

Town of Algoma Sanitary District #1
January 8, 2015

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes and Commissioner 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 Accounting Manager Michael Claffey, and District Attorney Ray Edelstein.
 - 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 meetings. Jim complimented the thoroughness of the minutes and the others agreed. **Jim made a motion to approve the minutes of the regular monthly meeting on December 11 as submitted/second-Peter/carried unanimously. Chad made a motion to approve the minutes of the special meeting on December 19 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-Chad/carried unanimously.**
 - i) Note any investment changes. Mike mentioned the District needs to transfer \$7,500 from Community First Credit Union to First Merit Bank to help cover the former Town of Omro Sanitary District's bond payment due on February 1. No motion was necessary, as this will be approved during agenda item d) pending bills.
 - ii) Note any balance adjustments. Mike explained the 2014 annual cost of money adjustment for all deferred assessments is \$138,856.09. A small adjustment corrected an inaccurate cost of money adjustment for the last few years on a property, for a total credit of \$154.50. An adjustment added a bounced check fee to a customer's water account and another voided a special read charge to a resident due to a miscommunication with the title company on the closing date. **Peter made a motion to approve the December balance adjustments report as submitted/second-Jim/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike explained the few changes from the report sent to the Commissioners the previous day. District staff voided the check previously issued to Trilogy Consulting in December and issued a new check for \$682.50 based on the invoice received. Since the payment for a higher amount was approved previously, it was not included on the pending bills list. The payment to the City of Omro for fourth quarter wastewater treatment charges was changed to \$21,707.95, which was verified with the City of Omro. Baker Tilly submitted an invoice for \$1,992 for audit planning services performed in December which was not included on the pending bills sheet. Jim asked that the revised pending bills sheet be emailed to the Commissioners. **Jim made a motion to approve the January pending bills for sanitary and water and previous disbursements for December as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Peter asked for further explanation on the overtime wages chart that was sent to the Commissioners and if it was necessary for the District to pay that much in overtime to its employees. Kevin stated the annual total was about \$21,000 for 2014, and stated a majority of it is due to operational issues that are sometimes beyond the District's control. He went on to explain the District is required to take samples every day of the week, which requires an Operator to work on Saturdays and Sundays. The pager is rotated between the three District Operators, with each one being on-call every third week. The workweek begins at midnight on Fridays, and the Operator on-call begins the workweek taking samples totaling two hours each on Saturdays and Sundays. This results in the Operator working 12 straight days, which can be demanding. The Operator then has the option of either leaving at noon the following Friday or staying until close and receiving four hours of overtime pay that week. If the Operators were required to take mandatory comp time, this policy change would make them unavailable in case projects were to come up and they were needed.
 - Overtime is also paid to hourly employees for attending the monthly meetings, which totals about two to four hours per month. A majority of the overtime is related to field work, either triggered by alarms for high flows, low levels, failures, etc., or inspections because contractors typically prefer to work from 7:00 a.m. to 7:00 p.m. each business day. There tend to be more emergencies during the spring months, and last spring an Operator had to work 24 hours straight to monitor the alarm system so that no residences experienced a sewer backup.
 - Overtime is accounted for in the 2015 budget. It is still more cost effective to pay overtime than to hire an additional employee. The District hired part-time employees last summer to reduce overtime and pay a lower wage for routine maintenance duties such as lawn mowing. Once an employee works over a certain number of hours per year, he or she becomes eligible for Wisconsin Retirement and must be offered some capacity of health insurance.
 - Jim said he thinks the District is handling the situation correctly and added it is pretty commendable to absorb an entire Sanitary District without adding any additional manpower. Kevin agreed, adding consolidation with the former Omro Sanitary District meant taking responsibility for additional lift stations, which has resulted in receiving a few more alarm call-outs, while being able to maintain the same level of staffing.

5) Director's Report.

a) Review of District statistics.

- Kevin announced the District's year end statistics which include distribution of 49 water permits and 29 sewer permits. Of the 29 new structures built within the District last year, nine are homes in the Town of Omro, six are condos or apartment complexes in the City of Oshkosh, and fourteen are homes in the Town of Algoma. The District targeted 30 water permits and 15 sewer permits to be distributed in 2015.
- The District averaged 53,000 gallons per day (gpd) to the City of Omro Wastewater Treatment Plant, totaling 19.3 million gallons for 2014. This total is substantially less than the City of Omro's estimate of 24.5 million gpd used in their rate studies. The District's annual goal of 45,000 gpd from last year has remained the same for this year. The Town of Omro flows fell below this level for about four months last year, but in December it increased to 50,000 gpd due to warmer temperatures and a sizeable rainfall received on December 13. Additional flows entering the sanitary sewer system had not receded back down since that rain storm and the Operators were asked to search for the leaks.
- The average flow to the City of Oshkosh for 2014 was 555,000 gpd. The City usually sends the District the invoice for fourth quarter wastewater treatment in April upon completion of their audit. Kevin stated the addition of new connections to the sanitary sewer system results in higher average daily flows than the District has experienced in recent years. At almost 100 gpd per household, this increase in total flow can add up quickly.
- Jim noticed water revenue seemed to have increased considerably and he thought it was due to the new connections to the municipal water system. Kevin agreed and said the District billed almost \$122,000 in water usage for fourth quarter. Mike noted the biggest cause for the increase in water revenue last year was due to receiving about \$406,000 in deferred assessment revenue, which are one-time income amounts. Not including those, the District received about \$1 million in water revenue in 2014. Kevin added two big projects that paid off their deferred assessments were the watermain extension through the subdivision on Hunters Court and several commercial properties that sold in the Town of Omro. Mike also said two projects that generated new assessment revenue were the development of additional lots in the Third Addition of Butte des Morts Meadows and the Partridge Court watermain extension.

b) Correspondence.

- Tom Tuschl, Chairman of the Town of Omro Planning Commission, invited Kevin to attend their meeting that evening to discuss their Future Land Use Plan and Comprehensive Plan. Kevin forwarded the Commissioners the request for his attendance as well as the Town of Omro's Future Comprehensive Plan.
- The PSC also forwarded Kevin their tentative schedule for how they are handling the District's sewer rate complaint.

c) Status of 2015 projects. Kevin presented a working log for the Operators that outlined all the operational projects planned this year. Some examples include painting hydrants and inserting all sewer manholes, valves and hydrants on a GPS program. It also lists annual goals, such as flowing an average 45,000 gpd to the City of Omro and total water and sewer connection permits, along with dollar values approved in the budget. Kevin will send the completed document to the Commissioners once it is finalized.

6) Old Business.

a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.

- i) **Jim made a motion at 6:23 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/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/second-Chad/carried unanimously.**

7) **Jim made a motion to adjourn the regular monthly meeting at 6:55 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
February 12, 2015

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 Accounting Manager Michael Claffey, and District Attorney Ray Edelstein. Dave Wagner of Ehlers was also in attendance.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one. Jim suggested the meeting begin with agenda item 7a. Upon completion of agenda item 7a, Dave Wagner was excused and the meeting continued with agenda item 2b.
 - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on January 8 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. Mike explained two transfers to be done by check will be approved during pending bills. One check will transfer water and sewer B Bond Assessment funds received from the 2014 tax roll of \$58,498.40 from Community First Credit Union to First National Bank. The other check will transfer \$8,637.24 of sewer assessment funds received from the 2014 tax roll from Community First Credit Union to First Merit Bank.
 - ii) Mike explained there were two balance adjustment reports to approve this month. The second December report recorded a water special assessment of \$11,500 for the water service installed at 4966 Lansing High Point last year. The January report added eight water supply charges totaling \$30,156.64 to the parcels in the Third Addition of Butte des Morts Meadows that were developed last year. Two of the ten total parcels were assessed previously and included a water supply charge, and the developer paid the total cost of the new project. One balance adjustment reclassified the interest charged on an assessment to an increase in the principal balance, resulting in a \$0.00 net adjustment. The last adjustment voided a fourth quarter water bill of \$341.89 after applying the leak credit policy the District approved previously, resulting in a revised bill of \$195.55. **Chad made a motion to approve the second version of the December balance adjustments report as submitted/second-Jim/carried unanimously. Chad made a motion to approve the January balance adjustments report as submitted/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike explained the previous disbursements report sent to the Commissioners omitted the January payroll checks of \$24,696.82, resulting in a revised previous disbursement total for January of \$83,567.54. **Peter made a motion to approve the February pending bills for sanitary and water and previous disbursements for January as corrected and explained by Mike/second-Jim/carried unanimously.**
- 3) Public Forum. None
- 4) Commissioner Statements.
 - Jim mentioned a neighborhood resident approached him to discuss his dismay that Town of Algoma residents are paying for the increased wastewater treatment cost that the City of Omro charges the District to treat Town of Omro wastewater. Jim explained to him that the District charges different sewer user fees to residents in each Town based on which wastewater treatment plant receives their sewage. Kevin stated the website clearly shows the difference in the rates and mentioned staff could include an article in the Consumer Confidence Report (CCR) that defines the two charges and shows the increase that Town of Omro residents receive.
 - Peter mentioned a City of Oshkosh resident asked him why the District bills them for an annual sewer user fee. Kevin said that staff receives that question often, and they explain to residents that their City of Oshkosh water bills do not include a sewer charge and the District bills them once a year for sewage treatment. Kevin added the Commissioners are welcome to direct residents to the website or the District office because he is always willing to meet with them to help answer their questions.
 - Jim asked about the status of the arsenic fact sheet mentioned at the December meeting that discusses the options a resident has if their private well contains unsafe levels of arsenic and the property does not have access to the municipal water system. He said he understands staff has a lot going on right now and did not want it forgotten about. Kevin stated the fact sheet will become a priority once the City of Omro case is complete.
 - Jim mentioned the colored packets each Commissioner receives at the monthly meetings are unnecessary since staff sends the information to each of them electronically. The others agreed and asked that the agenda be the only paper document provided at the meetings.
 - Jim noted the April meeting is currently scheduled during the week of Easter, which is the Oshkosh Area School District's spring break, and asked if it could be changed to the following Thursday. **Chad made a motion to move the regular monthly meeting from April 9 to April 16/second-Peter/carried unanimously.**

- Jim said Andy Irvine thanked the District for the memorial bench and plaque placed in front of the Administrative Building in honor of his father, Alexander. His mother, Mary Jean, was very pleased to see it as well. Jim told Andy to let him know if the family wanted to perform a dedication. Peter suggested holding it after the Town of Algoma parade in June when there would be several people at the Administrative Building.
- 5) Director's Report.
- a) Review of District statistics.
 - Kevin reviewed the past annual fees the District has paid the City of Omro since 2006. He noted totals of about \$97,000 in 2006, \$166,000 in 2011, and \$94,600 in 2014. The greatly reduced charge in 2014 is a result of reducing wastewater flows and achieving a decreased treatment rate of \$2.14 per thousand gallons from a previous rate of \$4.50. The January average daily flow to the City of Omro was 45,700 gallons, with the District's annual target of 45,000 gallons per day.
 - The District distributed three water permits and three sewer permits for new residences in the Town of Algoma for the year. One house was excavated in Butte des Morts Meadows that past week and another in Olde Apple Acres was scheduled the following day. During excavation, the Operators noted there was about 18 inches of frost in the ground, so the warmer temperatures experienced lately pulled some of the frost out.
 - b) Correspondence. To be discussed in closed session.
 - c) Status of 2015 projects. No discussion was held on this agenda item.
- 6) Old Business.
- b) 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)/second-Chad/carried unanimously.**
 - ii) **Peter made a motion to reconvene into open session at 7:18 p.m. to discuss and act on matters discussed during closed session/second-Jim/carried unanimously.**
 - iii) **Chad made a motion to authorize Kevin to take such actions as are necessary to prepare for the PSC hearing involving the sewer rate case with the City of Omro/second-Jim/carried unanimously.**
- 7) New Business
- a) Discuss and act on Resolution #2015-2-1: Resolution Providing for the Sale of Approximately \$2,370,000 General Obligation Refunding Bonds, Series 2015A.
 - Dave Wagner from Ehlers & Associates explained the District is planning to apply a certain amount of cash in this bond refinancing. Upon consolidating with the former Omro Sanitary District, the District inherited some cash in a debt service reserve fund dedicated to the Special Assessment B Bonds, and this fund has a remaining balance of over \$50,000. The Sewer Utility owes \$142,450 of the Special Assessment B Bonds and, since the Sewer Utility has sufficient cash on hand, Dave explained it probably makes sense to apply some toward paying its portion off. Then, the total amount of this refinancing would be payable by the Water Utility.
 - Dave provided District staff with several financial schedules with conservative rate estimates showing purely the results of refinancing, the District's debt before and after refinancing, and the results of refinancing split between the Water and Sewer Utilities. He also explained the results are subject to any changes in the market over the next several weeks. If the expected savings drop below a certain level, the District should consider terminating the refinancing process.
 - The refinancing schedule shows a lack of savings during the first year because some of the debt the District plans to refinance does not have an interest payment due for the rest of the year, while the new bonds will. The District could arrange the payment schedule without any interest due this year, but the District would receive better bids with interest due every six months. After the first year, the projected savings is over \$70,000 per year through the next four years, which is where the current Water Utility debt payment schedule needs the most relief. Then, the District would experience minimal savings over the remaining payment schedule. The total savings over the 13 years of remaining debt service is estimated at about \$313,000 and, after paying about \$195,000 of cash on hand, the savings using the Net Present Value basis is just under \$100,000. The Future Value basis uses the difference between the \$313,000 savings and the \$195,000 cash paid, however, the standard in the refinancing industry is the Net Present Value basis. Ehlers estimated the Bond Yield, or the estimated rate of the new bonds, at 2.135%, however the District might consider the discount rate to be what it can earn on its savings, which is well below that.
 - Kevin asked Dave to elaborate on how this refinancing removes the District's risk associated with the Build America Bond (BAB) it currently holds. Dave explained the interest payments left on the BAB are about \$650,000 and he estimated the savings as if the District were to receive the full interest rebate of 35%, or \$220,000. However, the federal government has decreased this rebate by a total of about \$20,000, or by about 10% over the life of the bond, by currently paying a rebate of about 32%. Kevin added the District was aware of the risk that it may not continue to receive the full interest rebate. Dave said even if the rebate is less than 35%, it was still the best deal available at the time the District applied for financing. The gross savings of refinancing is \$114,000 plus the \$220,000 total of interest rebate payments.

- Kevin stated the cost of refinancing includes about \$30,000 in counsel and financial advisor fees. Dave explained when bidders bid on the bonds, they have to pay a minimum of 99% of face value, with the remaining 1% considered the “underwriters discount”. The estimated underwriters discount for this debt issue is \$23,700, or 1% of the \$2,370,000 face value of the new bonds. If they do not commit at 99%, but instead mark the bonds up to their customers so a higher interest rate is paid, they can then pay the District more than the face value of the bonds and downsize the bond issue when they bid the bond sale, which is quite common. Some banks still bid the discount, which is why he included it in the refinancing information. The winning bidder is the one with the lowest true interest rate, which is the APR calculation considering the upfront costs and interest over time.
- Upon approval to pursue this refinancing, Kevin mentioned the importance of the District having a quorum at the next monthly meeting because Dave will present the bid results and, if the savings are sufficient, how crucial it is to have the Commission approve them that same day to finalize the result. Dave mentioned Ehlers can reschedule the sale, but they would need to know by the Friday before the March meeting at the latest. He explained 28 days is adequate to complete the refinancing, but it is probably the minimum amount of time necessary.
- Dave asked if the District received the questionnaires from Ehlers and Quarles & Brady which are necessary to release the bond offering documents. Mike stated he submitted Quarles & Brady’s questionnaire earlier that day and Ehlers would receive their documents soon.
- Kevin asked the Commission for approval of the resolution and authorization for him to sign the Scope of Engagement Letter with Quarles & Brady for a cost of \$9,500. He reiterated that refinancing will cease if rates increase above a certain threshold and result in insufficient savings to complete the transaction. Dave added when Ehlers refinances with an entity, they like to see a Future Value savings of at least \$250,000, which results in a 2% Net Present Value savings after costs of about \$50,000 to \$60,000. Ehlers is currently taking bids on about three issues per week in Wisconsin and have access to the rest of the market, so Dave feels it is active enough that they will know in advance if the rates move that much. Kevin said Ehlers estimated a + 2/10 margin, and Dave agreed stating they have been considering this refinancing since last fall and believe it will yield better results.
- Jim asked how much cost the District incurs if the refinancing is not completed. Dave explained Quarles & Brady’s initial expenses are a couple hundred dollars and their main expenses accumulate closer to the end of the process when the bids are received. The District does not incur any costs to Ehlers if refinancing is not successful.
- **Peter made a motion to approve Resolution 2015-2-1: Resolution providing for the sale of approximately \$2,370,000 General Obligation Refunding Bonds, Series 2015A/second-Chad/carried unanimously. Jim made a motion to authorize Kevin to sign the Quarles & Brady proposal/second-Peter/carried unanimously.** Jim continued the meeting with agenda item 2b.

8) **Chad made a motion to adjourn the regular monthly meeting at 7:19 p.m./second-Jim/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
March 12, 2015

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 5:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Michael Claffey, and District Attorney Ray Edelstein. Dave Wagner of Ehlers was in attendance for agenda item 7a and Jim Mueller, owner of several Town of Algoma parcels, was also in attendance for agenda item 7b.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one. Jim suggested the meeting begin with agenda item 7a.
 - b) Approval of the minutes of the previous meeting. Chad thanked staff for preparing the meeting packet electronically. **Chad made a motion to approve the minutes of the regular monthly meeting on February 12 as submitted/second-Jim/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes.
 - Mike stated there were two main investment changes that he requests approval for. He proposes to transfer \$115,034.07 of B Bond funds from First National Bank to Community First Credit Union to pay off the bonds that are being refinanced. He also proposes to close the District account for Town of Omro assessment funds at First Merit Bank and move the \$146,385.41 balance to First National Bank.
 - Another investment change included in pending bills will transfer \$71,900.59 of Town of Omro funds to First National Bank, bringing the total balance of that account to \$218,286.00.
 - **Jim made a motion to transfer \$146,385.41 from First Merit Bank to First National Bank and to transfer \$115,034.07 of B Bond funds from First National Bank to Community First Credit Union/second-Chad/carried unanimously.**
 - ii) Note any balance adjustments. The only balance adjustment added a \$25 bounced check fee to a customer's sewer utility account. **Jim made a motion to approve the February balance adjustments report as submitted/second-Chad/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - When Chad asked for an explanation on the "Sewer 2015 Administration Building Rental Fee to Water", Kevin stated the Water Utility owns the administration building and the Sewer Utility rents it.
 - Jim noted the bond payment due this month and Mike stated once approved with pending bills, the wire is ready for signatures at Community First Credit Union. He explained on March 20 the wire will pay \$100,000 of bond principal that is due April 1 and the \$38,548.75 interest payment will be automatically deducted by the DTCC, which handles the bond's interest payments.
 - **Jim made a motion to approve the March pending bills and the February previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. None.
- 4) Commissioner Statements. None.
- 5) Director's Report.
 - a) Review of District statistics.
 - Kevin sent the Commissioners updated water and sewer permit totals for the year prior to the meeting and added staff expects more permit requests in the near future.
 - Jim was glad to see the average monthly Town of Omro sewage flows for January and February were quite low. Kevin agreed, adding March is expected to be low as well since all the snow has melted. He said the substantial work and manhole repair completed by staff on Samers Bay Road last year have definitely paid off because the manholes are water-tight and not experiencing any inflows.
 - b) Correspondence. Kevin notified the Commission via email of the correspondence he received. One request came from the owner of two large parcels with 21 residential lots in Ormand Beach Heights, which is located directly north of Leonard Point Road and west of the Bellhaven Subdivision. The parcel currently has a deferred sewer assessment, however, a substantial amount has been paid on the water assessment. The District will divide the current sewer assessment principal balance between each individual lot when the parcel is platted out.
 - c) Status of 2015 projects. No discussion was had on this agenda item.
- 6) Old Business.
 - c) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Chad made a motion at 6:06 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Jim/carried unanimously.**
 - ii) **Jim made a motion to reconvene into open session at 6:40 p.m. to discuss and act on matters discussed during closed session/second-Chad/carried unanimously.**

7) New Business

- a) Resolution #2015-3-1: Resolution authorizing the issuance and sale of approximately \$2,370,000 General Obligation Refunding Bonds, Series 2015A.
- Kevin stated the bond sale results were better than Ehlers had projected, saving the District an additional \$15,000 over the life of the bonds. Dave said Ehlers submitted a 10 page report to the District summarizing the results of the bond sale and the two very close bids, with the winning bidder being Bank of Oklahoma Service Corporation (BOSC), a frequent bidder in Wisconsin. The investors sold the District's bonds on the market for an interest rate of 2.2%, which was lower than Ehlers' preliminary estimate of 2.3%. Dave explained the District received a premium on its bonds, which was used to lower their par value from \$2,370,000 to \$2,265,000 since the resolution authorizing the bond sale dictated the additional \$105,000 received over the estimated par value could only be used to downsize the bond issue. The final bond payment schedule is comparable to the preliminary estimate.
 - The Total Issue Sources & Uses page of the Ehlers report details the individual payoff amount of each loan, the prepayment of which is also authorized by this resolution. The Special Assessment B Bonds require the District to put in cash equal to the debt service reserve restricted fund, and the Sewer Utility will pay off its portion of the outstanding bonds associated with this refinancing. All other costs associated with this bond issue came in at or below the previous estimate.
 - When considering this refinancing, Ehlers did not want to negatively impact the District's cash flow budget. The revised payment schedule shows the District will pay \$27,000 in interest during the first year rather than \$17,000, which is more than offset by the \$15,000 in bid premium to be used to pay this additional interest. The savings in annual debt service payments over the next four years varies between \$74,000 and \$77,000 per year. The future debt service payments were reduced by a total of around \$328,000 and, when taking into account the required cash on hand, resulted in a Net Present Value Benefit of around \$115,000.
 - Dave encouraged the Commissioners to read the rating report on the District. He said the interest rate history chart shows the best interest rate would have been received about two months earlier. Kevin recommended the Commission's approval of this bond resolution.
 - **Chad made a motion to approve Resolution #2015-3-1 authorizing the issuance and sale of approximately \$2,370,000 General Obligation Refunding Bonds, Series 2015A/second-Peter/carried unanimously. Roll call: Chad-Aye/Peter-Aye/Jim-Aye.** The Commissioners signed the bid form and all other necessary documents, and Dave Wagner excused himself from the meeting, which continued with agenda item 7b.
- b) Discuss and act on multiple requests for water service on Omro Road from Conrad Street to the east side of Brooks Lane.
- Kevin previously sent the Commissioners information on this potential watermain extension. He explained this newly identified request came up about one week prior when one of the owners of the multiple acres of property northwest of Highway 21 and Highway 41, Jim Mueller, contacted the District to ask if municipal water service can be made available. After further review, Kevin informed him the existing watermain on Omro Road ends at Conrad Street and, in order to make it available to these parcels, the District would have to consider extending the watermain about 2,100 feet from Conrad Street to the east side of Brooks Lane.
 - Mr. Mueller explained he is the sole trustee of the Norm Mueller Trust, which owns 100% of the shares for Ran-Lie, Inc. The Trust's main parcel currently contains a car repair building and also includes several vacant parcels north of it up to Skipper Buds. After over 50 years in the car business, Norm is considering doing more with his property and recognizes any potential buyer is going to be interested in municipal services. The property currently has municipal sanitary sewer service and six private wells, but the owners believe that, in order for the land to receive its highest investment benefit, it needs municipal water service with a fire protection system.
 - He went on to explain the City of Oshkosh's municipal water system is closer in proximity than the District's water system, however, these parcels are part of the protected territory in the Town of Algoma. The only way they could be annexed to the City of Oshkosh is if 4/5 of the Algoma Town Board votes for it, which is unlikely because the Town would not want to lose the property tax revenue. Kevin explained the District simply desires to breakeven on its investment when considering a watermain extension.
 - Kevin presented a map showing the City of Oshkosh boundaries including the triangular area encompassing Omro Road and Emmers Lane, heading east on Omro Road to the roundabout, and following Highway 21 back to Emmers Lane. The existing water system in the area can be identified by the color of the fire hydrant, with City of Oshkosh fire hydrants in yellow and District fire hydrants in red. The developed residential area through Willow Springs Road, Willow Way Drive, Willow Bend Lane, and Willow Bend Court will remain in the protected area of the Town of Algoma. Kevin presented another map showing the 2014 Watermain Extension Phase IV Participation Survey responses received from this area in the fall of 2013. If the District completed this watermain extension, it would only pass three properties that elected to receive municipal

water service, with about half of the homeowners in the area not responding to the survey and the rest indicating they did not want municipal water service.

- Peter asked about the 2013 arsenic study test results of this area, and Kevin presented a map showing 80% of the homeowners that participated in the reduced cost arsenic testing in this area and the Willow Springs Subdivision received a “No Detect” result, 18% were within the safe range of less than 10 parts per billion (ppb), and only one private well tested above the safe level. Jim added that test result was probably extracted from the private well that a realtor informed the District was re-drilled due to its high arsenic content. Kevin agreed and added the private wells in this area were drilled more recently than others throughout the District and were done under somewhat different requirements. He reminded the Commission of the private well on Emmers Lane with an arsenic level of over 100 ppb that the City of Oshkosh extended a watermain to serve.
 - The opinion of probable cost received from the District’s engineer indicates a watermain extension to serve Mr. Mueller’s property would cost \$388,003.50, which includes \$47,317.50 of contingencies. The District must identify how to fund the project as well as the method to assess the homeowners that receive the benefit of having municipal water service available.
 - One option is to assess the 25 properties \$8,000 for the watermain and propose the developer fund the difference. The homeowners that choose to connect to the future watermain would also pay the current water supply charge in addition to the assessment, bringing the total cost per connection close to the \$11,500 the District has been assessing parcels for new water extensions. The Town properties in this area on the south side of Omro Road are proposed to be annexed to the City of Oshkosh in 2018. However, if the watermain is extended prior to annexation, these properties could remain District water customers.
 - Another option is to require this property owner to fund the entire cost of extending the watermain to his properties, since he is requesting it, less the three assessments to the homeowners expressing interest in receiving municipal water service. The total cost would be less if only three valves are inserted rather than inserting a valve for every parcel the watermain passes. If the other homeowners in this area decide to connect to municipal water in the future, they will be responsible for the additional cost of tapping the watermain. This option also allows this owner to take the District’s opinion of probable cost to the other homeowners in the area and see if more of them decide to begin paying on an assessment, thus reducing the remaining cost this property owner would need to pay.
 - Kevin explained District policy dictates it must receive 70% participation in order to pursue a project, with water rates designed to provide the remaining 30% of the cost. If at least 70% of this project is funded, whether it is by property owners and/or the developer, the District can consider completing it. Ray suggested Kevin review the language of the policy to verify it indicates 70% of *financing* is necessary, rather than 70% of *property owners*. He also warned the Commission that a property owner who receives a watermain assessment could accuse the District of violating the 70% policy if the decision is based on financing for the project rather than the number of properties involved.
 - Kevin stated he would remove the extra items from the opinion of probable cost and forward the information to Mr. Mueller, with no further action to be taken at this time. Mr. Mueller thanked the Commissioners for their time and excused himself from the meeting.
- c) Discuss and act on request for sanitary sewer service on Rivermoor Road.
- Kevin explained this request came from a resident in the inactive Rivermoor Sanitary District, which contains about 60 parcels in the Town of Winneconne. This area is included in the Omro Sewer Service Area, and the East Central Regional Planning Commission discusses having the District provide sanitary sewer service to this area by 2015. Kevin considers this request for sewer service, along with a study to determine the cost to serve the entire Rivermoor Sanitary District, an economic opportunity since providing sewer service to this area and in the Town of Omro means more families move in, more kids go to City of Omro schools, and more consumers buy from City of Omro restaurants, grocery stores, and other businesses, resulting in a greater benefit to the local economy.
 - Since this area is quite far from the District’s current sanitary sewer system, and there are few properties to serve, the internal cost estimate is about \$20,000 per house. One way to assist residents in receiving municipal sewer service is for the District to obtain a grant, which may reduce the cost by about half. Once the District has a better idea of how to serve these parcels, the cost of the project, and whether or not a grant can be obtained, Kevin can present this information to the Commission and then to the residents of Rivermoor Road and the Rivermoor Sanitary District.
 - Kevin explained the District could apply for the grant this fall, with the project start date being at least a year or so away. He asked the Commission for permission to accept the task order for \$3,250 to fund research related to receiving the grant.
 - Ray warned the District of spending too much time and money prior to resolving the wastewater treatment contract with the City of Omro since it would be the utility to treat the wastewater received from this area.

Chad added engineering studies for this project seemed a little premature. Jim agreed and suggested the discussion be tabled at this time, and the meeting continued with agenda item 2b.

- 8) Jim noted the next monthly meeting is scheduled for April 16 at 6:00 p.m. **Jim made a motion to adjourn the regular monthly meeting at 6:41 p.m./second-Peter/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
April 16, 2015

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 Accounting Manager Michael Claffey, and District Attorney Ray Edelstein.
 - 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 made a motion to approve the minutes of the regular monthly meeting on March 12 as submitted/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike noted staff sent a revised sanitary sewer report with a Local Government Investment Pool balance of \$88,444.12. He also mentioned Citizens First Credit Union is renamed "Verve, a Credit Union". **Jim made a motion to approve the cash receipts for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes.
 - Mike explained one investment change included on the pending bills sheet requests authorization to transfer up to \$100,000 of general Sanitary Utility funds to the general Water Utility account at Community First Credit Union. The Water Utility intends to receive sufficient revenue from quarterly water bill payments and the Town of Algoma Public Fire Protection Fee by July 31, 2015 to reverse this entry.
 - o Kevin further explained the Water Utility is not requesting a loan from the Sewer Utility, but this will simply swap funds from another existing bank account. Transferring funds within this bank allows staff to complete the transaction on paper rather than asking the Commissioners to sign wires to transfer funds from a different financial institution.
 - Mike mentioned the Water Utility could possibly find itself in a similar situation in six months to a year as additional water bond payments become due. As Water Utility funds decrease, staff will consider having the Sewer Utility purchase one or both of the other Water Utility accounts at other banks, which will simply change those Water Utility funds to Sewer Utility funds in order to have sufficient funds at Community First C.U. to pay for normal expenses and prevents bank to bank transfers.
 - **Chad made a motion to approve the transfer of up to \$100,000 of funds as staff deems necessary from the general Sewer Utility account to the general Water Utility account at Community First C.U., with a corresponding change to increase Sewer Utility funds and decrease Water Utility funds at one of the Water Utility's accounts at another bank/second-Peter/carried unanimously.**
 - ii) Note any balance adjustments.
 - Mike stated one balance adjustment removed a late fee from a sewer bill for about \$10 and another credited a customer's water account about \$106 for a duplicate payment the District received on a closed account.
 - Mike explained the biggest balance adjustments split a water supply charge of about \$45,000 for a parcel on Autumn Hills Drive and Timberline Drive by the number of proposed buildings approved for that lot. Staff divided the water supply charge by the 10 two-unit condominiums and 2 single-unit condominiums so each building has a specific balance assigned to it when the owner applies for the permits. The developer already paid for the watermains, while the water supply charge is for the water tower and well houses. The two single-unit condos are only eligible to be charged the single-family residential water supply charge.
 - o Kevin presented a map showing Anchorage Homes' current building layout design for the parcel and explained the District initially assigned one large water supply charge to this parcel. Once the property addresses were approved last month, staff divided the total water supply charge for the parcel into each individual building. Every unit will have its own water meter and each owner will be responsible for the cost of its water usage. However, since there is only one water lateral installed to serve each building, the developer will pay one water supply charge per building upon permit application.
 - o Kevin added Anchorage Homes signed a Developers Agreement with the District and is constructing the two northern-most buildings at this time. Kevin signed a task order with the District's engineer to install a small watermain and sewermain extension through this parcel to serve the remaining buildings, which will be paid by the developer.
 - Mike added there were two small remaining balance adjustments, which increased the 2014 cost of money adjustment for this parcel by \$30.66 and added interest of \$33.94 to the previous balance due prior to staff splitting the water supply charge as noted earlier.
 - **Jim 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. Jim noted the District has several bond payments due May 1. Mike added payoff of the refinanced bonds will be withdrawn on April 20 and the single wire to pay two loan payments owed to the Wisconsin Department of Administration for a sum of \$756,302.07 due on May 1 is ready for an additional signature at Community First C.U. **Jim made a motion to approve the April pending bills and the March previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**

3) Public Forum. No one was in attendance from the public.

4) Commissioner Statements.

- Jim congratulated Peter for being reelected to the Commission after running unopposed, and Peter thanked the Commissioners for their support.
- Jim mentioned staff informed the Commission prior to the meeting that the District's policy required 70% participation be received in order to pursue a watermain extension, which was discussed at the previous meeting, with the level of participation defined by the amount of financing obtained rather than the number of homeowners affected. Kevin reiterated that water rates are designed to cover the remaining 30% of the bond payments. He also proceeded to read the four reasons in the District's water ordinance for the Commission to consider when initiating a watermain extension, which are to "establish a route to a treatment facility or a tower, establish a corridor route, establish water service to an area the Commissioners have determined a sufficient number of property owners would benefit from an extension of service, and provide service to a new residential or commercial development upon a formal written request from the property owner." District correspondence with homeowners has included the 70% participation threshold to provide residents a minimum requirement for an extension.
 - o The Water Utility would like to install as many small extensions as possible to get municipal water to additional residents that need it, such as the most recent request from Daniel Court. However, the Water Utility has \$13 million in outstanding bond obligations with only about \$3.5 million coming in from participating assessments and \$4 million assigned as deferred assessments, much of which the District may never receive. That leaves \$8 million the Water Utility has to obtain to pay its bonds. Therefore, it must limit extensions to those that reach the 70% threshold or its financial status will grow worse. Staff is confident the Water Utility can pay its bonds if it receives \$1.5-2 million in loans over the next five years, which will be paid back as the Water Utility continues to apply for water rate increases and to connect new users to help pay for the infrastructure installed.
 - Peter said he appreciated receiving this information so the Commissioners have a better concept of why the Water Utility has to decline some of these extension requests. He would like to provide a substantial reason if someone comes forward with a request so, if the Water Utility chooses to decline it, they understand why. Kevin agreed and added that, while the District's cash flow schedule shows this, he will create a one page document within the next three months that provides the Commission with the Water Utility's financial status on a continual basis.
- Jim also stated the District needs to educate residents on what to expect when they put their house on the market so the Commission and staff can say they did their due diligence to inform District residents. He said they need to understand that, from a financial perspective, the District usually cannot provide municipal water service to a property without meeting its financial threshold, and it is the responsibility of homeowners to plan ahead. If homeowners realize they may not be able to sell their house if they do not have safe drinking water available, they may be more inclined to decide to receive municipal water service when the District sends out water extension surveys.
 - o Kevin agreed and stated staff will include the Commissioners' input as this report develops once staff communicates with realtors, lenders, and well drillers. It will also list case studies of District properties that were unable to sell, were forced to connect to municipal water, or had to drill a new well.
 - o Peter said he fears too many people do not test their private well water for arsenic and Kevin added a large portion of Winnebago and Outagamie Counties are considered within the arsenic advisory area, which includes the Town of Omro.
 - o Peter also suggested the District inform the Town Board so they understand this situation as well. Ray stated the Town should be concerned about this because increasing the assessed value of a property creates a higher tax base and has the potential to decrease taxes on individual parcels.
 - o Kevin added he attended a planning meeting with the Town of Omro a couple weeks ago in which they discussed their long term growth plan. Some of the questions discussed included that major subdivisions will require municipal water and sewer service.
 - o Kevin also explained prior to new plats being approved in the Town of Algoma, he attends their Board meetings to state that municipal water and sewer service is available and requests the Town of Algoma place a condition on the plat that requires the developer to provide municipal water and sewer service.

5) Director's Report.

a) Review of District statistics.

- Jim asked that a key be added to the overtime chart that identifies the abbreviations. Kevin obliged and explained most of the Operator's overtime is due to snow plowing, alarms, pump failures, and responding to resident's calls.
- Kevin stated the District distributed nine water permits and eight sewer permits so far this year.
- Kevin presented graphs for each Town that showed daily sanitary sewer flows for the month of April. He explained total sewer flows seem fine until it rains. The Town of Algoma monthly average for March was 421,000 gallons and the Town of Omro monthly average was 49,000 gallons.
 - o The Town of Algoma began the month of April with a sewer flow of 426,000 gallons per day (gpd). The District received 0.5" of rain on April 5 which increased total sewer flows slightly. After a couple dry days, the District received daily rainfalls of 0.8", 0.5", and 1" on April 8-10. This brought the daily sewer

flow up to 571,000 gallons, then 798,000 gallons, and a maximum daily flow of almost 1.1 million gallons flowing to the City of Oshkosh on April 10, which is more than double the beginning of the month flow.

- The Town of Omro began the month of April with sewer flows of 43,000 gpd. After receiving the same amount of rainfall, the Town of Omro sanitary sewer flows returned to normal sooner than the Town of Algoma. On April 10, the daily sewer flow increased to 90,000 gallons, which is also double the beginning of the month flow, but as of April 15, it returned to about 50,000 gallons whereas the Town of Algoma was still at 600,000 gallons.
- The graphs showed the direct correlation between rain received and sanitary sewer flows. Kevin explained the increase is due to several things including sewermain cracks, flooded ditches, new manhole cracks, and illegally discharging sump pumps. The Operators continue to remove as many infiltration and inflows as possible, but new issues arise every year. Each spring when the ground is still frozen, substantial snowmelt floods roads, and infrastructure can break underground due to the frost and shifting ground.
 - Within the last two weeks the Operators removed three illegal sump pumps from the sanitary sewer system. One was due to a broken gray water pit the Operators discovered with the sewer camera when it discharged every five minutes. The homeowner attempted to do the right thing by running a new sump pump line out to the ditch. She had a plumber there to fix gray water pit the same day she was notified.
 - The District also repaired a broken sanitary sewer lateral cleanout on Reighmoor Road in the Town of Omro. The crack was only two feet deep and allowed five gallons per minute to flow into the sanitary sewer system. The groundwater level on Reighmoor Road was only 12” below ground and, as soon as the new pipe was inserted, the water level rose eight inches. The District has saved about \$50 per day in wastewater treatment expense by repairing this leaking lateral.
- Even though sanitary sewer flows double during these events, the impact is much lower than it has been in the past five to six years. The District’s pumps are capable of handling this additional inflow, in fact, the Operators did not receive any high wet well alarms as is usual for this time of year.

- b) Correspondence. No discussion was had on this agenda item.
- c) Status of 2015 projects. No discussion was had on this agenda item.

6) Old Business.

- d) Discuss and act on City of Omro contract negotiations for wastewater treatment services. The Commission opted to not go into closed session pursuant to Wisconsin Statute 19.85(1)(e).
 - Ray stated the District is waiting for the Public Service Commission (PSC) to rule on the City of Omro’s motion to dismiss part of the District’s initial complaint. The District is aware the PSC handles many different cases at a time and believes the staff member assigned to this case may transition to our case shortly.

7) New Business

- a) Review District Mission Statement and General Powers and Duties according to Wisconsin Statute 60.77 (4). Kevin stated he likes to review this information on an annual basis, especially after elections, so the Commission understands what the statutes allow the District to do and how staff reacts to and handles certain situations. He proceeded to read the statute, the District mission statement, and vision verbatim which he sent to the Commissioners previously. He explained he strives to make decisions based on the mission statement along with the District’s supporting strategies and core values which have been drafted for staff, and any changes in the Commission or in the direction of the District should be reflected in the mission statement. However, Kevin is not seeking any changes to them at this time. The Commission agreed with the existing documents and stated no changes are necessary. Kevin mentioned next month the Commission will have the opportunity to reorganize itself and re-designate a President, Secretary, and Treasurer.
- b) Discuss and act on authorization for staff to file a Simplified Rate Case with the Public Service Commission for an annual water rate increase to be effective on July 1, 2015. Kevin wanted the Commission aware of this annual request to increase water rates and asked for support in pursuing a Simplified Rate Case (SRC). The PSC uses inflationary markers to determine the rate and set the increase for this year at 3%. Kevin verified the District meets the PSC’s threshold to continue with a SRC. Mike is planning to publish the notice on Thursday April 23, so it will be publicly noticed, but a public hearing is not required. **Jim made a motion to authorize staff to file a Simplified Rate Case with the PSC for a rate increase of 3% to be effective on July 1, 2015/second-Chad/carried unanimously.**

8) **Jim made a motion to adjourn the regular monthly meeting at 6:59 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
May 14, 2015

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, District Accounting Manager Michael Claffey, and District Attorney Ray Edelstein. Commissioner Chad Hayes was excused. Jodi Dobson, partner with Baker Tilly Virchow Krause, was also in attendance to give her presentation for agenda item 7a).
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one. Jim suggested the meeting begin with agenda item 7a. Upon completion of agenda item 7a, Jodi Dobson was excused and the meeting continued with agenda item 2b.
 - b) Reorganization of the Commission due to public election. The Commission shall elect officers including President, Secretary, and Treasurer. Peter suggested the Commissioners continue with their current positions, Jim agreed, and Kevin mentioned that Chad told him previously he would be fine with that decision. **Peter made a motion to nominate Jim as President/second-Jim/carried unanimously. Jim appointed Chad Hayes as Secretary and Peter Cernohous as Treasurer.**
 - c) Approval of the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on April 16 as submitted/second-Jim/carried unanimously.**
 - d) Approve cash receipts and investments for sanitary and water. **Peter made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
 - i) Note any investment changes. Mike explained the District is looking to consolidate all its Water Utility accounts at Community First C.U. which, by performing paper transfers, will result in the Sewer Utility owning the Water Utility accounts it has at other financial institutions. In one entry, the Sewer Utility will transfer \$248,235.31 plus May interest from Community First to Fox Communities C.U., with another entry transferring \$248,477.51 plus May interest from Community First to Bank First National. Then, the Water Utility will transfer funds from those banks to Community First. The only actual transfer necessary is from the Sewer Utility account to the Water Utility account at Community First C.U. for those balances. Mike sent the Commissioners the cash balances report previously which shows the balances of those Water Utility accounts. Once these transfers are complete, those two accounts will be listed under the Sewer Utility section of the report, with the balance of the Water Utility account at Community First increasing by the total balances in those two accounts. **Peter made a motion to approve the investment transfers as detailed by Mike/second-Jim/carried unanimously.**
 - ii) Note any balance adjustments. Mike stated there was only one balance adjustment to write off a \$4.68 late fee on an annual bill for a sewer customer. **Jim made a motion to approve the April balance adjustments report as submitted/second-Peter/carried unanimously.**
 - e) Approve pending bills and previous disbursements for sanitary and water.
 - Mike mentioned the annual sewer loan interest payment of \$38,000 is included with the pending bills.
 - The District received the fourth quarter sewage treatment invoice from the City of Oshkosh, bringing the 2014 total to \$175,532 to treat 207,831,013 gallons at a cost of about \$0.84 per thousand gallons. The City of Omro charged the District \$94,636 in 2014 to treat 19,427,000 gallons at a cost of about \$4.87 per thousand gallons.
 - Jim noted a pending bill was added for the late fee from the City of Omro. Kevin explained the District received the first quarter bill for wastewater treatment services from the City on April 17, which was the day after the April monthly meeting. Then, the District received a disconnection notice postmarked on May 7 requesting payment within 10 days and included a 3% late charge of \$1,111.20. The contract with the City of Omro for wastewater treatment charges previously allowed 45 days to pay invoices and the District had not received a notice informing staff that it was being changed to 20 days. Kevin called Omro City Hall and was told by their staff that, since the contract had expired, the District was being treated as a normal customer with the same 20 day billing period as its other residents, and the only way to remove the late fee was to address the City Council at its next meeting. Kevin recommended the Commission approve payment of the invoice in full so there would not be any outstanding late fees on the District's account. He said if the Public Service Commission (PSC) does not have rates decided by the time the next quarterly sewer bill is calculated, the District can estimate the cost based on the flow, round up, and send additional funds to be applied toward the next quarterly bill. Otherwise, the District would have to schedule a special meeting every three months just to pay this invoice. After some debate, Jim agreed to pay the bill in full, but also suggested sending a letter stating the District is paying the late fee under protest since the City did not notify the District of this billing period change and the District does not meet within the time frame necessary to allow this bill to be paid within 20 days. **Jim made a motion to approve the May pending bills and the April previous disbursements for sanitary and water as submitted/second-Peter/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 sent the Commission the most recent District statistics prior to the meeting. No further discussion was had on this agenda item.
 - b) Correspondence.
 - Kevin explained he received correspondence regarding a connection to the District's sanitary sewermain to serve the new Dick's Sporting Goods and PetSmart building on Washburn Street. According to the agreement between the District and the City of Oshkosh, and the East Central Regional Planning Commission, this parcel is located in the Algoma Sanitary District Sewer Service Area (SSA). However, upon further review, the contractor discovered additional issues. The main issue is that there is a landfill containing a six foot layer of construction materials, such as 2x4's, cinder blocks, wires, and other debris, between the sewermain and the new building that the contractor does not want to excavate through. When this parcel combined with another, the parcel line moved south and now the building is half in and half out of the District's SSA. The contractor wants to connect to the City of Oshkosh's sewer system, which would require bringing service across Washburn Street, whereas the District's sewer would come from the northern part of this parcel. Kevin has a meeting scheduled the following day with the City of Oshkosh to discuss this. Because of the circumstances with this landfill, he acknowledges it may be understandable to allow the building to connect to the City of Oshkosh's sewer system. Financially, the District would lose revenue of about \$17,000 in Contribution in Aid of Construction and about \$500 per year in user fees.
 - Jim noted the State of Wisconsin plans to cancel its property insurance program and said he did not realize that all of the District's insurance was not through McClone. Kevin stated the Local Government Property Insurance Fund (LGPIF) was a very reasonable insurance that covered some of the District's buildings and infrastructure. He said the only claim the District had was through them for lightning damage and was a good system to work with. Mike explained the term of the District's insurance with LGPIF ends September 1, and then there will be a substantial increase of about 50% over last year's cost of about \$7,800. However, Kevin said since this program is being canceled, the District will have to go on the open market to cover those buildings and their contents. The District sent its five year loss report to McClone, who will do some research and present staff with price quotes.
 - c) Status of 2015 projects. No discussion was had on this agenda item.
- 6) Old Business.
 - a) Discuss and act on City of Omro contract negotiations for wastewater treatment services. The Commission opted to not go into closed session pursuant to Wisconsin Statute 19.85(1)(e). Ray stated the PSC should file an internal memo soon in response to the City of Omro's motion to dismiss a portion of the District's initial complaint. Kevin added he believes the case will be included on the PSC's meeting agenda next week, and then the pretrial scheduling process will begin. Ray added all of the information relating to the case has been uploaded to the docket on the PSC's website.
- 7) New Business
 - a) Discuss and act on the 2014 annual Financial Audit completed and presented by Baker Tilly. Jodi Dobson, partner with Baker Tilly, provided financial packets of the audit to the Commission and discussed some key financial figures.
 - Water Utility:
 - o There was a slight decrease in the number of gallons of water sold which is a very common trend amongst water utilities statewide due to new construction and installing low flow, water-efficient appliances.
 - o The 2014 rate of return was 4.5%, down from 5.7% in 2013, but is still a good position. The PSC considers a 5-5.5% rate of return when they review new rate cases. The new water rates the District implemented in July of 2014 helped increase revenues. Operation and maintenance expenses increased a little, mostly due to distribution system maintenance, which was common amongst other utilities due to the harsh winter conditions experienced in early 2014. The District experienced higher than normal non-operating expenses due to a new accounting standard implemented in 2013 that related to the expensing of old debt issuance costs.
 - o The Water Utility has 13 months of operating revenues in unrestricted cash reserves on hand, which is a very strong position. Baker Tilly normally recommends a minimum of three months of cash on hand, and understands the Water Utility is in a position of growth with a lot of capital activity. Kevin added this amount does not include upcoming bond payments and Jodi agreed stating it is a comparison of revenues for the year.
 - o The percentage of capital assets financed through earnings was below 50%, but this is understandable since it is a relatively young utility with more debt involved when getting started. This amount is increasing each year, which is a good trend.

- Overall the Water Utility ended with a net positive result and had a very consistent year with no significant changes.
- Sewer Utility:
 - There was a small user fee increase from 2013 to 2014. Baker Tilly would rather see small, consistent rate increases that allow revenues to keep pace with the lower usage rather than a 30-40% increase, which is difficult to explain to residents.
 - Like water revenue, sewer revenue experienced a small sales decrease, which was offset by the user fee increase, and the lower water usage resulted in a slight decrease in treatment charges. There were additional maintenance expenses, but the change in net position was a positive amount.
 - The Sewer Utility has 29 months of unrestricted cash reserves on hand, which is very strong.
 - The percentage of capital assets financed through earnings is 11%, which also puts the Sewer Utility in a good position.
- Overall, both utilities are doing very well and Baker Tilly was pleased with how smooth the audit was conducted with District staff and noted the District received an unmodified audit opinion.
- Jodi explained when it comes to reporting material weaknesses related to process and procedures with internal controls, it is extremely difficult to have complete segregation due to the size of the entity and she experiences this issue with around 90% of the utilities she works with. When Kevin asked how many staff members are needed to remedy this situation, Jodi answered an accounting department of at least three to four people minimum. She went on to explain this issue deals with each cycle of the business process. For example, when considering disbursements, the person entering accounts payable information into the system and issuing checks should be separate from the people purchasing goods, but this is not always practical. Mike added all checks are approved by the Commission prior to being sent, and a majority of purchases are done by non-accounting staff members. Jodi explained as long as the Commission receives a detailed list of disbursements and is able to ask questions as necessary, it helps to mitigate this issue and should be sufficient.
 - Jodi said she is required to communicate this information to staff because there could be turnover in the governing body. However, it also allows staff the opportunity to consider constant improvement and where more segregation can be done. Peter feels staff is very detailed in its information sharing. Kevin added the District carries bond insurance in case of theft and staff provides the balances for each of the District's bank accounts. Each year the Commission can easily see what was spent and how much is left. The monthly disbursements report also lists the check numbers that are issued for verification.
 - There was also some discussion on how the financials are not prepared in conformity with GAAP. Jodi mentioned that in order to meet this standard the auditors would need to receive the financials in such a condition from the District as to make no changes and have all of the accompanying schedules prepared for them when they arrive for the audit. The auditors had only one journal entry this year to change information they were given before the audit, but they had to prepare all of the information in the schedules.
- Jodi also asked staff to consider the auditor's information on cyber security, how customer and staff information is stored, and what processes are in place if the safety of that information is compromised. She is hearing more entities voicing concern about this and recommended having staff consider what types of data is stored and where and, if the information is not online, who has access to it on the District's computer network.
 - Jim asked how the information for direct payment of water bills is used. Mike explained staff submits the payment details to the bank and the bank withdraws the funds from each customer's account. Jodi added since the bank performs that process, staff should understand their process by inquiring about what security measures they have on their website so when a file is sent, staff is assured that no one else has access to it. Mike explained the bank has a protocol for staff to follow when transmitting the files.
 - Jim suspects that the bank has more security than the District does, but he asked if the District has a sufficient amount of security. Mike stated passwords are required to sign into the accounting and billing programs, but the District relies on the software company to prevent their program from being hacked into. Jodi suggested staff consider devising a data breach response plan should this situation ever happen.
- Jodi mentioned there are changes coming for next year's audit relating to GASB Standards #67 & #68 and their requirement to report pension liability in the financial statements. The Wisconsin Retirement System has stated that they plan to provide the information needed to meet the requirements of these new standards in late June, but there will need to be additional details reported in the notes to the financials. The main impact will be reporting the District's share of the net pension liability from the entire pension system.
- Jodi mentioned the new requirements in 2015 for placing tenant utility bills on a landlord's property tax bill.
- Mike mentioned the District's current capital policy dictates that any asset purchase over \$1,000 be capitalized rather than expensed. There is additional record keeping involved with capitalizing an asset that is not worth doing for an item purchase that small. The PSC allows an item limit of \$5,000 before it has to be

capitalized and recommended the Commission change the policy to that dollar value. He added it lowers the annual depreciation cost with the size of the assets being expensed versus capitalized, which adds an expense for one year but makes more sense over the long term.

- o Jodi added a lot of utilities are starting to consider this set amount and how long it has been since analyzing it since prices change. She said as long as the District stays under \$5,000, it is not a problem from a PSC and a GAAP accounting perspective and GASB does not have a set threshold. Some municipalities use a two tiered system that allows a higher amount for infrastructure projects and a lower amount for maintenance and smaller equipment purchases. Kevin stated staff will probably bring this back to the Commission in the near future.

- Jim continued the meeting with agenda item 2b.

b) Discuss and act on Water Utility annual Consumer Confidence Report (CCR) to the public prior to publishing. Staff sent a draft copy of the CCR to the Commission to review the previous week.

- Jim thought staff did an excellent job and said it was very well put together. Kevin appreciated the compliment and added staff incorporated the comments Jim submitted into the CCR earlier that day. The deadline for residents to receive the CCR is July 1, but staff plans to send it to the printer before the end of the month.

- The CCR mailing will also include an insert with information for residents about what to expect when buying or selling a house with a private well. The insert includes information on cost sharing and grant programs for private well abandonments from the Wisconsin Department of Natural Resources (WDNR) and Winnebago County. Jim said he especially liked that the examples are actual situations that happened to District residents, not just things that *could* happen, such as having to remove a property from the market due to not having safe drinking water available. Kevin added there are a lot of private areas throughout the District and many residents could find themselves in a similar situation.

- Kevin thanked the Commissioners for their input, adding it is always helpful to have other people look at things before sending them out to residents. Jim asked if a motion to approve the CCR and insert was necessary and Kevin said he simply included it on the agenda for discussion.

c) Discuss and act on Resolution 2015-5-1 Sanitary Sewer Utility Compliance Maintenance Annual Report (CMAR) for the Wisconsin Department of Natural Resources (WDNR). Kevin stated the WDNR had not made the official CMAR available online for the District to complete and the deadline has been extended to July 31. Once available, he thinks one week should be a sufficient amount of time for staff to fill it out, review it, and send it to the Commission prior to acting on it at the June or July monthly meeting.

8) **Jim made a motion to adjourn the regular monthly meeting at 7:35 p.m./second-Peter/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
June 11, 2015

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 June to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Michael Claffey, and District Attorney Ray Edelstein. Jim Starkel, owner of 5015 Lansing High Point in the Town of Omro, was also in attendance for agenda item 7b.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one. Jim suggested the meeting begin with agenda item 7b. Upon completion of agenda item 7b, Jim Starkel excused himself and the meeting continued with agenda item 2b.
 - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on May 14 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 for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. Mike mentioned that pending bills included a transfer by check of \$80,194.67 of water utility assessment funds at Community First Credit Union to First National Bank to be used to make the bond payment from this bank that is due on August 1.
 - ii) Note any balance adjustments. Mike stated the only balance adjustment was to write off a \$0.96 late fee for a residential water account. This resident submitted a written request for removal of his late fee due to an issue he had with his bank making a payment of his water bill. **Jim made a motion to approve the May balance adjustments report as submitted/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. Chad mentioned this month's pending bills included approval for the purchase of an air compressor with trailer, and Kevin explained this will be used for sandblasting fire hydrants. **Chad made a motion to approve the June pending bills and the May previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
- 3) Public Forum. Jim Starkel was in attendance for discussion on agenda item 7b. No further comments at this time.
- 4) Commissioner Statements.
 - Chad thanked staff for the well written minutes from the previous monthly meeting. He said they were easy to review and felt informed about the details of what was discussed since he was unable to attend the meeting.
 - Peter stated congratulations to Sara Gonzales, the District's Utility Clerk, for the birth of her son earlier that week.
 - Jim thought the Town of Algoma Fire Department parade held the previous week went very well. He stated it was a well-organized event with about 20 people handing out 1,000 water bottles.
 - Jim asked for a status update on the Dick's Sporting Goods building on Washburn Street connecting to sanitary sewer following the meeting with the City of Oshkosh the previous month. He mentioned Kevin did a great job informing the City officials about the history of the cooperative agreements and how the District has been serving properties using existing District infrastructure inside City boundaries once they had annexed. Kevin explained the contractor does not want to excavate through the existing landfill, so the District will allow this connection to the City's sewermain on Washburn Street and cooperate with removing this parcel from the District. As of the meeting, Kevin had not received any additional correspondence from the City or the contractor and the building had not yet connected to sewer.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District distributed 14 water permits and 13 sewer permits year-to-date, with seven of them in the Town of Omro. Kevin informed the Commissioners they will see an invoice for about 30 more water meters next month.
 - Despite the District receiving over five inches of rain during the month of May, the average sewer flows to the City of Omro were about 48,000 gallons per day (gpd) and about 511,000 gpd to the City of Oshkosh. Kevin is very satisfied with those results, adding the Operators recently verified all pumps and generators were in good working condition in preparation of the heavy rainfall forecasted that night. Jim commented that even with the heavy rainfall occurring in April and May, the volume of wastewater entering the system has not substantially increased.
 - b) Correspondence. Kevin explained he received correspondence from the City of Omro, which will be discussed later during closed session.
 - c) Status of 2015 Projects. Kevin explained the District will experience a number of projects in the near future.
 - The largest project this year is a water and sewer main extension to serve nine additional condo buildings at the Timberline Condominiums on Timberline Drive and Autumn Hills, which is located in the Town of Algoma near the town line just south of the Bellhaven Subdivision. Construction is scheduled to begin the week of August 3.
 - Kevin explained K&S Energies is currently completing a project for Wisconsin Public Service in the area of Witzel Avenue, Oakwood Road, and Highway 21. They are televising all of the sewer lines and verifying that they did not bore any gas lines through any personal sewer laterals due to the possibility of damage that can occur when a sewer line breaks and natural gas leaks into the house through a hole in the lateral. They are televising entire sections of sewermain, going up every lateral to the footings of each house, in seven different sites throughout the City of

Oshkosh and the Town of Algoma at no charge to the District. As of the meeting time, no damage was found and the project was expected to be completed the following day.

- There are four vacant adjacent parcels on South Oakwood Road just north of Mercy Medical Center zoned commercial that have an accepted offer to purchase, and the buyer contacted the District to discuss the possibility of connecting to municipal sewer and/or water. Kevin informed the buyer that sewer is available in the road and the District can easily connect the proposed 10,000 square foot building to the existing sewermain. Water is currently not available, and the likelihood of extending a watermain to serve that property is very small since there was very limited interest the last time the parcels in this area were surveyed. Kevin informed the buyer of the entire cost to provide water service to this property, which would be about \$13,500 per parcel it passes.
- The five parcels owned by Gary Lerch east and south of his gas station on Omro Road are being sold later this month, and there is sewer and water available to serve a future development that could be proposed for these lots.
- The state health insurance plan is expected to increase the amount of the deductibles it charges to employees next year, which will affect the District's employee benefits. Kevin expects to have more information once the state finalizes the costs and structure of the plan to present at a later meeting.
- There has been no word of any progress with the development of the Mueller properties located at the intersection of Highways 21 & 41.

6) Old Business.

- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Jim made a motion at 6:58 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 7:30 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 the District's revised Capitalization Policy. This is the policy discussed by the auditors at the May meeting, and the proposal under consideration increases the threshold for capital purchases from \$1,000 to \$5,000 for assets that have a useful life of more than one year. This will eliminate the recordkeeping requirements and additional costs associated with tracking the purchase of these small items. **Jim made a motion to approve the revised Capitalization Policy to increase the threshold to \$5,000 as submitted/second-Chad/carried unanimously.**
- b) Discuss and act on Lansing High Point Petition for Removal due to land purchase and upcoming CSM.
 - Kevin began the discussion by describing some background information regarding this request. He stated James Staerke, owner of 5015 Lansing High Point, also identified as parcel #016-0859-02, and the neighboring vacant parcel #016-0859-03, contacted the District to request the removal of parcel #016-0860 from the District as part of his purchase of this parcel, which he presented on a map. The intent of this purchase is to prevent the development of this parcel and a road from being constructed on the south border of their existing parcels. He is planning to purchase this parcel along with the owners of the two other neighboring parcels to the east and incorporate it into their existing parcels by creating a certified survey map (CSM). The four parcels along Lansing High Point were previously not added to the former Omro Sanitary District, and the combined parcels would need to be either all in or out of the District in order to proceed with this CSM. The District has a sewermain in the area but it is quite a ways north along the lake, and the District also does not have municipal water along their property line since the water system stops at 4966 Lansing High Point to the east and at the end of Samers Bay Road to the west. There is not a feasible way to provide sanitary sewer service to these four parcels without a significant cost to these four parcels and to the District at this time.
 - The property owner to the west of James Staerke, Mr. Nikodem at 5023 Lansing High Point, plans to purchase the vacant lot directly to the south, parcel #016-0860-01, but currently does not plan to combine it with his other parcel containing his house.
 - All three landowners that are purchasing parcel #016-0860 have homes that are currently served by private mound systems. James Staerke is requesting to have this parcel removed and keep his new combined parcel out of the District due to fears of having a sewermain installed in front of his property and being forced to connect to it. The owners of two of the five properties outside the District in this area have spent a substantial amount of money within the last approximately three years to repair their failed private systems. He does not want to pay the cost to connect to the municipal sewer system on top of the cost to destroy his working private system.
 - Jim asked how much it would cost these homeowners if these parcels were included in the District, and Kevin stated that the owners would pay the District's Public Fire Protection (PFP) Fee of around \$70 and the District's tax levy based on assessed value. This parcel benefits from having PFP available since the Fire Department has a fire hydrant in very close proximity on Lansing High Point to connect to, and this fee is a cheap insurance policy in case a fire occurs. The fire department would not fill its trucks from the lake and risk damaging its equipment when there is a fire hydrant available nearby.
 - Chad stated that the Town of Omro does not pay the District anything toward the cost of providing PFP. The District can only charge parcels inside its boundary, and currently parcels in the Town of Omro located outside the District receive this service without paying for it. The Town of Algoma pays the District its proportionate share of the cost to provide PFP and includes this fee in its general tax levy, thereby charging the cost of providing this

service to all homeowners in the Town of Algoma. The District has struggled with getting the Town of Omro to pay at least a portion of this cost to more equitably spread it amongst all property owners in the Town of Omro rather than just those in the District.

- Kevin stated the District has no plans on the shelf to run sewermain to serve these four parcels along Lansing High Point, but he told other residents in the area they should plan on having gravity sewer service available within the next ten years. Installing gravity sewermain along Lansing High Point would remove the private systems discussed earlier and the District's additional expense of maintaining the numerous grinder pumps currently serving these residents since the District currently does not collect enough from them in user fees to cover their additional maintenance expense. The District's ordinance does require connection to municipal sewer within 6 months after it has been made available.
- Jim stated these parcels are on an island outside of the District, which is not in the District's long-term interest, and the District will eventually want to add these parcels, along with two other parcels in this area on Lansing High Point along the lake which are also outside the District. He asked if this request to remove this parcel from the District were denied was he still planning to purchase it, and James Staerkel replied yes, but he would not be able to combine it with his other parcels as he had originally planned.
- Ray stated that an addendum to the offer to purchase included a statement that the seller would cooperate with approving the CSM, removing the parcel from the District, and providing a copy of the accepted offer.
- Jim also asked about the arsenic level of this resident's well and if he had it tested recently, and James Staerkel mentioned his well fell within the Wisconsin Department of Natural Resource's (DNR) established safe level of under 10 parts per billion (ppb), but he was unaware of the water quality of his neighbor's well. Jim stated the District has had residents experience problems with their private wells, and Chad and Peter added they have seen several properties that have had difficulty selling due to water quality issues with their wells.
- Jim stated that he would be against this resolution, but asked if there was a motion to approve this request. A move to deny this request would not prevent splitting this parcel into three separate pieces by CSM, but it would prevent adding these new parcels to the other existing parcels currently outside the District. Ray stated that if there was no motion to approve this action, the petition for removal would not proceed to the next step of being sent to the Town. Kevin stated that, if it was the intent of the Commission to deny this request, he wanted the Commission to make a formal motion to deny it to prevent other neighbors from coming before the Commission with a similar request. **Jim made a motion to deny the request for a Petition for Removal from the District of Parcel #016-0860/second-Chad/carried unanimously.**

- Jim continued the meeting with agenda item 2b.

- c) Discuss and act on Resolution 2015-6-1 Sanitary Sewer Utility Compliance Maintenance Annual Report (CMAR) for the Wisconsin Department of Natural Resources (DNR). Jim stated there was one small item to change on the draft copy of the report sent out to the Commissioners prior to the meeting, and Kevin stated he needed to check no instead of yes on the question of whether the District had a capacity operation and maintenance requirement in its WPDES permit. Kevin also mentioned the biggest thing in the CMAR is that the District did not experience any backups or sewer overflows all year. **Jim made a motion to adopt Resolution 2015-6-1 to approve the 2014 CMAR to be sent to the DNR with the change previously discussed/second-Peter/carried unanimously.**

8) **Jim made a motion to adjourn the regular monthly meeting at 7:32 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
Jim Savinski, President

Town of Algoma Sanitary District #1
July 9, 2015

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner 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 Accounting Manager Mike Claffey, and District Attorney Ray Edelstein. Commissioner Chad Hayes was 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 made a motion to approve the minutes of the regular monthly meeting on June 11 as submitted/second-Peter/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the District received the 2015 Public Fire Protection Fee of \$160,997 from the Town of Algoma, which will be included in July's report. **Peter made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
 - i) Note any investment changes. Jim noted the District is currently receiving 0.16% interest on over \$88,000 of funds with the Local Government Investment Pool and asked if the District should consider transferring those funds to a different account to obtain a higher interest rate. Mike said he would look into transferring the funds to the District's account at Community First Credit Union for next month's meeting.
 - ii) Note any balance adjustments. Mike explained there were three balance adjustments in June. Wendy's new franchise owner requested the District remove the \$10.72 of accumulated late fees upon payment in full of the user fee past due balance. Another balance adjustment posted the refund check issued to a customer last month for the duplicate payment of their final water bill. The last one wrote off a late fee of \$0.65 that the resident did not pay on their final water bill. **Peter made a motion to approve the June balance adjustments report as submitted/second-Jim/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike mentioned the District had not received the invoice for second quarter wastewater treatment charges from the City of Omro, however, based on the number of gallons received according to the report from the treatment plant, pending bills includes an estimate of \$37,535.30, which includes fixed charges and the late fee credit.
 - Jim asked for the total sewage flows to the City of Oshkosh and the City of Omro, noting the amounts to be paid for treatment service were quite similar. Kevin agreed and stated the total sewage flow to the City of Oshkosh Wastewater Treatment Facility (WWTF) of 584,000 gallons per day (gpd) was ten times the amount of sewage flow of 53,000 gpd sent to the City of Omro WWTF.
 - Jim asked if the Commission should approve an amount higher than the estimate since the invoice had not been received and Kevin stated they are welcome to do that, adding the late fee was about \$1,100 if City staff does not credit it.
 - Jim also verified pending bills included the two bond payments that are due at the end of the month.
 - **Jim made a motion to approve the July pending bills, with payment to the City of Omro not to exceed \$40,000, and the June previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Jim asked for a status update on the Dick's Sporting Goods retail store's connection to sanitary sewer, which was to be discussed during agenda item 5c).
- 5) Director's Report.
 - b) Review of District statistics.
 - The District distributed 21 sewer permits year-to-date, with nine of them in the Town of Omro. The District is experiencing a lot of growth in the Town of Omro as another new home on Pasture Lane was excavated that day. An average home value of \$250,000 per new residence adds \$2.5 million to the local tax base for the Town of Omro and the School District of Omro.
 - d) Correspondence.
 - A longtime resident on Sherrin Street is selling his home and informed Kevin the licensed pump installer he hired would not extract a sample from the private well due to a non-compliant well pump. Kevin believes there may be other homes in this area faced with a similar situation. The watermain is currently about 400' south of this property so the District cannot easily extend municipal water service to this area at this time. This homeowner submitted "No" responses for two of his three lots for the Phase IV watermain extension survey in 2013. He must test his private well water as required for the loan closing in the current offer to purchase or find a different buyer.
 - Kevin has a meeting scheduled with the DNR the following day which will be discussed further in closed session.
 - e) Status of 2015 Projects.
 - As Kevin explained at the previous meeting, Wisconsin Public Service televised sewermain and laterals of several properties south of Highway 21 and north of Witzel Avenue up to the home foundations to verify gas lines were not bored through personal sewer laterals and allowing natural gas to leak through the sewer system. There were two select areas in the City of Oshkosh along with a couple of other cities in Wisconsin and Minnesota that were targeted, but no cross bores were found in the approximately one square mile of the District that was examined.

However, the project revealed two small sewer leaks within the District's system and saved the District from paying for several miles of main televising.

- Kevin mentioned the District received a phone call the previous week from a resident on Samers Bay Road in the Town of Omro that had sewage backing up into the basement. Staff televised the sewer lateral and found a communication company that installed lines about a month ago bored through the sewer lateral that was eight feet deep. This was discovered on a Friday and it was corrected the following Monday, however, the issue was evident in the District's sewer flows. After the sewer lateral was cleared of debris, staff found about 16-20 gallons per minute, or about 70,000 gallons, of groundwater entered the sewer system. At \$4.50 per 1,000 gallons, this will cost the District about \$315 in sewage treatment expenses, and staff will generate a bill to the communications company to cover this cost.
- Kevin has been working with the engineer for the new Goodwill retail store proposed on a section of vacant land next to Lowe's. The building plans include connection to the District's sanitary sewermain and the City of Oshkosh's watermain within the next year.
- Kevin stated that, based on the areas of new concrete poured, it appears the Dick's Sporting Goods building connected to the City of Oshkosh watermain, however, it has not yet connected to sewer. He has not heard anything further from the City of Oshkosh regarding the plans for this project.
- Staff began painting fire hydrants throughout the District with the new sandblasting trailer. After the Operators sandblast the hydrants, they prime them white and paint them red. They started with the ones at the administration building, traveled east down Witzel Avenue, and did Thackery Drive and Wyldeberry Lane. The hydrants that were repainted are shiny, with a little sand residue remaining around the base which the Operators leave behind since it is safe for the environment. The District had not yet received any calls from residents about it. At the time of the meeting, there were about 20 hydrants primed white that would be painted red the following day. Staff will paint all of the hydrants south of Highway 21 this year.

6) Old Business.

- b) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Peter made a motion at 6:28 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Jim/carried unanimously.**
 - ii) **Jim made a motion to reconvene into open session at 7:00 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 Petition for Addition of Parcel 002-025924 on South Oakwood Road due to land purchase and upcoming CSM. Kevin explained three of four vacant adjacent parcels with the same owner are in the Sanitary District and one is not. In order for the interested buyer to combine them by a Certified Survey Map, the southernmost lot must be added to the District. Kevin confirmed with Winnebago County that the original Petition for Addition excluded this parcel, most likely because it contained a large power pole. Ray stated only Jim needs to sign the Petition for Addition document to be sent to the Town of Algoma for approval. **Peter made a motion to approve the Petition for Addition of Parcel 002-025924 into the Town of Algoma Sanitary District/second-Jim/carried unanimously.** Ray stated the Town may require the District to add the legal description for this parcel prior to acting on this request.
- b) Discuss and act on awarding contract for the Timberline Watermain and Sanitary Improvements project. Kevin stated the District received approval from the City of Oshkosh and the East Central Wisconsin Regional Planning Commission for this extension and recommended the Commission award the contract to the lowest of the five bids received earlier that week. **Peter made a motion to approve the bid from Robert J. Immel Excavating, Inc. in the amount of \$73,026 contingent upon receiving a signed Developer's Agreement with Anchorage Homes, a sanitary sewer extension approval from the DNR, and an erosion control permit/second-Jim/carried unanimously.**

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

9) Respectfully submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
August 13, 2015

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 August to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein.
 - 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. **Peter made a motion to approve the minutes of the regular monthly meeting on July 9 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 for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. Mike explained, as requested by Jim at the previous meeting, he proposes to move the total balance of \$88,482.85 by check from the Local Government Investment Pool (LGIP) to the sanitary account at Community First Credit Union. The accumulated interest from August 1 through the date the District submits the request for the withdrawal will also be refunded. **Jim made a motion to transfer these funds from the LGIP account to the sanitary account at Community First CU/second-Chad/carried unanimously.**
 - ii) Note any balance adjustments. Mike explained one balance adjustment voided an interim sewer bill for a new construction building that was not occupied yet because the closing was delayed and will be reissued once the closing date is rescheduled. Another balance adjustment posted a \$25 nonsufficient funds fee to a residential water account, two wrote off small unpaid late fees, and one removed a three cent credit on a one-time billing account due to a check writing error. **Jim made a motion to approve the July balance adjustments report as submitted/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike explained staff is no longer requesting approval for a check of \$12,557 to the Wisconsin Local Government Property Insurance Fund (LGPIF) because McClone Insurance provided the same type of coverage, including rental equipment coverage up to \$221,000, through CHUBB Insurance for an annual cost of \$7,093. Kevin further explained that the State of Wisconsin proposed discontinuing LGPIF, and their rate increased from \$7,045 last year to \$12,684. The District was very pleased to find such significant savings with the new quote in the open market, which was more than the 1% discount the LGPIF offered for paying early.
 - The payment to the Department of Financial Institutions for Mike and Sara's notary renewals will be done by credit card rather than by check, and the check for \$50 to McClone Insurance for the four-year notary bonds will be issued the following month.
 - The check for postage will be for \$294 instead of the \$441 that was originally proposed.
 - Peter asked if the District's credit cards offer any incentives or rewards and Kevin said he would look into it.
 - **Jim made a motion to approve the August pending bills and the July previous disbursements for sanitary and water as submitted/second-Peter/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 Town of Omro sewer flows for July were about 44,000 gallons per day, which is substantially less than the current yearly average and lower than the target range for this year. He said the District is definitely growing and it is good to see so many new homes building this year.
 - b) Correspondence.
 - Kevin stated the vacant land behind Service Oil on Omro Road officially sold last month. Sewer is available and there is a 12 inch watermain at the property line to supply an adequate volume of water. Staff verified the District can serve that property from two directions so there would always be water available in case of a watermain break.
 - o Jim asked what roads have access to this property and Kevin stated although no official concept drawing has been released, there is access from Emmers Lane, Omro Road, and Ran-Lie Street.
 - The District received correspondence regarding the storm sewer culvert and easement that runs under Highland Shore Lane for drainage to the lake that was capped on both ends by the owner. Kevin told the resident that the District has never maintained storm sewer pipes and he was not sure what the culvert was for. He involved Winnebago County to see whether or not the culvert needed to remain open.

- Kevin met with Bob Van Asten and Lynn Olsen, President and Vice President/Chief Credit Officer of First State Bank, the bank that owns the vacant lots in The Barony Country Estates. They discussed the history of the subdivision, how water and sewer rates have adjusted, and the increase in permits applied for throughout the years. Only two water and sewer permits were issued per year until there were six in 2013 and five in 2014, with twelve lots having sold so far in 2015.
 - c) Status of 2015 Projects.
 - Kevin stated the District rented an excavator the previous week to complete several projects, such as replacing the culvert by the access driveway at the tower and improved driveway access at the Honey Creek Lift Station.
 - The District also repaired a sewer lateral on Woodridge Drive that developed a hole, which staff backfilled with topsoil and grass seed, and it is pleased to not have caused any damage to the road.
- 6) Old Business.
- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Jim made a motion at 6:18 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 7:08 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 Resolution 2015-8-1 Authorizing Letter of Intent and Election of Uniform Dental Benefits Effective 1/1/2016.
 - Kevin explained the health insurance plans through the State of Wisconsin currently include dental benefits. However, next year the dental benefit will be removed from the health insurance plans and will be offered separately, with Delta Dental administering the dental insurance as a standalone policy, making all health insurance plans uniform. Any municipality that would like to continue offering dental insurance for their employees must send a letter of intent and a resolution to continue offering this benefit.
 - Staff did some research and analyzed the entire cost breakdown to verify which option to choose and whether to continue the same benefit for the employees. Chad asked what the cost increase was, and Kevin stated that, although the District must send the letter of intent now, the actual costs will not be released until closer to October. However, he anticipates the total cost will be comparable to what it is now. Jim verified by sending the letter the District is claiming an option that the Commission can accept or decline later. Kevin concurred and reiterated this is because the State is going to discontinue offering employee health and dental insurance benefits together as one policy starting next year.
 - The resolution to select the insurance plan is required by January 1 to elect to offer dental coverage, with the employees choosing their health insurance carrier in October during the open enrollment period. The District currently pays a maximum of 88% of the average cost of the health plans offered within the County, which is about \$22,000 per employee per year for a family plan, and the employee pays the remaining portion of the cost of between about \$1,250 to about \$4,500 per year. The cost of health insurance should be taken into account when looking at the District's entire employee wage and benefit package. Kevin stated the wage and benefit package the District offers to its employees should be competitive to help retain staff long-term because of the costs of training new employees. Peter wanted to look further into the cost of the health insurance plan and what other municipalities in the area are offering, while Chad stated he wanted to look at the deductibles and costs included with each option the State offers. **Peter made a motion to approve the submittal of the Letter of Intent to Elect Uniform Dental Benefits Effective 1/1/2016/second-Jim/carried unanimously.**
 - There was discussion on when the next meeting would be held. It was decided to hold a short meeting on September 2 at 6:00 p.m. to approve pending bills, with September 22 at 6:00 p.m. tentatively being the date of the regular monthly meeting and the annual budget review.
- 8) **Peter made a motion to adjourn the regular monthly meeting at 7:35 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
 Michael Claffey, Accounting Manager

Approved: _____
 James Savinski, President

Town of Algoma Sanitary District #1
September 2, 2015

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 Accounting Manager Mike Claffey, and District Attorney Ray Edelstein.
 - 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. **Chad made a motion to approve the minutes of the regular monthly meeting on August 13 as submitted/second-Jim/carried unanimously. Chad rescinded his motion and revised it to approve the amended minutes as presented and read by Jim/second-Jim/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. Mike did not have any investment changes this month, but mentioned pending bills included a check to transfer \$17,115.98 of Town of Omro assessment funds to First National Bank.
 - ii) Note any balance adjustments. Mike stated staff added a sewer cost to parcel #016-0327-08 for \$12,181 which is equivalent to the cost of an assessment. He explained a sewermain runs along this parcel, but it was not formerly assessed. This cost, along with the assessment on the neighboring parcel, was paid-in-full upon closing. **Jim made a motion to approve the August balance adjustments report as submitted/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike explained since the monthly meeting was scheduled earlier than usual, there were a couple bills that the District had not yet received and the Commission can see the estimated amounts on the pending bills sheet. A representative from BP provided a current balance of \$741.15 but could not guarantee that this amount included all purchases that were charged so far. Mike proposed to add an additional \$300 to make sure the District does not short pay this invoice, with any overpayment being applied to the next monthly bill.
 - The District received five of the six bills from Alliant Energy for electrical usage at the Town of Omro lift stations, and Mike estimated the remaining bill at \$105, which is a little over the normal amount. The balance Mike is proposing to pay, which would cover the entire balance owed for all six bills, is a total of \$337.31. He also noted the actual bill for the Springbrook Lift Station was \$87.45, which was less than the amount requested on the pending bills sheet sent to the Commissioners the previous day and included in the revised amount requested for payment.
 - Kevin added that he is comfortable with suggesting the District pay those additional amounts to cover the monthly statement balance due.
 - Jim asked for clarification that the transportation portion of the credit card statement did not include BP receipts. Mike answered no and explained those include gas receipts paid outside the gas card. He also stated the BP billing cycle closes on the 6th of every month and payment is due on the 21st.
 - Jim also asked what the \$100 on the credit card designated as Employee Benefits were for. Kevin answered he challenged the employees with District facts he wanted to emphasize and make them aware of and he bought multiple small gift cards as some employee rewards.
 - Mike also explained purchases designated to Plant included maintenance and other miscellaneous supplies, such as bricks for the back patio, which could also be included in the total for landscaping purchases. Kevin added the purchases under Landscaping included gravel and topsoil.
 - **Jim made a motion to approve the September pending bills, including the amount to BP not to exceed \$1,041.15 and the amount to Alliant Energy not to exceed \$337.31, and the August previous disbursements for sanitary and water 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. No discussion was had on this agenda item.
 - b) Correspondence.
 - Kevin stated the District did not receive a citation from the City of Omro for the 2015 new municipal sewer connections located in the Town of Omro, nor had he received any communication from the City even after the Public Service Commission (PSC) discussed items from the City's partial motion to dismiss and items from the District's complaint against the City for discriminatory wastewater treatment service rates, rules, and practices.
 - Kevin explained for the past six years the Town of Algoma has included the Public Fire Protection (PFP) Fee in their tax levy and sends the District a check each year for that amount. Kevin said he met with John Haese, the Town of Algoma Administrator, and Sue Drexler, the Town of Algoma Treasurer. John said that staff is proposing to have the Town stop collecting the PFP Fee as a municipal charge. To do so, the Town of Algoma would have to pass a resolution instructing the District to collect the full amount of \$165,827 by creating a new direct charge.

- i. Kevin explained the process of changing the collection method for the PFP fee may require a full rate case with the PSC, which takes a minimum of six months to complete and involves a lot of additional staff time and outside consultants. Kevin estimated the additional District expense for staff time and outside consultants to be \$25,000-\$40,000. The PSC would also require the District to hold a public hearing and notify all residents of the amount of the proposed charge, the reasons for the request, the date, time, and location of the public hearing to discuss it, and the effect of the rate change. The District would need to provide notice to all District customers by a special mailing and as a Class 1 legal notice published in the District's official newspaper. The District would have to be clear to its residents that they are being charged this fee directly rather than having the Town of Algoma continue to include it in its general tax levy. Currently, the Town is not proposing to reduce its budget by the amount of the PFP Fee they want the District to begin collecting and spend this amount on other Town expense items. The Town has stated it has the ability to do so according to both the PSC and the Department of Revenue. Kevin informed the Town that he is against this decision, and Jim pointed out that residents will still have to pay the PFP Fee and it will cost the District a lot more to begin collecting it as a direct charge.
- ii. The District is currently billing about 1,000 water customers, and there are about 3,300 parcels in the Town of Algoma. Kevin estimated the total annual expense to direct bill and receive payments for the PFP Fee to an additional 2,300 customers would be between \$5,000 to \$7,500, which includes \$2,700 of additional postage plus about 50 hours of labor. The process to implement a new direct charge, which includes the data entry to set up new accounts and the billing information to mail invoices, would require additional hours of labor and cost somewhere between \$5,000 to \$10,000. There will also be additional costs in attempting to collect past due balances, some of which will inevitably become uncollectable and have to be placed on the tax roll.
- iii. The financial effect this decision has on District residents depends on which parcels the District would decide to charge. Kevin presented the Commission with a map that showed Town of Algoma parcels, District parcels, and parcels that are Water Utility customers. If the District would charge only Water Utility customers, it would increase each resident's water bill by about \$200 per year. If all District parcels are charged, it would cost about \$64 per parcel, regardless of improved value. Residents with improved values greater than \$250,000 will be charged a smaller portion of the PFP Fee than they are currently paying, and residents with improved values less than \$250,000 will be charged a larger portion of the PFP Fee than they are currently paying.
- iv. The District Commission wants to make it known specifically that the Town of Algoma is seeking this change in how its portion of the PFP Fee is being charged, and their proposal specifically seeks to increase taxes by about \$165,000 by not adjusting its tax levy by the corresponding dollar amount that the District would direct charge. The Town is aware of the impact of this change, and Jim stated this is a deliberate method for the Town to raise revenues without having to notify its residents. At the public hearing prior to implementation of this new direct charge, these details would need to be mentioned, and any complaints about how this fee is being implemented would need to be forwarded to the Town since the District is not choosing to do this. Jim mentioned that the Town has complained in the past about having to fund the District's annual inflationary increase out of the small increase it gets from its annual net new construction. Kevin also stated that a majority of the Town's net new construction each year is in areas where municipal water is available, and the amount the Town can increase its tax levy each year is more than the District's annual inflationary increase in the PFP Fee.
- v. Jim added he believes the current collection method is fair because all residents, whether their parcel is in the District or not, receive the same benefit of PFP since their property is closer to fire hydrants than it would be without the municipal water system in place. Kevin agreed, adding staff is continuing to look into this, and he is trying to set up another meeting with the Town of Algoma. Jim stated he would be available to attend a future meeting, and he suggested having the Town Chairman, as well as any other Town Board members who wish to attend, there also. Kevin agreed, stating this is a major issue and he would prefer holding a workshop versus having to speak under Public Forum at a Town Board meeting. The Town Board has not discussed this yet at a public meeting or notified the District of a decision, and Peter stated he wants to hear what the Board's opinion on this is because he is not sure if a majority of the Board members would be in favor of this. Kevin said he is also still waiting for a return phone call clarifying some information about the tax levy from Valeah Foy, who is head of the Local Government Services Bureau at the Department of Revenue. If the Town continues to pursue this decision, the District will need additional answers from her on how to proceed and what options the District has available to implement this charge.

c) Status of 2015 Projects. No discussion was had on this agenda item.

6) **Jim made a motion to adjourn the regular monthly meeting at 6:43 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
October 8, 2015

Budget Workshop

- 1) Open Budget Workshop – 6:00 P.M.
- 2) Adjourn Budget Workshop – 8:21 P.M.

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 8:22 p.m., following the end of the budget workshop. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein.
 - 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. **Chad made a motion to approve the minutes of the regular monthly meeting on September 2 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 for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. Mike did not propose any investment changes this month. However, Jim noted the District earns very low interest rates at several financial institutions and asked if staff had considered transferring any additional funds to maximize the District's return on investment. Mike explained the District limits the amount of funds at various financial institutions due to the \$250,000 FDIC insured maximum at each. Mike added as the District uses available funds to make bond payments next year, staff plans to transfer remaining balances from its accounts earning the least amount of interest into its primary financial institution to earn a higher interest rate.
 - ii) Note any balance adjustments. There were no balance adjustments to approve this month.
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Jim asked if the payment to Robert J. Immel Excavating was for the water and sewer main extension on Timberline Drive. Kevin stated it was and that staff verified the total number of units installed and concluded the bill was calculated correctly. The developer saved some money on asphalt, topsoil, and mulch from the original bid tab. The District will pay 95% of the \$66,885.85 total, holding the normal 5% contract retainage until staff can verify no settling occurs this spring.
 - Mike noted the \$125.42 balance owed to BP included the \$300 overpayment from the previous month's payment.
 - He also noted the payment to Immel Excavating was \$63,541.55, which is less the 5% retainage as Kevin explained.
 - Mike verified with the City of Omro that the balance due for third quarter wastewater treatment was \$34,934.00.
 - He also added there were some general ledger account category changes on the detail for the credit card purchases, but they did not affect the total amount to be paid.
 - **Jim made a motion to approve the October pending bills, including the revised amounts to the City of Omro and Robert J. Immel Excavating as Mike noted, and the September previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Jim asked if the District should consider using a referendum to change the current *voluntary* municipal water system that is only available to parts of the District and expand it into an *involuntary* municipal water system that could be available District-wide. This referendum proposal would require the District to run municipal water to serve a property upon the owner's request, but acknowledged that the District would need to issue bonds to pay for installing the system. Properties with a watermain going past their property would still be assessed, but the referendum could be worded not to require property owners to connect to municipal water and allow them to defer paying on their assessment. Kevin said the District has surveyed its residents and knows who is willing to pay a special assessment for municipal water service. He said the District could do another water survey, but he assumes most of the responses would remain the same and he is not interested in making the municipal water system mandatory at this time. When Peter asked how many residents have municipal water available to their property, and Kevin estimated about 60-70% of the District. Kevin added the District could install watermains and fire hydrants without service valves less expensively, however water quality may be questionable for those residences located at the end of a watermain. Jim stated if the District continues not to have the *option* to make the municipal water system available, residents will continue to dig new private wells, making it less likely they will become a municipal water customer in the future. Kevin stated that, while the Water Utility does not have the financial resources available at this time, making municipal water available to more residents after 2023 would be more likely, and after 2028 it could more easily be made available to the other half of the District by issuing another 20 year bond.
 - Chad suggested the District set a goal to present the concept of a mandatory water system as a referendum item in 2016 to see if residents would approve it. Jim added within the jurisdictions of most other municipalities, homeowners are required to pay for and connect to a watermain that passes their property. Ray stated the District's current voluntary water system works well because it allows some homeowners to leave the special assessment in deferred status. However, he said some residents with a deferred assessment on their property will never connect to the municipal water system because the accumulated interest turns a \$10,000 assessment into a \$20,000 assessment, making it potentially more difficult for the property to sell in the future. Jim concluded by asking staff to look into how the District could retire the voluntary water system, reiterating his

belief in the importance of serving municipal water to the populated areas within the District that also receive municipal sanitary sewer service.

5) Director's Report.

a) Review of District statistics. Kevin stated the District connected five new properties to the municipal water system during the previous week, and there were also four new sewer digs completed during the week of the meeting. He noted Interior Woodworking on Highway 21 is creating a new showroom and the farm just down the street each added a new connection on their properties to the municipal sanitary sewer system.

b) Correspondence.

- Kevin stated he attended the Town of Omro meeting to discuss new collection methods for the Public Fire Protection (PFP) Fee. The Town did not establish an area the District is obligated to serve. Kevin stated the District is also awaiting a response from the Department of Revenue indicating whether it can separate the tax levy for District residents in the Town of Omro and allow the District to include the PFP Fee in only their ad valorem tax.
- Ray asked if the Town of Algoma had decided anything following its discussion to discontinue collection of the PFP Fee at their September meeting. Chad, who attended the meeting with Kevin and Jim, answered that the Town decided to table the issue indefinitely, knowing they will need a referendum to increase taxes in the near future.
- Kevin mentioned the Public Service Commission (PSC) scheduled the prehearing conference for the complaint against the City of Omro on October 27 from 10:00 a.m. to 11:30 a.m. in Madison. He said himself, Mike, and Ray would attend and asked Ray if anyone else should be there. Ray answered he recommended having a representative from the Commission attend and thought it would be a good opportunity in case they would be asked questions by any outside party that may be following this case. He added the PSC had some good information laid out in its list of proposed stipulated facts and stated the PSC wanted the District and the City of Omro to upload a revised and agreed upon version into the case file by October 21, prior to the date of the conference. Jim and Chad said they would let Kevin know whether they are able to attend.

c) Status of 2015 Projects.

- Kevin spoke with the City of Oshkosh and is awaiting more details regarding the new Goodwill retail store that will be constructed east of Menards and south of Rocky Rococo's in the near future. The City of Oshkosh will serve the building municipal water and the District will provide municipal sanitary sewer service.
- Kevin also stated the Dick's Sporting Goods building on N. Washburn Street completed its connection to the City of Oshkosh municipal sewer when it connected to municipal water, which required the developer to repave the concrete road.

6) Old Business.

a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.

- i) The Commissioners opted to not 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 regarding wastewater treatment services from the City of Omro.

7) New Business.

a) Discuss and act on proposed 2016 Annual Budget.

- i) Approve proposed 2016 Annual Budget for publication. Following discussion during the budget workshop, Kevin summarized the budgets included a 1.4% increase for the Sanitary Sewer Utility and a 1.8% increase for the Water Utility. Jim added residential sewer user fees are to remain the same as 2015 rates while water rates are proposed to increase by 3%. Chad asked if the Commission had the ability to alter the budget once it is published, and Ray stated the budget can be changed without needing to be republished until it is officially adopted the following month after the public hearing. The Commission decided to schedule a second budget workshop on Tuesday, November 10 at 6:00 p.m. **Jim made a motion to approve the proposed 2016 Annual Budget for publication as presented/second-Chad/carried unanimously.**

- ii) Schedule the annual public hearing for the 2016 Annual Budget at the District meeting on November 12, 2015. **Jim made a motion to schedule the annual public hearing for the 2016 Annual Budget on November 12, 2015 at 6:00 p.m., followed by the regular monthly meeting/second-Chad/carried unanimously.**

b) Sewer user fee credit for vacant building at 2725 Omro Road being parcel number 002-0111. **Chad made a motion to provide the sewer user fee credit for parcel number 002-0111/second-Peter/carried unanimously.**

c) Discuss and Act on Resolution 2015-10-1 for Existing Employers to Select Program Option for the Wisconsin Public Employers' Group Health Insurance Program. **Chad made a motion to approve Resolution 2015-10-1 as submitted/second-Peter/carried unanimously.**

d) The Commissioners opted to not go into closed session pursuant to Wisconsin Statute 19.85 (1) (c) to discuss matters in relation to annual employee evaluation, compensation, and benefits based on discussion had on the topic during the budget workshop earlier in the meeting.

8) **Chad made a motion to adjourn the regular monthly meeting at 9:02 p.m./second-Jim/carried unanimously.**

Respectfully submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

**Town of Algoma Sanitary District #1
November 12, 2015**

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for November to order at 5:30 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein. Commissioner Chad Hayes was 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 made a motion to approve the minutes of the regular monthly meeting on October 8 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 for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. Mike explained staff is beginning the process of transferring some funds from financial institutions paying lower interest to accounts earning higher interest as discussed at the previous monthly meeting. The first transaction will transfer \$36,600.73 of general funds from First Merit Bank to the Sewer Utility account at Community First Credit Union. This will increase the interest received by 0.25% from 0.20% to 0.45%. **Peter made a motion to approve the investment change as Mike explained/second-Jim/carried unanimously.**
 - ii) Note any balance adjustments. Mike explained one balance adjustment added a water cost of \$12,901.96 for parcel #002-0815. This property owner recently connected to the new water service the District installed and he paid the cost in full. Another balance adjustment voided a third quarter water bill of \$54.47 that was billed an incorrect number of service days and the bill was reissued for the correct dollar amount. The last balance adjustment removed a \$226.99 remaining balance of a 2014 water assessment payment that was billed directly to a resident, with this amount to be added to their future assessment payments on the tax roll and does not change their assessment balance due. **Jim made a motion to approve the balance adjustments as submitted/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. **Peter made a motion to approve the November pending bills and the October previous disbursements for sanitary and water as submitted/second-Jim/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 received three tax letters the previous week for vacant lots in the Barony Subdivision and he anticipates the new owners will apply for water and sewer permits before the end of the year.
 - The District continues to receive a reduced cost for Diggers Hotline tickets due to receiving these notices by email rather than by fax, which allows an Operator to receive them directly on his phone. The Commission can expect to see the annual bill soon that will be based on the total estimated number of digger's tickets the District will receive the next year. Diggers Hotline sends a monthly statement deducting the cost of the number of tickets issued from the District's credit balance. The Operators have to mark quite a few tickets each month depending on what projects are going on.
 - The District's unaccounted water for third quarter was 2.3% and the annual average is about the same, which is exceptional. Water meters have a 1.5% error factor, so staff is looking for a leak of less than 3 gallons per minute throughout the entire municipal water system.
 - b) Correspondence.
 - The District's exceptional safety record has earned an experience modification factor of .89, which results in an 11% premium reduction for its workman's compensation insurance.
 - Kevin met with the property owners, their builder, and their excavator on-site at a vacant lot on Stonegate Drive in the Bellhaven Subdivision regarding substantial rock underground. They reported to the District they would have to blast the rock in order to excavate in this area. Kevin notified them verbally and with a written notice that they must protect the District utilities and would be responsible for any damage. When the District installed water and sewer to this property, staff removed solid rock about 7-10 feet beyond the end of the laterals in order to try to protect them when excavation begins. When the house next door was built the contractor slowly chipped away the rock with a machine instead of blasting, so the District hopes the excavator of this future home can do the same in this case also.
 - Ehlers notified the District of some possible savings through refinancing some existing debt. Staff will continue to consider it, but an interest rate increase anticipated in December may affect the amount of potential savings.
 - c) Status of 2015 Projects.
 - District staff has completed the annual flushing of the watermains. The constant opening and closing of fire hydrants can put a strain on the water distribution system, so the Operators throttle down the hydrants slowly to prevent water hammer on the system and have been monitoring night flows to make sure nothing has broken.
- 6) Old Business.
 - a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Jim made a motion at 5:45 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Peter/carried unanimously.**
 - ii) **Peter made a motion to reconvene into open session at 5:59 p.m. to discuss and act on matters discussed during closed session/second-Jim/carried unanimously.** No action was taken.

Public Hearing for Proposed 2016 Budget.

- 1) **Jim opened the public hearing at 6:00 p.m.** 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 16. Kevin added the District held two budget workshops.
- 2) **Jim made a motion to adjourn the public hearing at 6:02 p.m./second-Peter/carried unanimously.**

The regular monthly meeting continued.

- 7) New Business. A complete copy of all of the resolutions were sent to the Commission prior to the meeting.
 - a) Discuss and Approve Resolution #2015-11-1 to set the 2016 Annual Sanitary Sewer User Fee for the Town of Algoma Sanitary District #1 per Equivalent Unit (E.U.):
 - i) User Fee for parcels discharging to the Oshkosh Wastewater Treatment Facility - \$309 per E.U.
 - ii) User Fee for parcels discharging to the Omro Wastewater Treatment Facility - \$581 per E.U.
 - Mike mentioned staff inserted the word “residential” prior to “equivalent units” to what was stated in the text of the resolution, or per residential equivalent unit (R.E.U), that was sent to the Commission the previous week.
 - Kevin mentioned residents will not experience an increase in their annual sanitary sewer bill, as this motion will set the 2016 user fee to be the same as 2015.
 - **Jim 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-Peter/carried unanimously.**
 - b) Discuss and Approve Resolution #2015-11-2 to set the District’s 2015 Property Tax Levy at \$210,455. **Jim made a motion to adopt Resolution #2015-11-2 to set the 2015 property tax levy at \$210,455/second-Peter/carried unanimously.**
 - c) Discuss and Approve Resolution #2015-11-3 to Increase the 2016 Contribution in Aid of Construction (CAC) by 3%. **Jim made a motion to adopt Resolution #2015-11-3 to increase the 2016 Contribution in Aid of Construction (CAC) by 3%, rounded to the nearest dollar amount/second-Peter/carried unanimously.**
 - d) Discuss and Act on changing the billing method for the Public Fire Protection Fee in the Town of Omro. The Public Service Commission (PSC) of Wisconsin has instructed the Town of Omro to pass a resolution to establish the obligated service area for the District, and Kevin stated the District had not received a response from the Town of Omro as of the time of the meeting. He also sent the Town Chairman an additional note stating the District would not charge a Public Fire Protection (PFP) fee on the property tax bills of Town of Omro residents within the Algoma Sanitary District and is waiting to hear from the Town before proceeding any further. Once the Town establishes an obligated service area and the PSC completes its review and sets a rate, the District can implement the fee and choose a date to bill its residents. Kevin is proposing to submit a request to the PSC to allow the District to charge this fee annually and mail one bill rather than billing it quarterly. Kevin also emailed specific questions to the Town for their fire department which address different items to use in making its decision for the obligated service area, such as whether there is a radius from each hydrant that they would use when fighting a fire, how many feet of hose they have, and if there is a certain distance they would tanker water. Kevin made a request to have the Town direct the District to charge all District parcels plus any additional areas the fire department states it would be obligated to serve. Jim asked if the District has the ability to charge parcels outside of its boundaries, and Kevin explained the PSC stated it can if the Town directs the District to do so. Ray added an owner of a parcel outside in the District may question why they receive a bill for PFP. Kevin stated the legal method for the District to collect any unpaid fees for parcels outside the District would be to have the Town place them on the property tax roll. Peter added if a property owner outside the District would take issue with this fee, they would have to go to the Town to dispute it. No action was taken on this agenda item.
 - e) Discuss and Approve the 2016 Annual Budget for the Water and Sanitary Sewer Utilities. **Peter made a motion to approve the 2016 Sanitary and Water Utility Annual Budget/second-Jim/carried unanimously.**
 - f) The Commission decided not to go into closed session pursuant to Wisconsin Statute 19.85 (1) (c) to discuss matters in relation to annual employee evaluation, compensation, and benefits as this was discussed previously. **Jim made a motion that the Director’s salary is to remain at the same base amount of \$118,226, with \$1,000 in merit pay to be payable December 1, and that he receives health insurance and Wisconsin Retirement System benefits as part of his compensation package/second-Peter/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 6:15 p.m./second-Peter/carried unanimously.**

Respectfully submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

10) Town of Algoma Sanitary District #1
11) December 10, 2015

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Peter Cernohous and Chad Hayes present called the regular monthly meeting for December to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein.
 - 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 made a motion to approve the minutes of the regular monthly meeting on November 12 as submitted/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. Mike mentioned pending bills included a request to transfer \$35,000 of water assessment funds from Community First Credit Union to First National Bank for the bond payment due February 1.
 - ii) Note any balance adjustments. Mike explained one small balance adjustment deleted a \$33.64 December sewer bill for a condo at 1979 Timberline Drive due to the closing date being delayed until the end of the month and the sewer bill was no longer owed. **Peter made a motion to approve the balance adjustments as submitted/second-Jim/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike mentioned the November pending bills sheet mistakenly contained a number transposition. The IRS Federal payroll tax payment was listed as \$8,405.28 but should have been \$8,504.28, which was the amount due and paid. The November previous disbursements report reflects this additional \$99 increase to match the correct amount paid.
 - Mike also stated staff proposes to pay \$7,000 to the City of Omro for connection fees collected from the 14 sanitary sewer permits issued in the Town of Omro in 2015. Jim added this will formalize the number of connections the District received for the year and Kevin agreed. This connection fee is charged with the new sewer permits applied for in the Town of Omro, which is then forwarded to the City of Omro. Jim asked if all fourteen properties that permitted were connected to the municipal sanitary sewer system, and Kevin stated these properties are in various state of construction and not all of them are currently discharging into the sewer system. He believed about six properties were definitely connected and four properties were almost ready to be occupied.
 - As mentioned under the investment changes, Mike proposed to transfer \$35,000 of water assessment funds from Community First Credit Union to First National Bank for the bond payment due February 1.
 - **Chad made a motion to approve the December pending bills and the November previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. The Commissioners wish everyone a Merry Christmas and Happy Holidays.
- 6) Director's Report.
 - a) Review of District statistics.
 - Kevin stated the District distributed 46 water permits and 35 sewer permits during the first 11 months of 2015. He added another two or three permits were also issued earlier that month prior to the meeting, which greatly exceeds the District's budget of 30 water permits and 15 sewer permits.
 - Sewage flow in the Town of Omro decreased to an average of 46,000 gallons per day (gpd). There were five months that were below the District's target of 45,000 gpd, even as the Town continues to grow and gain connections.
 - Sewage flow in the Town of Algoma has decreased by an average of 90,000 gpd. Staff found some leaks under the street of Westowne Avenue and repaired some broken and leaking sewer mains and manholes by injecting grout into the main. One leak allowed about 20 gallons per minute (gpm) to enter the sanitary sewer system. Since sewer mains are only televised every five to ten years, it may take a while before certain leaks are found. These repairs have had a huge impact on the total flows going to the City of Oshkosh Regional Wastewater Treatment Facility (WWTF).
 - Jim noted that sewage flows to the Oshkosh WWTF were around 800,000 gpd from 2006-2011. Kevin explained staff found a huge leak when the intersection of Highway 21 and Westowne Avenue by McDonalds was restructured in 2011. They also found multiple leaks totaling 30-40 gpm near the retainage pond there because the sewer main in that area was not correctly capped and plugged. The pond was fairly dry because water was draining into the sewer system and now that it is plugged, the pond fills up regularly. In addition, staff also found about a dozen leaks that year.

- Jim also noted the District received a lot of heavy rainfalls this year. Kevin agreed and added one technique the Operators use to reduce inflows and infiltration into the sanitary sewer system is to install sealing kits to repair the manhole chimneys. December pending bills included the purchase of 68 sealing kits, which will probably be enough to repair about 20-30 manholes. He explained as roads expand and rise during winter months, the material in the manholes should allow it to stretch about two to three inches. Investment in these types of products have saved the District a lot of money in sewage treatment costs over the years.
 - b) Correspondence. Kevin forwarded the correspondence he received from the Public Service Commission (PSC) regarding the City of Omro to the Commission previously for discussion in closed session.
 - c) Status of 2015 Projects.
 - Kevin stated the District recently released a permit for a future home in the Sandhill Farms Subdivision, which is North of Highway 21 off of Marquart Lane past the Barony Subdivision. He explained part of the water and sewer mains servicing this property are in the field that the owner currently farms. Some of the water services were damaged and others were experiencing corrosion of the copper laterals, so staff previously shut off the water to this area. Now that a permit has been issued in this area, staff has located all six water services up to the next service valve to the west and hired an excavator to repair these services the following week so it will be available when the owner wants to connect their house to the municipal water system.
- 6) Old Business.
- a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Jim made a motion at 6:15 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 6:47 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 Public Fire Protection Fee in the Town of Omro. The Commission received a copy of the resolution from the Town of Omro that directs the District to collect the Public Fire Protection (PFP) Fee directly from District parcels in the Town of Omro. Kevin presented a map of the parcels that previously received a PFP Fee charge on their property tax bills, all of which staff proposes to charge again next year. The Public Service Commission (PSC) proposes to charge \$21.30 per quarter to water users and non-water customers will be billed \$85.20 annually based on this amount. He also explained the Statute allows an owner with multiple adjacent properties to receive only one PFP Fee, and staff has already accounted for this in the rate structure. There are several vacant lots in the Barony and Sandhill Farms Subdivisions owned by one person or entity that may only receive a few charges, even though they own multiple lots. As these properties sell during the year, the PFP Fee will become due and collected. The current rate is based on collecting the fee from all of those lots because it will be collected at some point in future. The method chosen to direct bill the PFP Fee is called the equivalent services method, and each individual charge is based on the size of the water meter serving the property. There are only four property owners whose PFP Fee will be \$5.70 higher per quarter than the base charge mentioned earlier. While at the Town of Omro Board meeting, Kevin also mentioned the brochures the District created and circulates at the home shows to help sell vacant lots in the Town of Omro, and the board members were pleasantly surprised and impressed.
 - i) Accept the Town of Omro Resolution #2015-1. **Chad made a motion to accept Resolution #2015-1 from the Town of Omro/second-Peter/carried unanimously.**
 - ii) Approve implementation of a direct charge in the obligated service area using the equivalent services method. **Jim made a motion to approve implementation of a direct charge in the obligated service area using the equivalent services method/second-Peter/carried unanimously.**
 - b) Approve Resolution 2015-12-1 for collection of the Public Fire Protection Fee for Town of Omro residents within the Town of Algoma Sanitary District #1. **Chad made a motion to approve Resolution 2015-12-1 for the collection of the Public Fire Protection Fee for Town of Omro residents within the Town of Algoma Sanitary District #1/second-Jim/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 6:55 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
 Michael Claffey, Accounting Manager

Approved: _____
 James Savinski, President