-of-way for installing a watermain. Once the easement is received, the District will continue with the special assessment process. Waldwic Lane contains 22 parcels with road frontage, but only 21 buildable lots to divide the construction cost amongst since one parcel is strictly ten feet of road frontage allowing drainage from Hidden Hollow Road. Jim asked if the District would consider serving a portion of the road if it only obtains partial participation, and Kevin stated yes as long as the easement is obtained from everyone. The homeowners of the western parcel continually ask the District to serve them by extending the watermain from Lake Breeze Road and, as long as the main stops on their property, it is possible to serve them and maybe another neighbor that way. It would be ideal to connect the watermain from Oakwood Road to Lake Breeze Road creating a loop so if there was a break, the District could shut a valve and minimize the number of residents without access to water while the repair is completed. The extra cost for looping this watermain would be included in the supply charge and water rates. A watermain extension would improve access to water for the fire department since the road is narrow and their trucks have to avoid hitting the stone pillars at the entrance off Oakwood Road.
- Kevin stated the Wisconsin Department of Transportation plans to convert Highway 21 into an urban expressway between Highway 41 and Rivermoor Road. They are just beginning the normal process of reviewing the inventory in that area to find out what expenses they will have to deal with to remove driveway access and make it only accessible at public roads.

6) Old Business.

c) Discuss and act on contract negotiations for wastewater treatment services between the City of Omro and the Town of Algoma Sanitary District #1. The Commission opted to not go into closed session pursuant to Wisconsin Statute 19.85(1)(e) to discuss this agenda item. Kevin stated he scheduled a meeting the following morning with the City of Omro Administrator that only the two of them plan to attend. At the meeting, he will submit a highlighted contract to the City that incorporates some general thoughts and other main points the District feels the contract needs. He hopes the City can narrow down what they require in the contract and make it as basic as possible by minimizing it to the term, rate structure, and capacity of the agreement. Currently there are several items in the contract that are more appropriate decisions for the Town of Omro, such as requiring the District obtain permission from the City before a single family residential unit within the District can convert to a duplex. Ray said the City continues to want the buffer zone included in the contract even though it is inappropriate for a sewage treatment contract. The District's Attorney, staff, and Commission have tried to make it clear to the City that the District does not have the authority to bind the Town of Omro by agreeing to a buffer zone. Kevin added state statutes dictate how to create an Extraterritorial Zoning Committee and he will provide such information to the City if they continue to request the buffer zone. Ray explained if the District agreed to a buffer zone and the Town approves a plat within that area, when the developer wants sewer and water service, the District would not be able to provide it. He reiterated the District cannot legally bind the Town, just as the Town has no authority over the District, since the District has no contract with the Town.

d) Discuss and act on revised petition for addition and removal to Algoma Sanitary District for parcel 016-0313 in the Town of Omro. Ray clarified this revised petition for the parcel owned by Nate Potratz was only for the removal of property from the Sanitary District. The original petition had some minor typos and the Town of Omro's legal counsel, Karen Marone, wanted a few things added. Mike had the updated copy of the Findings,

Decision, and Order that was changed as well, which Ray emailed to Karen prior to the meeting. **Jim made a motion to resubmit the petition for removal with the corrections as requested/second-Chad/carried unanimously.**

7) New Business. None.

9) **Chad made a motion to adjourn the regular monthly meeting at 6:44 p.m./second-Jim/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President

**Town of Algoma Sanitary District #1  
September 11, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for September to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Prior to the meeting Jim notified staff of the correct spelling of the name of the Town of Algoma Administrator, and that change had been made. **Jim made a motion to approve the minutes of the regular monthly meeting on August 14 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. None. Mike mentioned the CD the District holds at Capital Credit Union is due next month and he will have a recommendation for those funds at the next meeting.
    - ii) Note any balance adjustments. Mike explained three Town of Omro parcels along Leonard Point Road, owned by the same residents, have water and sewer available but were not assessed. The parcel with the house on it is connected to the municipal sanitary sewer system and paid its sewer assessment. Five balance adjustments recorded a water cost on the parcel with the house and water and sewer costs on the other two parcels should they develop and want to connect to water and/or sewer in the future. Kevin added when the District receives a tax letter from a title company for the sale of a property such as these, staff indicates the parcel has a sewer and/or water *cost*, not an assessment, which is equal to the current value of the assessments on the neighboring parcels. There are numerous parcels throughout the District in this situation and Kevin intends on sending a letter to each of these homeowners within the next year to notify them of the exact sewer and/or water cost that would be due upon connection. Ray wanted to make sure that these amounts are disclosed at closing and mentioned that property sales not using a title company may be missed. Ray suggested the District have the affected residents sign an assessment waiver, however, the drawback is that the project has already been completed and the cost previously incurred by the District. **Jim made a motion to approve the August balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Mike explained the District received the final tax roll payment from the Town of Omro, which was deposited in the District's primary financial institution, and a check must be issued to transfer the assessment funds to First Merit Bank. As of the end of August, the District is paid in full by both municipalities for the 2014 tax roll.
    - Kevin added the pending bills sheet sent to the Commissioners the previous day included a \$2,800 invoice from Water Tower Clean & Coat but was mistakenly not included in the colored packets and asked that it be approved as well. He explained cleaning of the water tower was completed two days prior and the District received an excellent report and there was no physical damage related to the harsh winter. This reinforces the decisions staff made in preventing freezing as there was no ice damage or paint chipping off the interior. **Jim made a motion to approve the September pending bills for sanitary and water, with the addition of Water Tower Clean & Coat for \$2,800, and previous disbursements for August as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Our thoughts go out to the affected families on the anniversary of the September 11 terrorist attacks.
- 5) Director's Report.
  - a) Review of District statistics.
    - The District distributed 40 water permits and 29 sewer permits, 8 of which are for new connections in the Town of Omro, so far this year. Average monthly sewer flows have been slowly declining since spring.
    - Kevin explained that to televise the sanitary sewer system, Great Lakes TV Seal, Inc., inserts a camera on tracks down the main to locate leaks. He showed a video of a clean out on Milford Drive that had a sump pump illegally discharging into the sanitary sewer main as evidenced by the regular high flow entering the system from his lateral every few minutes and the scoured pipe in this area. This property was compliant when it was originally inspected in 2008 and is owned by the same individuals who have since changed the location of the sump pump discharge. Jim asked what corrective action or policy is in place for a first-time offense of this caliber. Kevin stated if anyone is home the following day when staff hand delivers the non-compliance notice, they will ask for access to the basement to identify the discharge location. He added the District has issued citations in the past and he is not opposed to going through that process and requiring the homeowner to take corrective action within 24 hours.
    - There was another lateral on Milford Drive that had a constant flow of water entering the system. When the camera went up that lateral, water was seen bubbling about 80 feet from the main and at a joint about 88 feet from the main. The groundwater pressure is so great that it was pushing about 1-2 gallons per minute at each location through the joints in the pipe and into the system. Since these leaks occur on the homeowner's private property and not at the main, they are the homeowner's responsibility to fix. The District will notify the homeowner and mark



the locations of the leaks on their land. Chad asked if Great Lakes has the ability to seal the lateral from the inside to prevent digging up the property, and Kevin answered there are companies that can do it with a lateral packer.

- Another substantial leak was located on Springbrook Lane in the Town of Omro that had a continuous flow of water that never stopped, even when no one was home. An object, possibly a tree root, was blocking the lateral camera, making it unable to proceed further down the line to investigate the source of the leak. This leak has resulted in a tremendous cost to the District from the City of Omro for the treatment of clear water.
- Kevin explained illegally discharging sump pumps are only one of the reasons sanitary sewer flows can vary. During periods of rain, the system receives more flow because the groundwater elevation is higher and allows water to travel faster through the mains. Constant leaks are more likely found at the bottom of the main. Increased flows can also be caused by tree roots pushing through laterals or a faulty water softener running more than is necessary.
- The Town of Algoma stormwater project on Oakwood Road is scheduled to start the week after this meeting. The Town hired Radtke Contractors, Inc., to replace the culvert, and they subcontracted the water and sewer utility relocation to Carl Bowers Construction. Kevin said this is a very reputable company, and the District is satisfied with the sewermain extension they performed last year on Leonard Point Road.
- Hyler Septic removed all the gravel and debris that had accumulated over several years in the wet wells at the Town of Omro lift stations. Kevin said it is good to have that project done, and Hyler Septic will probably be back the following week to do the same thing at the Town of Algoma lift stations.
- There is a manhole on Samers Bay Road located about 24' from the road that is prone to flooding every spring. Staff raised it about 9" above road grade and inserted two 4" thick steel posts wrapped in fluorescent tape in the ground next to it to help prevent snowplows from hitting it. Ray mentioned putting up a sign that would not get buried by the snow, but Kevin felt the posts were sufficient to protect the manhole.

b) Correspondence.

- Kevin emailed the Irvine family and Jim a picture of the six foot memorial bench he is proposing to place in front of the District office with a bronze plaque in honor of the late District Commissioner and former President Alexander Irvine. The family provided feedback and was willing to pay for half the cost of the bench. Kevin added he is also considering installing a bike rack under the canopy where grass does not grow. The District should receive these items within the next three to five business days, and staff will finalize the design and lay concrete in that area within the next couple of weeks. Kevin hopes it will be completed before the next meeting. He added the bench will allow parents to have their kids sit and wait outside while they pay their bills inside.
- Kevin said he found a speaker at a recent West Side Association meeting to be very interesting. He explained there is a new organization emerging, currently in its beginning stages, called GO EDC, which stands for Greater Oshkosh Economic Development Corporation. It is completely separate from the Chamber of Commerce and Chamco, which will cease to exist within a year or two. This is the next group that will pursue economic development in the area and target certain industries, such as aviation, manufacturing, and IT. It currently has about \$1,000 in its budget and is trying to get companies and others to sponsor them and help develop the greater Oshkosh area. Kevin wanted the Commission to be informed about it as they will start to hear more about it in the news.
- The District did not receive any further correspondence from the Waldwic Lane residents regarding water service.

c) Status of 2014 projects.

- Kevin stated Great Lakes finished televising 25,000 feet of sewermain which resulted in finding several sanitary sewer leaks and a sump pump violation that were discussed previously.
- He also mentioned during pending bills that the water tower cleaning was completed and resulted in good news.

6) Old Business.

e) Discuss and act on contract negotiations for wastewater treatment services between the City of Omro and the Town of Algoma Sanitary District #1.

- i) **Chad made a motion at 6:41 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Jim/carried unanimously.**
- ii) **Peter made a motion to reconvene into open session at 7:28 p.m to discuss and act on matters discussed during closed session/second-Chad/carried unanimously.** No action was taken.

7) New Business.

a) Discuss and act on 2015 annual budget and schedule first workshop. Kevin stated staff is pretty far along with preparing a balanced budget. He wanted to take the opportunity to lay out some goals and objectives he would like the District to achieve next year and schedule the budget workshop.

- Sewer Utility: Kevin proposes the District maintain the same sewer user fee rates as 2014 for residents in both the Town of Algoma and the Town of Omro.
  - o The District is currently making the last payment on a bond from the City of Oshkosh in 2014 and one will be paid off from the former Omro Sanitary District in 2015, but then another bond will begin to have significant principal payments come due the following year. With that in mind, Kevin would rather keep rates flat than drop them and then raise them back up the next year due to the bond payment schedule.

- Without a contract in place with the City of Omro for treatment of the Town of Omro sewage flow, the District is at risk that the City of Omro will greatly increase its rates next year. Kevin does not want to decrease the sewer user fee for Town of Omro residents when the District does not know what it will be charged for treatment by the City of Omro. Jim asked if the City of Omro's budget timeline was similar to the District's, and Kevin said he thought their budget for this year was completed in mid-November of last year and approved their 2014 sewer rates, effective beginning January 1, at their last meeting in December.
- Kevin would also like to target additional staff to transfer the District's entire water and sewer systems to a GIS or GPS program that will map all appurtenances. This may be available as a co-op position, overtime for current staff, or a responsibility for summer employees.
- Kevin would like to further reduce the amount of I&I sent to the City of Omro for treatment.
- Kevin is also starting to account for the addition of a part-time staff member within two years to reduce overtime and help with the responsibility of maintenance that is currently placed on field staff.
- Kevin proposes the 2015 tax levy maintain generally the same mil rate as 2014. Residents would not see a tax increase from the Algoma Sanitary District unless they have new construction or their assessed value increased. Staff estimates this will increase revenue by about \$3,000. When setting the tax levy, staff determines how much it needs to receive from tax dollars and calculates the actual mil rate based on the total assessed value of the District.
- Water Utility:
  - The District is proposing to perform the annual simplified rate case with the PSC which will increase water rates by 3% to basically follow inflation. These rates have been implemented beginning in the third quarter of the year. The District will likely have to do a full rate case within the next couple of years because the PSC requires this of utilities every five years or so.
  - In addition to water rates, the PSC also sets the annual Public Fire Protection Fee, which will increase by 3% as well. The District sent letters to both the Town of Algoma and the Town of Omro notifying them of this amount. The Town of Algoma has collected it from its residents for several years, but since the consolidation, the District has requested the Town of Omro begin collecting it as well. The written request also showed how much they would have to increase their mil rate in order to collect the fee from all their residents that receive the benefit of public fire protection. Ray asked if the District has ever sent the Town of Omro an invoice for the amount of water the fire department used, and Kevin stated Wisconsin Administrative Code states the Town is allowed to use water for fighting fires and training at no charge.
- Tactics: Kevin discussed some of the ways he intends on achieving the goals of keeping rates flat in 2015.
  - Kevin gave the Operations staff the goal of reducing the Town of Omro average daily flow to 44,500 gallons per day which is about 128 gallons per house per day. While this goal is very challenging, Kevin feels it is attainable considering all the low flow nozzles, faucets, and toilets available to help people use less water. In general, residents in the Town of Omro use less water than residents in the Town of Algoma. Some communities, such as Kaukauna, which have a limited water resource, supply these types of faucets and give credits for installing them to decrease usage.
  - Staff also has the goal to reduce the unaccounted drinking water to less than 6%, which is also attainable as the Operators do a good job of finding leaks. When Jim asked if the District was close to that goal at this time, Kevin responded he thought unaccounted water for first quarter was about 3% and second quarter shot up to 13%, but the District completed a fairly substantial repair on Valley Road in early spring that should bring the unaccounted water back down.
  - Kevin would like to strengthen the summer help program. Last summer the District hired two young gentlemen who worked a total of about 300 hours each and helped to reduce the Operators workload and overtime. They took care of the lawn mowing and weed whacking, placed rocks around the sign at Our Park, cleaned windows in the garage, and performed other small maintenance tasks. The cost per hour the District incurred was substantially less, and Jim agrees these types of duties are not a good use of the Operators' time. These part-time positions also do not require the District to pay benefits.
  - Kevin believes in continuing staff training on storm water techniques and operations so the Operators are knowledgeable on the subject.
  - Ray asked how the new operator the District hired last February was doing. Kevin stated he is doing well and added he is hard-working and can be counted on to take care of things that need to be done. He is also mechanically inclined and picking up on the technical aspects of the position.
  - While the District is not reserving any funds for this currently, staff is beginning to research how it will complete two watermain loops: one on Waldwic Lane and one from the water tower to Sand Pit Lane.
  - As mentioned earlier during the balance adjustments discussion, staff plans to send a memo to property owners in the Town of Omro that have parcels with sewer and/or water available but were not assessed and notify them of the current cost of connecting to the system. This is currently being addressed at closings, and the District will discuss the best technique for putting these homeowners on notice prior to selling their property. Kevin estimated there are 40 parcels with sewer and/or water available but not assessed.

- In 2017, the Water Utility will need to begin borrowing a total of about \$2,000,000 over four years, or \$300,000 to \$500,000 per year, from the Sewer Utility. Previous financial analyses indicated this would happen in 2011, and the District was able to delay it until 2017. Therefore, the sewer cash balance must be maintained in order to support this financial transaction, which the District prefers over borrowing from the public market or drastically increasing water rates. The Water Utility is currently paying 3.75% interest on the loan the Sewer Utility previously issued, and staff was aware another loan would be necessary in the future based on the bond payment schedule. By 2021, the Water Utility should be able to start paying back some of these funds to the Sewer Utility.
  - The District aims to continually reduce sewer inflows & infiltrations by televising and completing current repairs on the municipal sanitary sewer system.
  - In prior years, the District budgeted 5% of normal wages for overtime. The current budget includes a 0.5 unit increase in the number of full-time staff and an increase in overtime to 10% of normal wages since regular operations have generally required the District to exceed that 5% benchmark.
  - Jim noted the Water Utility has a widening gap between budgeted expenses and revenues received, which appears to result in a buildup of excess funds. Kevin explained the Water Utility budget does not show an expense for bond principal payments, so although there is quite a difference between revenues and expenses this year, a vast majority of revenues are designated for bond payments. He also said water rates are designed to pay 30% of bond payments. Mike added the District received an above normal amount of one-time revenue earlier this year, including a deferred assessment payoff of about \$150,000 from a development and \$75,000-\$100,000 from the developer of Butte des Morts Meadows 3<sup>rd</sup> Addition paying for their water and sewer mains installation.
  - Jim also noted there was over a \$300,000 surplus between budgeted sewer revenue and actual expenses last year and this year appears to be similar. Kevin explained by removing duplicated expenses, the projected savings of consolidation with the former Omro Sanitary District were about \$60,000-\$70,000 per year. However, after reducing the total flow to the City of Omro, achieving lower rates for sewage treatment and making tough staff decisions, net annual savings was closer to \$200,000, which has had a huge positive impact on the overall financial condition of the Sewer Utility. Since it is possible the City of Omro could raise rates substantially, and the first principal payment of one of the former Omro Sanitary District's bonds of \$130,000 comes due in 2016, Kevin wants to keep sewer rates flat, even though District operating expenses are lower. He added the Sewer Utility's primary goal is to retain one year's worth of cash on hand, but he wants to stay five years ahead of financial responsibilities, and Jim said he agrees with that approach.
  - Some discussion was had on when to schedule the budget workshop. **Jim made a motion to schedule the budget workshop before the monthly meeting on October 9 at 5:00p.m./second-Chad/carried unanimously.** This will give the District ample time to approve and publish the budget 15 days prior to the public hearing, which is usually scheduled before the November monthly meeting, as outlined in the Wisconsin State Statutes.
- Ray mentioned in addition to emailing the documents for removal and addition of the Potratz property to and from the Sanitary District to the lawyer for the Town of Omro, his secretary will also hand deliver them to her. Their lawyer promised to get everything signed, and he will offer to record these documents with the county if needed.

10) **Jim made a motion to adjourn the regular monthly meeting at 8:00 p.m./second-Chad/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President

**Town of Algoma Sanitary District #1**  
**October 9, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for October to order at 6:13 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey. Marie Dudenas, homeowner of 4094 Westview Lane, was in attendance from the public. The Commission decided to begin the meeting with public forum.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on September 11 as submitted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. Mike noted when a check is issued to transfer funds from one financial institution to another, financial reports show it as either a receipt or a transfer. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. Mike recommended the District renew the 11 month CD due for renewal on October 20 held at Capital Credit Union at the current rate of 0.35%, down from 0.7%. Chad asked what precludes an entity from lending funds to another entity within the community that is not necessarily a bank, which may provide the District a better return on investment. Kevin explained the District's investment policy dictates how funds are to be invested and includes duration limitations not to exceed 12 months. He also said staff is responsible for being good stewards of this money and must reflect risk-averse decisions. Ray added staff has some flexibility, but the current investment policy is pretty conservative and would have to be modified for that to change. He said it also depends on the source of the funds because some funds have to be restricted, and Mike noted these particular funds are general funds. Kevin reminded the Commission that the cash on hand status of the District is projected to drop down substantially within the next five years, and offered to provide the state codes that determine available avenues for investments. Mike mentioned the other options the District had for investing this approximately \$243,000 are a money market account at 0.55% or a 12-month CD at 0.6%, however a requirement of these options is a copy of the Commissioners' drivers licenses which the Commissioners were not comfortable with in the past. Jim said if it impacts the return rate, he is willing to provide it, and Kevin added doing so will increase the return by about \$500. Mike then recommended the District invest in a money market account which will allow the District to take advantage of an increase in rates, whereas a CD would lock in the funds. **Jim made a motion to transfer the current CD at Capital Credit Union to a money market account/second-Peter/carried unanimously.**
    - ii) Note any balance adjustments. Mike stated there was just one small balance adjustment used to adjust the interest amount on an assessment payoff to match the check received. **Jim made a motion to approve the September balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water. Jim noted the pending bills sheet indicated the District has three interest payments due November 1. Mike concurred, adding the wire is ready at Community First for two Commission signatures, and Jim and Peter volunteered. Mike mentioned there were a couple revisions from the pending bills sheet included in the packet. The District received the City of Oshkosh bill that day that was \$0.01 more than estimated, a petty cash purchase was \$30 less than estimated, and a couple of purchases on the credit card were reclassified but the total bill was the same. Mike also clarified the petty cash bill covered the period from May to the date before the meeting. **Jim made a motion to approve the October pending bills for sanitary and water as corrected by Mike and previous disbursements for September as submitted/second-Chad/carried unanimously.**
- 3) Public Forum.
  - Marie Dudenas of 4094 Westview Lane attended the meeting because District staff notified her earlier that week her third quarter water meter reading indicated her property had a leak resulting in an extremely large water consumption, and she was there to request relief on the water bill. Kevin explained staff read water meters on Tuesday, September 30 and began review of the bills on Friday, October 3 when they noticed her water meter showed the residence used 302,850 gallons which would result in a \$1,564.99 water bill. Staff attempted to notify the resident of the situation by calling the two phone numbers in the phone book for the owner, but both had been disconnected.
  - On the morning of Monday, October 6, a District Operator reread the water meter to verify the meter reading was correct and found the large consumption was continuing at almost four gallons per minute. When he approached the residence no one answered the door. The District Clerk tried calling a potential relative with the same last name that lived very close to the individual, but that phone number had been disconnected as well. She then tried calling the current/previous employer of the individual and requested they have her call the District regarding her water consumption. Towards the end of that day, when the Operator returned to the residence, no one answered the door, so he left his business card with a request for the homeowner to call the District office as soon as possible.
  - On Tuesday, October 7, Marie called the District office and was officially notified of her large water consumption. Since she was out of state, she had her neighbor schedule an inspection with an Operator that afternoon to allow him in the house to see if he could locate the source of the consumption, and he identified the water softener was running



continuously. At the meeting Marie explained when she returned home that night, she closed the water valve by the meter so it would not run overnight. She turned it on the next morning while she and her children got ready and turned it off again before they left. She called a plumber on Wednesday, October 8, who arrived at 8:00 a.m. at the residence. He found the shut off valve on the water softener was broken and removed the entire unit that day. Marie said she did everything she could to respond to the situation in a timely manner, and asked the Commission to consider adjusting her water bill.

- Kevin explained since this is the first time something like this has happened, the District did not have a policy in place. He said the meter reader indicated this residence had a leak when retrieving the quarterly meter reads as well as when the meter was re-read the following week. He noted the leak was unknown to the resident and they did not receive any benefit for the water that went through the water softener.
- Kevin stated this residence has a pretty consistent usage history, with a third quarter average over the past three years of 34,000 gallons. The Public Service Commission (PSC) allows the District to charge a reduced rate for water that covers the District's O&M costs. Kevin suggested the Commission consider charging normal rates on 34,000 gallons and a reduced rate on the remaining number of gallons. Based on the last full rate case approved by the PSC in 2008, staff determined the District incurs a cost of \$1.63 per 1,000 gallons sold, which would result in a bill of \$658.97.
- The PSC requires the District to have a written policy in place to charge a reduced leak rate. The PSC also requires the District to charge for all water that goes through the meter, but the Commission has some discretion on how to determine this rate. The Commission realizes the importance of developing this policy for future instances since this could occur again, and the District would need to have a protocol in place.
- The increased water consumption at this residence could have cost the District over \$200 per quarter in wastewater treatment expenses to the City of Oshkosh however, the Commission realizes the only reason the District found this issue at this particular residence is because it is on municipal water. This could be happening at several of the approximately 1,500 District residences that are not on municipal water and the District would not know. Since the District charges a flat sewer user fee, regardless of water consumption, it would not be right to pass this cost onto the resident. Unless the District found this leak while televising, this could have gone unnoticed for many years, so the District is thankful that staff was able to discover the situation through the water meter and prevent increased future sewage treatment costs from this residence. **Chad made a motion to adjust the water bill based on their three year average of third quarter usage of 34,000 gallons at the normal rate of \$5.00 per 1,000 gallons which would result in a \$220.74 water bill and round the bill up to a total charge of \$230.00/second-Peter/carried unanimously.** Marie thanked the Commission for their time, understanding, and willingness to adjust her water bill.
- The Commission asked staff to finalize an unknown leak rate policy for water bill adjustments to be added to the agenda for the next monthly meeting and then preceded to agenda item 2a).

4) Commissioner Statements. None.

5) Director's Report.

a) Review of District statistics.

b) Correspondence.

- Kevin stated he received an email response from the Irvine family regarding the memorial bench engraving for their father, Alexander. Kevin noted the bench installation in front of the Administration building is completed. The family is proposing to engrave the following four lines on the plaque: "In Memory of Alexander Irvine Who Served Over 20 Years Do What Is Right", which is something Alex said often.
- The City of Omro council was scheduled to go into closed session during their meeting on October 7 to discuss the contract negotiation, however, Kevin had not received any feedback from them since then.
- According to their agenda, the Town of Omro Board was scheduled to discuss collecting the Public Fire Protection Fee from their residents at their most recent meeting as the District requested.
- A two unit 3,500 square foot strip mall is being built on the parcel next to Lowe's near the retention pond. The District has a sewer easement though that property, which the parking lot can be laid on top of the easement but the building cannot. Kevin recommended the City of Oshkosh approve the site plan as submitted.
- Kevin previously sent the Commissioners a copy of their terms, which indicated Peter's term is up for election in 2015. He said applicants must submit the required election paperwork and signatures to the Algoma Town Hall by late December for the April election.

c) Status of 2014 projects. Kevin said the District has a number of projects going on.

- Kevin brought Jim with him to observe the sewer lateral repair in the Town of Omro. At the meeting he showed the Commissioners a picture of the broken pipe going into the footing of the small building. When the Operator used the camera to find the leak the day of the repair, he could not locate water entering the pipe because the water level was about a half inch below the crack. Luckily, the water was above the pipe when this area was televised.
- The relocation of the water and sewer mains under the culvert on Oakwood Road is completed. Earlier that day, Carl Bowers Construction inserted spacers, placed the eight inch sewer main in casing pipe, and then blew in sand to prevent it from moving. The water and sewer mains passed the pressure tests and, as of the meeting time, the Operators were still doing bacteriological testing before the water could be turned back on to the rest of the system.

- Kevin was impressed with how the Appleton area handled their storm water issue by adding walkways and wide areas for the creeks near their USA soccer field. He noticed the wide walkways and figured this area probably floods during the spring, and noted the creeks to be a great use of storm water management.
  - Jim asked if the District charges homeowners for finding leaks on their personal lateral. Kevin explained the homeowner is responsible to hire a contractor to repair the leak, which the Operators observe, but the District does not charge the homeowner to run the camera up the lateral and discover the leak. He added there are very rare occasions when the District charges for extra work above and beyond normal business practices. The camera helps reduce the amount of area the excavator has to dig up and enables the Operators to provide proof to the homeowner that the repair was successfully completed.
  - Jim asked for a status update on the Milford Drive sump pump violation. Kevin stated the District re-inspected the property the following day and the homeowner had revised their sump pump discharge location so it was no longer pumping into the municipal sanitary sewer system. The District charged the homeowner \$200 for its cost, which had not been received at the time of the meeting but was not yet past due. Jim suggested this property be put on the schedule for re-inspection at least once a year, maybe even every six months. Kevin agreed, and said the Operators maintain a list of questionable connections since it is easy to revert back to pumping into the system.
- 6) Old Business.
- f) Discuss and act on contract negotiations for wastewater treatment services between the City of Omro and the Town of Algoma Sanitary District #1.
    - i) **Jim made a motion at 7:08 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Chad/carried unanimously.**
    - ii) **Jim made a motion to reconvene into open session at 7:16 p.m. to discuss and act on matters discussed during closed session/second-Peter/carried unanimously.** No action was taken.
- 7) New Business.
- a) Discuss and act on 1151 Elmhurst Lane informal request for municipal water.
    - A homeowner informed the District her condo is for sale and recently discovered her well has over 100 parts per billion (ppb) of arsenic in their shared well, which the Wisconsin Department of Natural Resources (WDNR) considers to be too high to have contact with the water. Since municipal water is not available to this property, the owner requested to have a new well drilled in the common area, but the condo association would not allow it. The homeowner has not presented a formal request to the District, but she is in a tough situation because a reverse osmosis system does not filter enough water for the entire building unless there is also a tank that can store the filtered water. And unless she finds a buyer that can purchase the condo in cash or use alternate financing, a buyer's bank will not lend money for a property that has unsafe water.
    - Only two of the eleven properties on Elmhurst Lane participated in the arsenic study the District offered last fall, which this homeowner elected not to do, and they both tested within the safe drinking water level. Between the five condos at the end of this private lane, there are three wells and two of them are shared. The resident's neighbor will not let her property hook up to his well because it also contains a high level of arsenic nor is he willing to help pay to drill a new well.
    - When the District conducted the Phase IV survey last fall offering municipal water for \$11,500, this street submitted nine no's, one no response, and only one yes, but they wanted to defer the assessment. The homeowner's attorney called the District office and asked Kevin what options the homeowner had available. Kevin explained in order for the District to get municipal water down this private lane and to this property, it must receive a signed easement from all homeowners and a 70% participation rate from the properties that receive the benefit of municipal water service. Kevin showed the Commission a map of where the watermain stops on Omro Road, which is close to Krueger Chiropractic and the Jehovah's Witnesses building. There are at least three, if not four, properties with wells that have an arsenic level above 100 ppb, so once it becomes a health issue, the District may be able to deviate slightly from the 70% participation requirement, but should aim to remain close to it. In theory, if the District can get water to these condos, it may be able to get water to Creekside Drive, which homeowners have expressed interest for in the past. From the condo association's perspective, a cost of \$150,000 or more to get safe water to these five properties is not worth it because that is greater than the value of a single property.
  - b) Discuss, review, and act on Public Fire Protection Fee revenue and impact. The Town Treasurer previously asked if the District was required to increase the Public Fire Protection Fee by 3% each year. Kevin explained if the District does not increase this fee, it will not have enough cash to pay its bonds and will have to increase water rates by more than 3% in the future. He noted the Department of Revenue's worksheet explains the Town has the ability to increase their levy by a maximum of about \$12,000, this fee increase is about \$4,500, and this would leave about an additional \$7,500 available. He further explained in order to set a new rate structure, the District would have to go through a full rate case with the PSC which requires substantial staff time. Kevin told the Commission he would call the Treasurer back to discuss this.
  - c) Discuss and act on preliminary 2015 annual budget. The budget workshop continued where it left off before the regular monthly meeting began.
    - The District's equalized value increased by 2.6% this year, and Kevin stated this will allow the District to charge a lower tax rate per \$100,000 of value.

- The Commissioners were shown a chart of the actual tax levy percent as compared to the equalized value. Kevin explained the District's original strategy was to keep user fees steady and use the tax levy to balance the budget. This resulted in huge swings in the tax levy. He addressed that by maintaining a user fee with an inflationary rate increase, which has resulted in a more stabilized tax levy of about \$27 per \$100,000 of value.
  - Another tool the District uses to measure its financial status and verify it does not take on too much debt is the ratio of uncovered debt to equalized value. Previous Commissions set a maximum rate of 1% of debt per utility. The District currently has 1.52% ratio for both water and sewer utilities, which covers the participating assessments but does not include the deferred assessments.
  - Kevin stated annual expenses of the consolidated District were reduced in 2013 by over \$200,000 and projected savings in 2014 are about \$150,000. He added it is a huge benefit to be able to cover costs without having to increase rates to residents. Ray agreed and suggested the District include an article in its next newsletter that explains how the District has been successful in keeping rates level.
  - **Budget Summary:** Staff applied all the assumptions regarding new connections, sewer flows, etc. to develop the budget. The 2015 Sewer Utility budget proposes a 0% change in estimated revenues and anticipated expenses and the Water Utility budget increases by 0.98%, which is very flat. The increase in budgeted wages of 16% is due to increasing overtime to 8% of hourly wages and due to six months of an additional full time staff member. However, as the new staff member becomes acquainted with District operations, the overtime will decrease.
  - Ray asked what the District had in mind for capital purchases next year. Kevin stated every other year the District budgets \$30,000 toward a new truck. He decided to retain the additional truck so the summer employees have a vehicle available, and it has also been helpful for posting agendas and making bank deposits. The District is also budgeting \$35,000 for an excavator and \$40,000 for an additional backup generator. Ray asked what happened to the old generator that the former Omro Sanitary District had, and Kevin said the District still has it but it is extremely old. He added the District is also looking to spend substantial money in the Samers Bay area to prevent sanitary sewer flooding.
  - Jim asked for clarification on the 1,000 hours of additional work for the GPS/GIS programmer. Kevin said he considered the cost for another company to complete it and added it under wages instead.
  - Kevin stated there is one Water Utility item that is not in the budget. If the residents on Waldwic Lane ever elect to receive municipal water, the District will connect the watermains from Waldwic Lane to Lake Breeze Road. This approximately 500 feet extension of six inch watermain will cost about \$35,000 which will either be included in the cost to Waldwic Lane residents or be charged through water rates.
  - Kevin added the District began calibrating the large well house meters, which must be completed on a consistent basis, and is unsure whether the District will receive the bill before the end of the year.
  - Jim asked what Kevin had planned for wages. Kevin stated employee wage increases are based on the consumer price index (CPI) and each employee's step process. Kevin said he had not yet performed any formal reviews with staff members this year. The budget accounts for the maximum amount of wage increases, and Kevin said his goal is to have a majority of the employee reviews completed before the next monthly meeting.
  - Chad noted the Water Utility has numerous line items for payroll while the Sewer Utility only lists payroll for Administration and General Expense. Mike explained water wages are split into more categories because the chart of accounts is regulated by the PSC. When Chad asked what the total budgeted wages are for both utilities, Kevin answered about \$500,000.
- i) Approve 2015 annual budget for publication. **Peter made a motion to approve the 2015 annual budget for publication as presented/second-Jim/carried unanimously.**
  - ii) Schedule the annual public hearing for the 2015 annual budget on November 13, 2014. Kevin explained the public hearing and final approval of the budget will be at the November meeting and the Commission will also approve the 2015 sewer user fees and tax levy at that time. **Jim made a motion to schedule the annual public hearing for the 2015 annual budget on November 13, 2014 at 6:00 p.m. followed by the regular monthly meeting/second-Chad/carried unanimously.**
- d) Sewer user fee credit for vacant building at 2725 Omro Road being parcel number 002-0111. Jim asked if this is the vacant parcel Mary Jean Irvine owns that the District extends a user fee credit to each year. Kevin answered yes, and explained since nobody inhabits the building, no water goes down the sewer lateral for treatment. Mike stated the District's policy is to credit 70% of the current sewer user fee of \$309 for a total credit of \$216.30. **Jim made a motion to provide the sewer user fee credit for parcel number 002-0111 in the amount of \$216.30/second-Chad/carried unanimously.**
- 11) Discuss and act on setting up a water utility policy and method for charging the unknown water leak rate. This item was previously tabled until the next monthly meeting.
- 8) **Chad made a motion to adjourn the regular monthly meeting at 8:00 p.m./second-Jim/carried unanimously.**

Respectfully submitted:

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

Approved:

\_\_\_\_\_  
Jim Savinski, President

**Town of Algoma Sanitary District #1  
November 13, 2014**

Public Hearing for Proposed 2015 Budget

- 1) **Chad made a motion to open the public hearing at 6:00 p.m./second-Jim/carried unanimously.** No one was in attendance from the public. Kevin noted the District received the Affidavit of publication from the Oshkosh Northwestern to properly notify the public, and Mike added the budget was published on October 21. Jim called for comments three times without a response.
- 2) **Chad made a motion to adjourn the public hearing at 6:01 p.m./second-Peter/carried unanimously.**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for November to order at 6:01 p.m. Also present were Utility Director Kevin Mraz, District Attorney Ray Edelstein, and District Accounting Manager Michael Claffey. Town of Omro Chairman, Brian Noe, and Town of Omro Planning Commission Chairman, Tom Tuschl, were also in attendance.
  - a) Jim noted that the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Jim previously requested the word “water” under public forum to be changed to “wastewater” and this was included in the minutes to be approved. **Jim made a motion to approve the minutes of the regular monthly meeting on October 9 as amended/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the District transferred \$65,000 of assessment funds to the general funds account to replenish funds that were used for bond payments earlier this year. There are not enough assessment funds to cover all of the bond payments for the year, but the transfer replenishes general funds rather than restricted funds. **Peter made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes. None. Mike mentioned the CD the District held at Capital Credit Union rolled over to a money market account when it expired on October 20, per the Commission’s motion at the previous monthly meeting.
    - ii) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Mike explained there were three bills added to the pending bills list in the colored packet that were not included on the sheet sent to the Commissioners the previous day. One was \$4,774.09 to Donald Hietpas & Sons for the 5% retainage for the Butte des Morts Meadows sewer and water installation and the Partridge Court watermain extension projects. Another was \$1,233.77 to Hotsy for a compressor pump and the last one was \$134.00 to Oshkosh Fire & Police Equipment for the annual fire extinguisher inspections.
    - Mike also noted the third quarter invoice from the City of Oshkosh included sewage treatment of 163 million gallons at about \$0.74 per thousand gallons for an annual total cost of about \$121,000. The third quarter invoice from the City of Omro included sewage treatment of 15.4 million gallons at about \$4.71 per thousand gallons for an annual total cost of about \$73,000.
    - Jim asked if the payment to Sheppard Investments was the final amount to be paid because the pending bills sheet indicated it is an estimate and Mike stated it is the final amount.
    - Chad asked what was purchased on the credit card under Sanitary Operating Supplies and Expenses for over \$1,700. Mike and Kevin explained the purchase included safety and protection supplies, such as suits, gloves, masks, etc., for the operators when they enter the sewers.
    - **Jim made a motion to approve the November pending bills for sanitary and water, including the three additions Mike mentioned, and previous disbursements for October as submitted/second-Peter/carried unanimously.** Jim suggested the Commission discuss Old Business first.
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Peter explained he plans to apply for reelection as soon as possible, which is December 1. There is a three day waiting period before he can begin collecting signatures. The other Commissioners offered to help if needed.
- 5) Director’s Report.
  - a) Review of District statistics.
    - The District’s connection permit totals for the year are 28 for sewer and 42 for water.
    - Kevin stated the monthly average sewer flow in the Town of Omro has reached 38,671 gallons, which is below the District’s goal of 45,000 gallons. Excluding one month last year that came close to that average, this is the lowest monthly flow the Town of Omro has seen in the last ten years. Jim asked what the average monthly flow is for the year and Kevin stated 54,580 gallons. Even if the District maintains its current flow



for the next two months, it will not reach its goal. Staff can only do so much to reduce flows when there is a lot of rain and melting snow that flood the roads. Great Lakes sealed manholes and sewer lines in the Town of Omro earlier that day and in the Town of Algoma in the Milford Drive area the previous day.

- The average daily sewage flow the Districts sends to the City of Oshkosh for treatment is about 578,000 gallons which is about ten times the amount sent to the City of Omro. Chad asked if there is an update on whether the City of Oshkosh is able to accept the Town of Omro's sewage flow. Kevin said when the City of Oshkosh was cited by the EPA for inflows and infiltrations (I&I) overflow, they were not allowed to accept additional sewage flow and he recently received an email from their engineer stating this is still in effect.
  - Kevin said he notified the Irvine family that the District received the personalized plaque in honor of their father, Alexander. When he asked if they wanted a ceremony for the installation they wanted Kevin to set it up, but decided to wait until spring to bring the family to see it. Kevin said, "This plaque is presented to the Irvine Family for Alex's dedication which represents his long-standing commitment to the community and the Sanitary District." Staff will install the plaque on the bench within the next week. Jim wanted to thank Alexander Irvine for all his years of wonderful service. Kevin stated staff found in the minutes that Alex was appointed to the Commission in 1989 so he had over 20 years of service to the Sanitary District.
  - Kevin stated the District repaired the watermain at 3467 Sheppard Drive that had an approximately 30-35 gallons per minute leak and showed the Commission the pipe that was removed. Kevin explained when completing the repair, the Operators drained the pipe into the pit, sectioned it out, and then cut the pipe. They did not notice anything underneath the pipe that could have caused this, but the gasket that is normally there opened and allowed water to leak, which had been growing larger since last spring. The Commissioners said it seemed like something from the outside had caused the corrosion, and Kevin explained the pipes are made of ductile iron with a concrete lining that is supposed to prevent corrosion.
  - The resident on Milford Drive that had the sump pump discharging into the sanitary sewer system has paid the \$200 fee.
  - The condo on Elmhurst Lane with the shared well that has over 100 parts per billion (ppb) of arsenic has been taken off the real estate market and is no longer for sale. Peter found it interesting and noted concern for all of the property owners with private wells containing high levels of arsenic within a quarter mile radius. Kevin agreed, and listed the Chiropractor on Omro Road and the residence on Daniel Court to be discussed during New Business in addition to this one. He also said the District will not pursue municipal water service at this property until an easement is obtained.
- b) Correspondence. Kevin stated he spoke with the Town of Algoma Treasurer regarding the District's Public Fire Protection (PFP) fee. He explained the Town's tax levy increased by almost 1.2%, or about \$12,000, and the PFP fee increased by 3%, or about \$4,000, so the Town only has to make up the difference of 1.8%, and will still have about \$8,000 left for other budgetary items. Jim asked if the Treasurer has a better understanding of the PFP fee and the reason the District needs small annual increases. Kevin said he explained that to her, adding the Public Service Commission (PSC) sets the 3% increase, and the fee includes the water the fire department uses and system maintenance. He also explained that if the Town decides to no longer fund the PFP fee, their tax levy must decrease by that proportional amount. If new construction enables the Town to grow by more than 3%, this would not be an issue, and the Town's value grew by more than 3% each year from 1997 to 2007. Jim thanked Kevin for taking care of this, knowing Kevin would do a better job of explaining all of this than he could. Kevin welcomed having questions on this or any other future items from the Town directed to him.
- c) Status of 2014 projects. No discussion was had on this agenda item.
- 6) Old Business.
- g) Discuss and act on contract negotiations for wastewater treatment services between the City of Omro and the Town of Algoma Sanitary District #1.
- i) **Jim made a motion at 6:08 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Chad/carried unanimously.**
- ii) **Jim made a motion to reconvene into open session at 7:15 p.m. to discuss and act on matters discussed during closed session/second-Peter/carried unanimously. Jim made a motion to authorize the Director to take such action that may be appropriate based upon the resolution of the City of Omro on November 18/second-Chad/carried unanimously.**
- h) Discuss and act on setting up a water utility policy and method for charging the unknown water leak rate. The drafted policy includes the following criteria:
- The leak must be identified by the District and unknown to the customer. This will prevent someone who has excess water usage due to a negligence to receive the water bill adjustment.
  - Total usage for the quarter is >100,000 gallons or three times (300% over) the average quarterly usage for the same quarter taken over three years. Jim suggested total quarterly usage be reduced to 75,000 gallons or two times (200%) the three year same quarter average usage for the residence.

- The leak adjustment rate is based on dividing Total Operation and Maintenance (O&M) Expenses by the System Demand Ratio Total Annual Gallons Sold from the last full rate case approved by the PSC, which is \$1.63 per 1,000 gallons. This allows a water bill reduction to almost 30% of the total original bill.
- Only one (1) adjustment is allowed per customer and per residence. Jim suggested “for a 12 month period” be added to the end.
- **Jim made a motion to approve the unknown leak rate policy for water bill adjustments as discussed and modified/second-Chad/carried unanimously.** Staff will handle all future situations based on this approved policy and, if necessary, residents are welcome to address the Commission at the next monthly meeting. The Commission has the ability to overrule any District policy as they see appropriate. Kevin added he received a follow up thank you email from the resident who initiated the establishment of this policy last month, expressing her appreciation for the Commission’s willingness to adjust her \$1,600 water bill. Jim directed the meeting to return to Public Forum.

7) New Business.

e) Discuss and act on municipal water extension request from 2907 Daniel Court.

- Staff recently learned that this resident has over 100 ppb of arsenic in his private well and he received quotes of \$14,000-\$18,000 to drill a new well with no guarantee of obtaining safe drinking water. Staff supplied two five gallon jugs of water to this resident as a temporary solution. Kevin presented a map of the area with the 2013 watermain extension survey results which indicated this resident had previously answered no and eight of his neighbors either said no or did not respond. Kevin also presented the 2013 arsenic study results for those who participated and an earlier arsenic test performed in 2000. Four properties in this area exceeded the safe drinking level of 10 ppb and each one of them said no to municipal water. The District’s goal is to make sure residents have safe drinking water.
- Kevin explained in order to serve this property the District would have to install 480 feet of watermain past eight properties that did not want municipal water, for a cost of about \$64,000. If the District assessed these nine properties, it would assign about \$70,000 of revenue but, only one property paying results in a 12% participation rate and the rest deferring. The District sent the resident the Wisconsin Department of Natural Resources (WDNR) arsenic brochure explaining the adverse health effects in hopes that he is able to communicate this information to his neighbors and attempt to get them interested in receiving municipal water service. He recently told the Clerk that this was unsuccessful and he intended on drilling a new well. The District strongly dislikes the idea of residents drilling new wells this close to the municipal water system. However, the Water Utility’s financial situation is not strong enough to fund that amount of money. Many homeowners may not realize they cannot sell their house without access to safe drinking water, which is usually more affordable than drilling a new well. Homeowners are given the option of paying their assessment over 20 years as opposed to paying in one lump sum, and if they sell their property they may only pay the assessment for a couple years and incorporate the rest into the sale or transfer it to the new owner(s).
- The District’s policy is for 70% of residents to agree to pay the assessment before proceeding with a watermain extension, but it could consider a smaller participation rate since this is a health concern with arsenic above the “no contact” level. Chad said he understands the District needs to help residents in situations like this, but when people cannot afford it, it is their right to say no. Jim added every new well that is drilled is a potential lost customer and one less advocate towards the 70% requirement when other people may want municipal water. As arsenic levels increase in other private wells in the area and more new wells are drilled, the District may never get municipal water there in the future. Chad added the only way around that is if the WDNR forbids the drilling of new wells.
- Jim asked if an easement is obtained through one of the two adjacent neighbors on Wylde Oak Drive, could the District insert a lateral on that watermain to serve this property. Kevin said he considered that, but it would require a long water service of over 200 feet, and he preferred to try to obtain additional interest first. If that is not successful, he could mention this alternative to the resident because of the health concern. If he is able to obtain an easement, the District would bring water service up to the road and assess his property \$11,500, and then he would hire someone to bore it in under the easement and up to his property. If a watermain is extended down his street in the future, the easement could be released and this property would not be assessed again.
- Peter mentioned perhaps the District may need to consider the possibility of modifying its approach to entice more customers since the current requirements are so strict. Kevin agreed, but explained since the District is a voluntary water system, Town residents were told that they would not be forced to pay. He also considered the cost to do a watermain extension throughout all of Scenic Drive, which would be about \$220,000, but would only include two homes that are willing to pay. The District risks putting itself in a worse financial situation if it does not meet the 70% threshold. If the District has to obtain bonding to complete a project and it reports spending \$100,000 and only receiving \$10,000, funding will not be provided. Using cash on hand is

- a possibility in 15 years, but the Water Utility is currently not a strong enough entity to support that and make its bond payments. Once it is past that point in time, the District can consider reducing the 70% threshold.
- Jim reiterated the fact that there is a health issue with this well. Out of concern for the District's future, he would like the District to re-evaluate its policy to include criteria that will reduce the 70% participation requirement for certain situations, such as public health and future growth, which will allow the District to be more proactive in getting municipal water service to these residents. He said the District should be doing more than it has been to keep residents from drilling new wells. The District will never have this property as a customer if the homeowner drills a new well, which defeats the purpose of the District. This also goes against what the WDNR wants, and they consider every new well to be a potential future problem. He mentioned the possibility of the Water Utility borrowing from the Sanitary Utility to fund these types of projects. He also suggested staff address the neighbors directly to explain the situation, and Kevin said he would and added this resident is looking for a solution to this issue within 3-6 months before he puts his house on the market.
  - Jim noted it's interesting how arsenic levels can vary so much. They depend on several factors, such as the depth of the well, how it was drilled, and whether the arsenic layer was oxygenated. His private well is 120 feet deep and his neighbor's well is 250 feet deep and neither of them have arsenic.
- f) Resolution #2014-11-1 to approve the 2015 annual sanitary sewer user fee for Town of Algoma Sanitary District residents per equivalent unit. The Commission received copies of each of these resolutions prior to the meeting
- Kevin explained each resolution is based on budget information and he feels the Commission has had good conversations regarding the user fee for Town of Omro residents. Jim stated his concern for the \$70,000 deficit the District could experience if the rates the City of Omro is proposing to charge the District for sewage treatment are finalized, which looks likely. Kevin answered the District may end up paying those higher rates for at least two quarters before the PSC can finalize the rate structure. Due to the reduced sewage treatment charges the District obtained from the City of Omro in 2014, the Town of Omro sewer user fee revenue resulted in a surplus of about \$20,000. By carrying that over and charging Town of Omro residents the same user fee of \$581 per equivalent unit, the District can cover up to \$148,000 of 2015 sewage treatment costs. If there are a lot of leaks, that amount of revenue will not cover the costs and the District will have to figure out how to charge Town of Omro residents for the shortfall, but if the District is able to keep flows low, it may be able to cover 2015 treatment charges. The reduced City of Omro sewage treatment rates for 2014 would have resulted in Town of Omro sewer user fees to be reduced by \$16, however, when establishing the 2015 budget, staff knew of the risk for increased sewage treatment rates from the City of Omro and decided to keep the sewer user fee flat. Kevin is comfortable with that rate and the District will continue doing its best to further reduce City of Omro sewage treatment rates.
  - Jim said he is confident the District can cover its costs, but he is concerned that doing so will come out of the Town of Algoma's sewer user fee revenue. Kevin answered the user fee for both Towns is established on the same base charge of \$223 to cover all general expenses, and the only difference is due to the cost of sewage treatment. When the City of Oshkosh has a plant upgrade or new generator purchase, this is added to the sewage treatment rate the District is charged and increases the Town of Algoma's user fee. If there is some other cost that does not go into treatment of wastewater, then it has a direct effect on the \$223 base charge.
  - Once a more solid sewage treatment rate is established with the City of Omro, the Town of Omro user fee can be adjusted accordingly. The budget allows staff to do a true up each year to establish residential fees based on estimated costs incurred during the current year. The District has to be careful not to raise Town of Omro rates too high and discourage development within the Town of Omro. Kevin concluded he is trying to operate the consolidated District as one system as much as possible.
  - i) User fee for properties discharging to the Oshkosh Wastewater Treatment Facility to be set at \$309.
  - ii) User fee for properties discharging to the Omro Wastewater Treatment Facility to be set at \$581.
  - **Peter made a motion to set the sewer user fee for properties discharging to the Oshkosh Wastewater Treatment Facility at \$309 and to set the sewer user fee for properties discharging to the Omro Wastewater Treatment Facility at \$581/second-Chad/carried unanimously.**
- g) Resolution #2014-11-2 to set the 2014 property tax levy at \$206,750. **Peter made a motion to approve Resolution #2014-11-2 to set the 2014 property tax levy at \$206,750/second-Chad/carried unanimously.**
- h) Resolution #2014-11-3 to set the Public Fire Protection fee in the Town of Omro in the amount of \$72.33 per District parcel.
- Chad asked if the District received any response from the Town of Omro regarding the District's request for the Town to collect the PFP fee from their residents. Kevin stated the District had not received a formal response, but he had a conversation with the Town and they had not budgeted for collecting this fee. Their total tax levy is about \$342,000, so this would be a substantial portion of their tax levy. **Jim made a motion to adopt Resolution #2014-11-3 to set the Public Fire Protection fee in the Town of Omro in the amount of \$72.33 per District parcel/second-Peter/carried unanimously.**

- Chad asked if it is possible to raise funds to cover this fee. Ray answered the statutes mandate the Town “shall” provide fire protection, but it “may” provide funding for it. Kevin clarified the District cannot bill the Town for water usage by the fire department because that is included in the PFP fee. Chad asked if the fire department notifies the District when they use the water system and Kevin answered yes. Luckily, both Towns have experienced very few fires in the past several years.
- i) Resolution #2014-11-4 increase of 3% for the 2015 Contribution in Aid of Construction (CAC). The Commission received copies of each resolution prior to the meeting. **Jim made a motion to approve Resolution #2014-11-4 to increase the 2015 Contribution in Aid of Construction (CAC) by 3%/second-Peter/carried unanimously.**
- j) Discuss and approve the 2015 annual budget. **Peter made a motion to approve the 2015 annual budget/second-Chad/carried unanimously.**
- k) The Commissioners will go into closed session pursuant to Wisconsin Statute 19.85 (1) (c) to discuss matters in relation to annual employee evaluation. **Jim made a motion at 8:17 p.m. to go into closed session to discuss matters in relation to annual employee evaluation/second-Peter/carried unanimously.**
- l) The Commissioners will reconvene into open session to discuss and act on matters discussed during closed session regarding employee evaluations. Kevin stated the Commission was back in open session at 9:17 p.m. **Jim made a motion that the Director’s salary is to remain at the same base amount of \$118,226, with a \$2,000 merit pay to be payable December 1/second-Chad/carried unanimously.**
- 8) **Peter made a motion to adjourn the regular monthly meeting at 9:18 p.m./second-Jim/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President



**Town of Algoma Sanitary District #1  
December 11, 2014**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for December to order at 6:00 p.m. Also present were Utility Director Kevin Mraz and District Accounting Manager Michael Claffey. Commissioner Peter Cernohous and District Attorney Ray Edelstein were excused.
  - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one.
  - b) Approval of the minutes of the previous meeting. Jim previously requested the term arsenic “level” under new business be changed to “layer”, which was included in the minutes to be approved. **Chad made a motion to approve the minutes of the regular monthly meeting on November 13 as submitted/second-Jim/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. Mike noted the homeowners at 4966 Lansing High Point caused permanent damage to their grinder pump and the District charged them the replacement cost of \$2,415 which was received between two separate checks. When Chad asked how it was damaged, Kevin explained the contractor removed the panel for the grinder pump upon removing the old house. Despite District staff telling the contractor the importance of replacing the panel because it works with the grinder pump, when the new house was constructed and everything was reinstalled, the grinder pump panel was not put back on the house. The builder told the owners they could move back in, however, the District was not notified and the grinder pump did not operate. The homeowner noticed sewage beginning to back up onto their garage floor because the grinder pump flooded due to contractor negligence for not being installed correctly and operational. The District replaced the grinder pump at this property and notified the homeowner of their financial responsibility for the cost of its replacement. The homeowner sought relief from the title company, who paid a larger portion of the cost. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. None.
    - ii) Note any balance adjustments. Mike explained there were a couple minor changes from the balance adjustment sheet sent to the Commissioners previously. The parcel numbers were added to the five assessments that were adjusted. The adjustments showed on the report as a negative entry when they should have been positive because the payment that was calculated for the tax roll was higher than it should have been based on the payment schedules. The last item was to add a bounced check fee to a water customer’s account. **Jim made a motion to approve the November balance adjustments report as submitted/second-Chad/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Jim asked if the invoice from Workhorse Software was for the District’s Utility Billing program. Mike answered yes and explained it included the entire accounting package of six different programs: Accounting, Utility Billing, Asset Management, Assessments, Payroll, and Miscellaneous Billing which is used for billing sewer user fees. Jim also asked if this was the same company the District was going to discuss electronic billing with for its customers. Mike said earlier that day the District received a blog post from Workhorse explaining their latest update scheduled the following week included the ability to email bills in Miscellaneous Billing and they anticipate having the ability to email water bills by the middle of next year. Jim noted one downside to emailing bills is that people constantly change their email addresses, and Kevin stated the District would need to have a management system in place to address multiple issues that could occur before that resource can be utilized.
    - Chad asked why the Morse Pump at the Shorehaven Lift Station needed to be replaced. Kevin explained this cost replaces all impellers and bearings on the three underground pumps which are more than 20 years old. This upgrade may produce a little more output. The pumps are going to be worked on one at a time so a lead pump and a lag pump would always be available. This project is scheduled to begin this December, but staff wanted payment approved this year for budgetary reasons.
    - Mike explained there was a dollar amount change and a couple of wording additions to clarify what was previously listed on the pending bills sheet. The payment to Twigs Beverage for water bottles is \$931.44, which includes a delivery charge, as opposed to the original quote of \$880.
    - Chad asked if the District ever receives quotes from other companies for commercial insurance. Kevin stated staff has compared costs in the past, but since the McClone Agency is an independent insurance company, they also do some of that research for their clients. He added although it seems like a large bill, the District has always had a good experience with this company. Mike stated an additional bill for Errors and Omissions for about \$9,500 will be due in May so the District’s total annual insurance cost to them is about \$45,000.

- **Jim made a motion to approve the December pending bills for sanitary and water, including the adjustment Mike mentioned, and previous disbursements for November as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
  - 4) Commissioner Statements. None.
  - 5) Director's Report.
    - a) Review of District statistics. Kevin stated the District's year-to-date totals include 49 water permits and 29 sewer permits. The November monthly average sewer flow to the City of Omro was about 41,000 gallons per day (gpd).
    - b) Correspondence. No discussion was held on this agenda item.
    - c) Status of 2014 projects. No discussion was held on this agenda item.
  - 6) Old Business.
    - i) Discuss and act on contract negotiations for wastewater treatment services between the City of Omro and the Town of Algoma Sanitary District #1. The Commission decided to not go into closed session pursuant to Wisconsin Statute 19.85(1)(e). Kevin stated the Public Service Commission (PSC) accepted the District's submittal of formal complaint for sewer rates. Earlier that day the City of Omro was served the complaint with all supporting documentation the District submitted to the PSC. District staff will forward the formal notice to the PSC when received the following day from the individual who served the City. The PSC will then likely notify the City of the formal process and they will have 20 calendar days to respond with their answer as the complaint continues through the legal process. All information goes to the PSC and their administrative law judge oversees these types of cases. Kevin's earlier communications with the PSC indicated their formal process anticipates up to six months for a resolution, so this may be completed by next June unless something happens that creates an earlier decision.
    - j) Discuss and act on municipal water extension request from 2907 Daniel Court for a portion of Scenic Drive.
      - Kevin presented a map of the formal responses received from thirteen of the twenty residents affected by this potential watermain extension, which show seven did not respond to the survey. The letter the District sent the residents included a self-addressed stamped envelope. Unfortunately, some people may not want to release their opinion, even though this was their opportunity to voice whether they were for or against receiving municipal water service. It would be incorrect for the District to assume all the homeowners that did not respond want municipal water since they did not say they *didn't* want the water and vice versa. Kevin explained the next steps would be to hire an engineer to draft the design and provide an official cost estimate, then assess the properties and send the homeowners official legal notification of the special assessment and ask whether they would like to participate or defer. Unfortunately, the Water Utility's only options for funding these types of projects are through assessments and water rates. Ten years from now, the Water Utility may be more financially strong, however, based on the current financial constraints, staff cannot recommend this watermain extension without the 70% participation rate at this time.
      - Kevin's cost study to provide water service to all of Scenic Drive is about \$109,000. To extend the watermain from Wylde Oak Drive to the residence on Daniel Court requesting municipal water service is about \$64,000. While 100% of the project may be assessed, since the water system is voluntary and the District allows residents to defer their assessment, a majority of the assessments may not be collected right away. Public financing is not an option because a bank or loan company will not accept this risk. Any funds the Sewer Utility lent to the Water Utility would be unavailable for an unknown period of time and would prevent the Sewer Utility from taking advantage of other opportunities should a project arise.
      - The District desires to address the health needs of the owner, and all future owners, of this property. The two residents on Wylde Oak Drive whose properties are adjacent to this residence have denied an easement for water service through their property. Since the District is unable to serve municipal water to this residence, this resident has two remaining possibilities: 1) share a well with a neighbor, or 2) drill a new well. The disadvantage to sharing a well is it may cause issues when he puts his house on the market. The homeowner notified the District of a grant offered by the Wisconsin Department of Natural Resources (WDNR) to drill a new well, with eligibility based on income and capped at \$9,000 per home. The private well must also meet numerous water quality requirements, such as presenting two consecutive arsenic samples above 50 parts per billion (ppb). Kevin verified with WDNR staff that it must be at least 50 ppb, as opposed to 10 ppb which is the current maximum amount of arsenic considered within the safe drinking water level, and was also told there is no flexibility in that requirement. If it were 10 ppb, Kevin could notify the six residents in this area that are saying they do not want municipal water service that they could be eligible for a WDNR grant to help pay for the assessment.
      - Jim stated people are not thinking long-term and may not realize the other ramifications residents can experience for having a private well that does not meet safe drinking water requirements, such as the inability to sell their house, until they find themselves in that situation. He suggested the District present a case study

of financial facts about having a well with arsenic, including: 1) a lender will not lend money for a buyer to purchase a house that does not have safe drinking water, and 2) if municipal water is not available, the upfront cost to drill a new well is \$18,000-\$20,000. If municipal water service is available at a residence, the cost is closer to \$12,000-13,000 and the resident is offered 20 year financing. He also suggested getting a statement from a realtor, a title company, and/or a lender stating this information. The resident told Kevin when he spoke with his neighbors he informed them of the proposed cost to drill a new well. The letter sent also included the WDNR arsenic brochure that discusses the health effects of arsenic in well water. Jim said people buy bottled drinking water if their well water is unsafe, but they also need to understand they do not have to hook up once the watermain is run past their property and they also have the option of deferring the assessment. Kevin said he feels the District has always explained that to its residents. He also said he liked the fact sheet idea and would like to put an article in the Consumer Confidence Report (CCR) that is sent to all District residents. Jim added he would like to see this information in bullet point format, listing examples of properties in the District that could not sell their houses because of this issue, and the costs the homeowners have incurred because of it. Kevin agreed and added this will also help show the District has done its due diligence to educate residents and encourage them to come to the voluntary decision to have municipal water service available to their property. He also suggested including a sample form a seller submits that discloses their private well water quality information prior to putting their house on the market. Almost every homeowner sells their house at some point, usually within 10 years. Jim suggested since the residents included in this potential watermain extension may or may not have arsenic in their wells, they could be a good group to distribute this information to first. This information could also be inserted in the CCR, but he fears a majority of people will not read it. Chad suggested creating a page on the website explaining how arsenic can affect an individual and discusses not only the health aspect, but also the financial impact. Kevin agreed and also suggested putting a footnote on the cable channel, but Jim thought not very many people would see it and preferred mailing this information. Kevin said it will also be added to the website, which is a quick and easy method for a lot of people to view it.

- As Jim mentioned at the previous monthly meeting, when residents spend a vast amount of money to drill a new well, they will be less apt to accept municipal water service in the future because they want to get the most out of their investment. However, if they sell their property, the next owners that did not incur that installation cost directly may be more willing to abandon the well and hook up to municipal water should it become available in the future. It seems the District has made municipal water available in most of the areas that desire it. In another 10 years or so, the Water Utility may be able to start considering areas with only a 50-60% participation rate and complete watermain extensions slowly until most of the District has municipal water available.
- Kevin mentioned he believed the Wisconsin Statutes expanded the scope for what private wells are responsible for prior to a sale, which include testing for nitrates and arsenic in addition to bacteria. He offered to look up this information in the DNR codes and send it to the Commissioners. Jim asked that he also check with a realtor and a lender to see if they are willing to make a statement for a formal document that will inform nearby neighbors of these situations. Kevin stated he would contact this resident to inform him that the District will not extend the water system in this area at this time based on the responses received, as well as the immediate and long term financial impact.

## 7) New Business.

### a) Discuss and act on Town of Algoma pavement plan for North Oakwood Road scheduled for 2016.

- Kevin explained the previous survey responses received from 2013 and discussed the location of existing watermains. In this new pavement plan area only three homes wanted water. With water currently not available in this area, the District reviewed the possibility of installing watermain prior to the Town's plan to repave the road in 2016. Kevin met with the Town of Algoma Administrator, John Haese, to discuss the details of this project and he asked Kevin to attend their public meeting later this month. Kevin explained to the Commission that the Town road and walking trail decision is completely separate from adding municipal water service. If the District installs a watermain in this area, the homeowners would be specially assessed, but the cost for the road and storm sewer is a general cost of the Town.
- If the District were to consider putting water in the three areas on North Oakwood Road that do not have water service available, it would require about 2,000 feet of watermain with an official opinion of probable cost of \$429,000. The Water Utility's only methods of collecting funds from its approximately 1,000 water customers are through special assessments and water rates. Only about three properties are willing to pay an assessment, resulting in about \$30,000 of revenue expected to be collected. The impact of funding the remaining \$400,000 would require each of the 1,000 current water customer's rates to increase by \$10 per quarter for ten years. A watermain extension on Scenic Drive, which was discussed earlier in this meeting, is a smaller decision which would only cost water users an additional \$2.50 per quarter for ten years. The

decision to serve the three properties on Partridge Court last summer was fairly simple since the District only extended the watermain past these three participating properties and did not continue further, even though there was an additional resident willing to pay an assessment farther down the street. While the District would like to see a watermain placed on North Oakwood Road before the Town paves it, Kevin explained it may be possible to lay pipe between the walking trail and the back of the curb in the future with minimal damage to the asphalt. Chad agreed that it makes sense from a construction standpoint, but the idea of charging the entire community for one or two specific watermain extensions, whereas other projects have just been assessed to the homeowners receiving the benefit of municipal water service, is an inconsistent concept for the District.

- Kevin went on to explain that deferred assessment payments received in the future will be used to help pay off the bonds. If the bonds are already paid through water rates, future revenues will go toward helping to keep water rates low, which would be a benefit to all the District's current and future water customers.
- Some discussion was had on the details of the engineer's cost estimate, such as verification that it included \$82,000 of pavement repairs. If this project were considered, it would be performed during the Town's repaving project which would reduce the asphalt and traffic control costs, as well as possibly some of the contingencies. However, even with these costs reduced, the project would still cost over \$300,000 and not be a cost effective decision for the Water Utility at this time. While this would create an additional loop in the water system by Oakwood Circle, the District already has a loop in this area and would not receive much additional operational benefit from having another one.
- Another concern District staff has regarding this potential Town project is the street flooding that occurs in this area. Kevin showed the Commissioners a picture of the new portion of North Oakwood Road, which had standing water earlier this year, and said there are times when up to eight inches of water goes over the road. He explained his concern for always having access to the District's lift station on Shorehaven Lane, even during a flooding situation, in his meeting with John. As part of this project, the Town is proposing to cut the road heading north on Oakwood Road between Sheldon Drive and Prairie Wood Drive by one and a half to two feet, which will aggravate the flooding problem. Kevin showed John numerous pictures of flooding on the east side of the street in this area and explained his concern that this project will not take care of this issue. Another related concern is the possibility of manholes being three feet underwater. Kevin sent his formal response explaining these concerns to John, Town Chairman Tim Blake, and Pat Rank from Strand. He also told the Commissioners the District would inspect the sewer and watermain infrastructure to verify it will outlast the lifespan of the asphalt road.
- If the Town decides to pursue this project, the District will incur some additional costs. The Operators will need to televise the sanitary sewer system to verify no damage was sustained to the manholes prior to the road repair. Also, if there are not enough adjustment rings available to lower the manholes to grade, additional parts may have to be purchased. Chad asked if this project would impact the District's sewer mains and Kevin stated the sanitary sewer is in the middle and the east side of the street and would not be affected.
- Jim asked if the Town is proposing to put storm sewers on both sides of the street and remove the ditches. Kevin explained the storm sewer generally goes down the middle of the street and the ditches will remain in addition to the ditch in the back of the walking trail. The plans include a proposed catch basin between each driveway that will drain into the storm sewer, along with some gutters and more inlets.
- Jim asked if Kevin researched arsenic levels in this area and Kevin said he was just considering design ideas at this time. Kevin also said John mentioned the Town was not sure if it was going to pursue this project. The Town's public meeting regarding this project is scheduled for January 13, 2015. Jim mentioned two of the four Supervisor positions for the Town of Algoma will be up for election this spring along with the Chairman.

8) **Chad made a motion to adjourn the regular monthly meeting at 7:10 p.m./second-Jim/carried unanimously.**

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

Approved: \_\_\_\_\_  
Jim Savinski, President



**Town of Algoma Sanitary District #1  
Special Meeting Minutes  
December 19, 2014 – 12:00 p.m.**

- 1) Open special meeting.
- 2) Commissioner Chad Hayes with Commissioner Peter Cernohous via teleconference called the special meeting to order at 12:08 p.m. Also present were Utility Director Kevin Mraz and District Accounting Manager Michael Claffey. Commission President Jim Savinski and District Attorney Ray Edelstein were excused.
  - a) Kevin noted the District is using a tape recorder for maintenance of the minutes. No one else using one.
- 3) Public Forum. No one was in attendance from the public.
- 4) New Business.
  - a) Approve pending bills for sanitary. Mike explained the only pending bill to be approved included a payment to the City of Omro in the amount of \$4,500 for connection fees collected for the nine sewer permits distributed in the Town of Omro for 2014. **Chad made a motion to approve pending bills as submitted/second-Peter/carried unanimously.**
- 5) Adjourn meeting. **Chad made a motion to adjourn the special meeting at 12:09 p.m./second-Peter/carried unanimously.**

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

Approved: \_\_\_\_\_  
Chad Hayes, Secretary