

Town of Algoma Sanitary District #1
January 14, 2016

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 January 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 December 10 as submitted/second-Peter/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. Mike mentioned pending bills included a request to transfer \$70,000 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 the only balance adjustment this month was to add the annual cost of money entry to charge all assessments in deferred status based on either the original principal balance or the current balance, whichever is lower. Mike added the backup detail included with this entry shows one year of interest being added to the total balance owed for each parcel and only recorded on parcels that have not been paying on their assessments, with this annual increase applied to cover the bond interest the District is paying while these assessments are in deferred status. Kevin further explained these deferred assessments increase by the value of the bonds the District received to complete the various watermain extensions so that when the assessments are paid, the District receives the full payment amount of the bond. He also added when the bonds are paid in full and not incurring any future interest cost, the Commission can discuss the possibility of discontinuing this annual increase on the individual deferred assessments. **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 stated staff voided check #12835 to L.W. Allen for \$3,260 and proposes to issue a new check for that amount next month. He explained L.W. Allen changed their corporate status to a partnership, which now makes them subject to a receiving an annual 1099 tax form. In order for our accounting program to correctly calculate their 1099 form the District would send them for 2015 and 2016, staff voided this check and will reissue it in February.
 - The District received a revised invoice from Wally Schmid Excavating. The original estimate of \$3,000 omitted the cost of gravel, bringing the total to \$3,761.75. Kevin explained the invoice was for the excavation costs associated with replacing some copper service lines to be discussed further under Status of 2016 Projects in the Director's Report.
 - Staff reclassified a credit card purchase that was originally assigned as a 50% water maintenance and 50% sewer maintenance expense to 100% sewer. This decreases the water expense and increases the sewer expense by about \$500, but the total amount of \$1,049.07 remains the same.
 - **Chad made a motion to approve the January pending bills and the December previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.** Jim noted this motion also includes the wire for \$192,532.50 to pay the bond payments due February 1.
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Peter was pleased that actual water and sewer expenses were well below budgeted amounts which indicates the good job staff is doing throughout the utility. Kevin appreciated the compliment and added when he reviewed the District's annual cash reports from last year, the Sewer Utility ending cash balance increased by about \$527,000 and the Water Utility, which was expected to have a much bigger loss due to the bond payment requirements, decreased by only about \$111,000.
 - Jim stated the Capacity Management Operations & Maintenance (CMOM) report for the WDNR is due August 1. Kevin elaborated and stated there are nine sections to be filled out covering topics such as emergency management planning, emergency chlorination planning, organization, and legal authority. WDNR staff will review the District's residential well permits, cross connection inspection reports, and policies in place to verify they meet their requirements. Kevin plans to take staff to one of the multiple meetings the WDNR offers within the next couple of months to verify the District has all information needed. The District easily passed the preliminary review last year and Kevin stated he has everything he needs to complete the required report.
 - Jim also mentioned the goal of implementing a data breach response plan in 2016, as mentioned last year in the 2014 audit. Kevin stated staff will discuss what steps to establish and how that transaction works at the bank if they receive an unauthorized withdrawal request for automatic payments. The District is limited on the amount of automated withdrawals it is allowed and the bank would notice if a request is made outside the usual timing. Staff will develop a policy to review so everyone knows what actions to take should that situation arise.

5) Director's Report.

a) Review of District statistics.

- Kevin stated the District distributed a total of 51 water permits and 40 sewer permits during 2015.
- Due to the five inches of rain the District received in December, the average Town of Omro flows increased to 52,000 gallons per day (gpd). The ground is somewhat frozen so there was a little more runoff, but staff expected the rain to have a pretty high impact. Annual Town of Omro sewer flows for 2015 averaged 46,000 gpd that flowed to the City of Omro Wastewater Treatment Facility. Prior to consolidation of the former Omro Sanitary District into the Town of Algoma Sanitary District #1, the average flows for 2011 were 72,000 gpd, and while the District has continued to add 34 new connections since then. Staff is continuing to distribute permits, even during these winter months. The goal for Town of Omro flow next year is an average of 50,000 gpd which Kevin feels is very attainable.

b) Correspondence.

- The District continues to receive tax letters from title companies every month which is evidence that houses are selling in both townships.
- District staff is notified when a resident contacts Diggers Hotline and plans to dig in the road right-of-way near District utilities. The Operators mark an average of seven properties per day to help protect the sewer and water mains and services.

a) Status of 2016 projects.

- i) Test/calibrate 25% of ten year old water meters. Kevin explained there are approximately 100 water meters throughout the water system that are greater than ten years old that need to be sent in for testing and calibration. If at least 90% of them are accurate, the remaining water meters installed at that time do not need to be replaced until they are 20 years old.
- ii) Sandhill Farms copper water service replacement. Staff found the copper water service lines installed in 2005 for the lots in this undeveloped subdivision were not holding pressure. There are several possible reasons why they are corroding from the outside, including the non-existence of a sacrificial anode or the inability to use ductile main as an anode since C900 main was installed at the time, or the existence of very corrosive groundwater / soil. Some of these copper water services were replaced in 2009 when the former Omro Sanitary District tested the copper and found it met all the necessary parameters. After consolidation the District replaced 22 copper water services in 2012. The District hired Wally Schmid Excavating in December to replace an additional six services with HDPE pipe for \$3,700, which breaks down to be about the same cost per service as the District renting an excavator to replace the 32 remaining copper services in this development on its own this year.
- iii) Lift station pump upgrades. Staff will verify there are adequate lift station pumps in inventory that can cover any District pump failure to ensure continued sanitary sewer service. Kevin also noted staff did not have to replace any grinder pumps last year.
- iv) Telemetry installation for monitoring District flow at Omro WWTF Flow Station. This installation will allow staff to monitor Town of Omro flows and verify they are recorded correctly. The current quote is about \$7,000, however staff is attempting to find it for a lower cost. Kevin has wanted to perform this upgrade since the District consolidated with the former Omro Sanitary District in 2012.
- v) Pressure transducer for level measurement at lift station. Installation of a pressure transducer replaces the need for multiple floats. It remains under the water level, so it does not build up with grease, and allows the Operators to input set points to run the lift station pump from one water level down to another. The District installed a pressure transducer at the Shorehaven Lift Station recently and plans to continue one to two per year until all lift stations are upgraded.
- vi) Website upgrade. Kevin plans to consider typical characteristics of a new municipal website during the second half of the year. He is requesting suggestions from the Commission on what may work well and what does not.
- vii) Paint hydrants. Staff painted 104 fire hydrants last year and intends to do the same amount this year. The Operators search out the ones needing it the most and continue painting the ones down that entire street.
- viii) Install magnetic flow meter at Well #2. Staff has the meter in inventory and will install it within the next month. The Operators will then not have to do annual meter testing on this meter.

7) Old Business.

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

- i) **Chad made a motion at 6:35 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Peter/carried unanimously.**
- ii) **Jim made a motion to reconvene into open session at 6:45 p.m. to discuss and act on matters discussed during closed session/second-Chad/carried unanimously.** No action was taken.

8) New Business.

a) Discuss and act on implementing a direct charge of the Public Fire Protection Fee in the Town of Omro.

- i) Review public hearing statements. Kevin stated the public hearing was held at the District office earlier that day, which Jim also attended. He mentioned staff received a few calls from residents asking when they should expect the annual bill, so the public seemed to be well informed. Staff proposes to charge non-water utility customers around late

June or early July to reduce the number of past due notices that would need be sent, and any remaining past due balances will be placed on the property tax bill. **Jim made a motion to authorize staff to implement the charge for the public fire protection fee in the Town of Omro upon PSC approval/second-Chad/carried unanimously.**

9) **Jim made a motion to adjourn the regular monthly meeting at 6:48 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
February 11, 2016

Regular Monthly Meeting

- 3) Open regular monthly meeting.
- 4) Commission President Jim Savinski with 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 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 January 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 and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. Mike explained one balance adjustment recorded a nonsufficient funds fee to a residential account for a bounced check, and another wrote off a \$1.16 late fee for a sewer customer who paid the balance less the fee and has since moved out of his commercial building and is no longer a customer, bringing the balance adjustment total to \$23.84. **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.
 - Mike mentioned this month staff will reissue the \$3,260 check to LW Allen that was voided in December.
 - He also mentioned the water utility's bond payment of \$223,253.13 is due March 1 and will be paid by check.
 - **Jim made a motion to approve the February pending bills and the January previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 5) Public Forum. No one was in attendance from the public.
- 6) Commissioner Statements. Jim mentioned the annual financial audit was being conducted on site at that time and said he spoke with the auditors prior to the meeting. Kevin added they will be at the administration building that day and the following day to do their research locally and then will take another couple of months to complete the audit.
- 6) Director's Report.
 - b) Review of District statistics.
 - Kevin sent the Commissioners the statistical charts for January, which included the distribution of three water permits and two sewer permits. He added sewer and water flows were as he expected them for this time of year.
 - c) Correspondence. None.
 - a) Status of 2016 projects.
 - The exchange of the meter at Well #2 has been completed.
 - The Leonard Point Lane Lift Station radio telemetry has been blocked during times of heavy fog. The District's electrical engineer at LW Allen will redirect the telemetry to Well #2 to send the signal back to the office.
- 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). No action was taken.
- 7) New Business. None.
- 8) **Jim made a motion to adjourn the regular monthly meeting at 6:35 p.m./second-Peter/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
March 10, 2016

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for March to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District 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 February 11 as presented/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. None.
 - d) Approve pending bills and previous disbursements for sanitary and water. **Peter made a motion to approve the March pending bills and the February 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.
 - Chad thanked the others for conducting the previous meeting while he was out of town.
 - Peter thanked Jim and staff for their attendance at the PSC hearing in Madison the previous week.
 - Jim thanked Ray and staff for their significant time and effort preparing for the PSC hearing.
- 5) Director's Report.
 - a) Review of District statistics.
 - Kevin presented a chart of water and sewer permits issued during the last five years which had an increasing trend. He explained there are more water permits than sewer permits because of residential well pump failures or other contaminant related issues.
 - Kevin showed the ad the District placed in the March Home Run that included a map of vacant lots that are available throughout different subdivisions in the District.
 - b) Correspondence.
 - Kevin spoke with Ehlers, an independent financial advisory company, to discuss a possible refinancing opportunity for two outstanding District sewer and water loans. Their staff will attend the next monthly meeting to present details to the Commission. Refinancing can save the District about \$200,000 over next 10 years, or about \$17,000-\$19,000 per year. If pursued, Ehlers would accept bids the following month.
 - Staff obtained lead and copper and arsenic testing quotes to possibly include in a water quality article in the annual Consumer Confidence Report that is sent to all District residents in June. Peter encouraged staff to continue promoting the importance of safe drinking water to its residents.
 - c) Status of 2016 projects.
 - Kevin stated the property behind Service Oil on Omro Road has sold and prior to construction beginning he would like the District's engineer to design a watermain extension for Ran-Lie Street, which is just west of that property. Homeowners on that street have expressed an interest in receiving municipal water service and a water extension would allow the District to complete a watermain loop through that area. Once the design is finished, staff will begin speaking with homeowners to discuss the details.
- 6) Old Business.
 - a) Discuss and act on City of Omro contract negotiations for wastewater treatment services.
 - i) **Chad made a motion at 6:10 p.m. to go into closed session pursuant to Wisconsin Statute 19.85(1)(e)/second-Jim/carried unanimously.**
 - ii) **Chad made a motion to reconvene into open session at 6:25 p.m. to discuss and act on matters discussed during closed session/second-Peter/carried unanimously.** No action was taken.
- 7) New Business. None.
- 8) **Peter made a motion to adjourn the regular monthly meeting at 6:25 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____

Michael Claffey, Accounting Manager

Approved: _____

James Savinski, President

Town of Algoma Sanitary District #1
April 14, 2016

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 Mike Claffey, and District Attorney Ray Edelstein. John Cameron of Ehlers as well as Nathan Krohn, new owner of a vacant lot on Kirkwood Drive, were also in attendance.
 - 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 10 as presented/second-Chad/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. None.
 - ii) Note any balance adjustments. Mike explained one balance adjustment wrote off a month of deferred interest charged to a resident and another one removed a late fee on a sewer bill due to mail forwarding issues. **Chad 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. Mike stated the Safe Drinking Water Loan payment total of \$709,407.28 was to be paid by check. He also received verification from the City of Omro that the invoice for first quarter sewage treatment was \$40,992.80, or \$8.16 per thousand gallons. **Chad 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. Kevin noted Nathan Krohn, new owner of a vacant lot on Kirkwood Drive, was in attendance to discuss the Kirkwood Drive watermain extension under New Business 7c).
- 4) Commissioner Statements. Jim noted the District completed the final briefs for the Public Service Commission (PSC) of Wisconsin in its case against the City of Omro. Kevin stated the next step was for the PSC to create their memorandum brief, with the deadline to be determined. Staff will have two weeks to respond and then the PSC will generate a decision matrix for their Commission to act on.
- 5) Director's Report.
 - a) Review of District statistics. The District had eight water connections and five sewer connections during the first three months of year which is a good sign of growth for the year.
 - b) Correspondence. Kevin noted he and Jim met with the Town of Algoma Chairman, Joel Rasmussen, regarding the current Public Fire Protection (PFP) Fee collection method. Joel sought to gather information on the residual effects of the Town deciding to discontinue collection of the PFP Fee, which would force the District to take it on. He will take the information back to the Town Board and, if they decide the current method is not the best option, they will schedule a workshop between the board members and District staff rather than simply placing it on their agenda. Jim added he thought Joel needed to consult the Town's attorney to determine if they are able to do this without reducing their tax levy, and Kevin added he asked Joel to receive confirmation on whether they can do this. Jim thought it was a very productive meeting and that Kevin did a great job exploring how involved the workload for this change would be for both entities.
 - c) Status of 2016 projects.
 - The District Operators are in the process of jetting the sanitary sewer mains, which they do with a high pressure (3,000 psi) hose. For their safety they will come in at 4:00 a.m. the following day to jet the sewer mains on Westowne Avenue since that street will have high traffic after 8:00 a.m. The District has not experienced any build up or plugging issues related to grease in the sanitary sewer system in this area because the businesses on this street use grease traps, however, the Operators still jet the sewer mains annually to verify they are clean.
 - The economy has been flourishing, as Kevin has been contacted for numerous projects throughout the District. There are plans to build a new two-unit building on a City of Oshkosh parcel between Lowe's and Cousins Subs on Westowne Avenue. The structure will connect to the District's sanitary sewer system and the City of Oshkosh's water system, and it is unknown who the renter would be. Kevin required the owner not to construct the building over the District's easement on this parcel, however, he allowed them to place their sign over it. The Operators televised this section of sewer main and found it to be in good condition, estimating it will last 50 years.
 - Goodwill is looking to build a new location between Rocky Rocco's and Menards on Westowne Avenue. They are working with the developers and finalizing their plans at this time. This building will also connect to the District's sanitary sewer system and the City of Oshkosh's water system, both of which are in easements in the parking lot.
 - Choice Bank is looking to build a bank office complex, with a potential clerical tenant, on four City of Oshkosh commercial lots on Emmers Lane just west of Walgreens.
 - Jim asked for information regarding the houses that were torn down on Omro Road next to Service Oil. Kevin stated that parcel, which has the acreage behind the gas station and road access on Emmers Lane as well as Ran-Lie Street,

was recently sold to ThedaCare. There has not been a formal plan released for this area, but it would be discussed more during the watermain extension discussion under New Business 7c).

- Staff will do some clean up at the District's administration building and various lift stations and well houses after the winter season.
- The Water Utility had an exceptional year while meeting its revenue requirement for 2015, and did not qualify for the annual simplified rate case to increase rates by 3%. Water rates will remain flat through this year and staff will analyze them again next year. This also applies to the annual Public Fire Protection (PFP) Fee.
- The Sewer Utility also had a very exceptional year and, while staff cannot confirm this yet, Kevin speculates sewer rates will be expected to remain flat as well.
- The Water Utility's unaccounted water for first quarter was 2.37 gallons per minute (gpm), or 2% of the overall water pumped, which is very miniscule. Water meters are calibrated with a 1.5% margin of error. The Commission agreed that is a phenomenal statistic. Kevin explained this means the District has a very solid water system and there are no leaks resulting from the past winter season for staff to find.

6) Old Business. None.

7) New Business.

- a) Discuss and act on sewer user fee request from 5702 Springbrook Road. This property owner recently built a new home, with plans to vacate the old one within the next couple of months and demolish it within the next couple of years. She sent the District a formal request asking that the sewer user fee for this property be removed. Kevin spoke with her, verbally and by email, explaining since the sewer user fee is a flat amount, staff does not have the ability to remove it unless the property disconnects from the sewer lateral. This property also has an existing grinder pump which services this home and the new one the owners built near it. Kevin simply wanted the Commissioners aware of the situation. At first the owner was not open to the idea of disconnecting the sewer lateral, but Kevin thinks she may agree to it, which District staff will inspect for verification before removing the sewer user fee.
- b) Approve Resolution 2016-4-1 providing for the sale of approximately \$2,415,000 General Obligation Refunding Bonds.
 - John Cameron of Ehlers & Associates, an independent municipal financial advisory company, provided the Commissioners a packet of information and explained the District is proposing to refinance the 2007 General Obligation (GO) Bonds, callable in 2017, and the 2009 GO Bonds, callable in 2019, that have interest rates ranging between 4.1-4.5% throughout their remaining life. This transaction is considered to be an advanced refunding since both bonds are greater than 90 days from the call dates of these two bond issues.
 - The refinancing is forecasted to save the District approximately \$190,000 over the life of the bonds. Just under 60% of the debt is allocated to the Water Utility, with about 40% allocated to the Sewer Utility. Ehlers considers best practice a Net Present Value (NPV) benefit of at least 3% on a refinancing transaction, and this particular proposal projects a NPV benefit of just over 7%. The term of the bonds will not be extended with this refinancing.
 - These are considered bank qualified bonds that would mature after 2024 and could be subject to call on or after February 1, 2023. Ehlers would issue them out in the open market in a competitive basis to allow multiple underwriters the ability to bid on them. Ehlers is proposing to have this debt issue rated, and the District's current rating by Standard & Poor's (S&P) is AA-, which is a strong credit rating. The District has a rating call scheduled on April 27 to give staff a chance to talk to an S&P analyst, who will walk them through the preliminary official statement and answer any questions they may have.
 - The Commission had the presale review and the resolution before them. In order to comply with the rating call, Ehlers would like to send out the official statement a little ahead of schedule. Kevin stated staff has been actively working on that which was probably 99% complete and available for Ehlers to review. Mr. Cameron added there is a lot of bond activity in the market at this time, and the quicker they can get official statement out on the street the better. Ehlers will have the results of the sale at the District meeting on May 12 and the Commission can award or reject the bids at that time, with the estimated closing date of June 2. This is considered an advanced refunding, which means the funds would be redeemed from an escrow account when the bonds are callable, and the District would continue to pay the debt service on the non-callable portion of the bonds.
 - Total Sources & Uses are allocated between the 2007 and 2009 bonds, showing the par amount of the bonds and the amount of funds the District would need to pay towards this refinancing. There is also the Underwriters Discount, which is estimated at 1% or \$10 per \$1,000, Ehlers' fee, the fees for advanced refunding, and other items such as bond counsel. The option for disclosure counsel is a newer feature resulting from the requirements of the Dodd-Frank Act and the continuing disclosure initiative from the SEC called the MCDC to verify on an ongoing basis that public entities are putting forth true and accurate information in a timely manner. The District has the responsibility on an annual basis to provide audit information and to disclose any material events, such as missing a bond payment, not receiving sufficient revenue to provide adequate debt coverage on revenue bonds, or a major catastrophic or material event. Disclosure counsel gives the District added protection in addition to the bond counsel, Quarles & Brady (Q&B), review the official statement to ensure it is true and accurate and issue a 10b-5 rule certification. However, accepting this disclosure counsel is not SEC mandated. Kevin stated he spoke with Q&B regarding this and feels District does its due diligence when filling out the official statement documents and is comfortable with staff using the

information in its annual audit, maintaining notes, showing any corrections and keeping them on file, and reviewing the final statement, rather than spending the \$7,000 for Q&B to do something staff is capable and already performing. Ray agreed, stating it is not necessary since it is not mandated by the SEC. Mr. Cameron explained Ehlers assembles the offering document, but the District owns it. Ehlers sees a little more than half of their clients accepting disclosure counsel. However, this is a straight refinancing GO deal, which is very safe and secure. If it were something more unique, then he would suggest the District use the disclosure counsel.

- Mr. Cameron noted interest rates have decreased over the last year and Ehlers is anticipating good results and possible savings above the estimated amount. He also showed the Commission the total principal and interest payments, including the existing debt through the final call date, the new debt service compared to the old debt service, and the savings on an annual basis, which ranged between \$15,000 to just under \$20,000 per year. The new bonds would be on the same term as the previous bonds.
- The Commissioners received a copy of the resolution prior to the meeting. **Peter made a motion to approve Resolution 2016-4-1 providing for the sale of approximately \$2,415,000 General Obligation Refunding Bonds as presented/second-Jim/carried unanimously.**

c) Discuss and act on multiple water extension requests including Kirkwood Drive and Jones Court.

- Kevin explained the Water Utility is currently considering to extend the existing watermain in four areas throughout the District. He presented maps of Jones Court, Kirkwood Drive, and Ran-Lie Street in the Town of Algoma and Valley Heights in the Town of Omro.
- There is currently an existing watermain on Snowdon Drive going past Jones Court, however, the Water Utility did not install water service down the cul de sac to serve those five homes. One property at the end is in the process of selling and the private well contains unsafe levels of arsenic, so the Water Utility proposes to survey this area to request the homeowner's opinions of receiving municipal water service. When surveyed in the past, generally two of the homeowners stated they would be willing to pay a special assessment to receive municipal water service.
- Kevin proposes to handle all four of these potential watermain extensions as one project, assessing one flat amount not to exceed \$12,500 for all parcels included. Kevin identified state trust fund loan financing available through the State of Wisconsin Board of Commissioners of Public Lands, with the revenue going back to the Wisconsin school system libraries and keeping the money local. This will allow the Water Utility to offer 20 year financing to residents at 3.5%, they also have the option to pay in full by November 1, 2016 and not incur any interest or to obtain their own financing. The rate could change slightly prior to the District applying for the funds the following month.
- Chad clarified if the District receives adequate interest to extend the watermain in an area, the homeowners that decided not to participate but had watermain installed past their property anyway, would also be specially assessed and their deferred assessment cost would increase by \$437.50 each year until a homeowner decides to connect. Also, if they sell their property the future owner would assume the assessment, but it would not come due until they decide to connect. Kevin agreed with those statements, explaining the District documents deferred assessments internally rather than recording them with the Register of Deeds. When a property sells, District staff discloses the property's assessment on the tax letter sent to the title company.
- Jim summarized the District will send the informational letter to the affected residents requesting their responses, and if 70% of homeowners in the area answer yes to receiving municipal water service, the Water Utility will extend the watermain, and if not, the Commission will discuss each situation further before making a final decision. Kevin concurred, adding he is confident the Water Utility can get a water service valve to Mr. Krohn's vacant lot on Kirkwood Drive. The best method would be to extend the watermain to provide municipal water service to the vacant lot south of his and the vacant lot on the east side of the street. However, this scenario would also assess two existing homes that previously did not want municipal water service. It is also possible to tap the existing watermain and bore a 150' water service lateral from the watermain to serve this property. Mr. Krohn added he plans to complete construction of his house before this winter. If the District receives significant interest for municipal water service further down this street, it will consider extending the watermain to its boundary, which is the parcel with the large powerline, through an easement to Oakwood Road to also service the commercial properties next to Mercy Medical Center that requested municipal water service recently, and then back up Oakwood Road to connect to the existing watermain on Witzel Avenue.
- Jim asked if the District was aware of the arsenic levels in this area. Kevin stated private wells in this area have received some of the highest levels in the nation, as high as 3,000 parts per billion (ppb) within as little as 100 feet from Mr. Krohn's vacant lot. Mr. Krohn stated he has spoken to some of his neighbors and they do not see the value of receiving safe drinking water to their property. Peter stated it is the District's mission to provide safe drinking water to its residents that want or need it, and he has seen the issues residents are having when trying to sell properties with residential wells containing high levels of arsenic, and Jim agreed. Jim also added that some properties may have installed reverse osmosis systems to help reduce some of the arsenic contamination. **Peter made a motion to authorize District staff to provide written documentation to Mr. Krohn that states the Water Utility will provide a water lateral to serve his property for \$12,500/second-Chad/carried unanimously.** Mr. Krohn thanked the Commission for their time and excused himself from the meeting.

- Another area included in this potential watermain extension is Ran-Lie Street. ThedaCare owns the 14 acre parcel to the east of this street, and the Water Utility could provide redundant water service to this property by creating a watermain loop behind Service Oil and serve numerous people. The Water Utility has also received pretty good interest for municipal water service from Ran-Lie Street homeowners in the past. Based on this Kevin proposes to extend the watermain from Omro Road, at least halfway down Ran-Lie Street to the road right-of-way to access this parcel. An alternative would be to extend the existing watermain through the road right-of-way from the west and create a loop from the 6" private water service lateral that serves Oakwood Manor from the watermain on Omro Road.
- The final area the Water Utility is considering extending the existing watermain is Valley Heights Road area in the Town of Omro. Kevin sent the Commissioners the concept plan for potential condos to be built off Honeysuckle Court. The Water Utility currently has an easement through this area to access that property. Staff proposes to survey the homeowners on the roads adjacent to this parcel to gauge whether they would like to receive municipal water service. The highest arsenic test result in this area that participated in the District's 2013 Arsenic Study was 8.7 ppb.
- If all four watermain extensions are approved, the Water Utility would install a total of about 4,000 feet of watermain. The District's engineering analysis also indicated all the areas will have adequate pressure. The existing watermain on Omro Road is 12" in diameter, and a watermain extension on Ran-Lie Street to the future subdivision would be 8" in diameter. The Water Utility has about 1,100 homes connected to its municipal water system and has the current capacity to serve up to 1,900 homes.
- Jim stated the letter to be sent to the affected residents is well written and also suggested including a copy of the brochure the District created discussing how water quality impacts the sale of homes for the owners to consider when making this decision. If the arsenic level in a private well is too high, the owners will have to remedy that before selling their home. Kevin stated staff will map the participation results received for the next monthly meeting.

8) **Peter made a motion to adjourn the regular monthly meeting at 7:15 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
May 12, 2016

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 May to order at 6:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein. John Cameron of Ehlers, as well as Jodi Dobson of Baker Tilly, were also in attendance. Jim suggested the meeting begin with New Business 7c) followed by 7d).
 - 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 April 14 as presented/second-Peter/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Peter made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. Mike briefly explained one balance adjustment credited a first quarter water bill for a new home that just recently connected and another posted a \$31.29 refund check issued to a resident due to a billing software error. A third recorded a nonsufficient funds fee to a residential water account for their first quarter ACH payment that was declined due to a closed account and the last one credited an interim sewer bill for one month of user fees because the property closing date was delayed. The net adjustment of these transactions totaled \$-17.36. **Jim made a motion to approve the balance adjustments as submitted/second-Chad/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike stated the bond paperwork indicated the District will need to wire \$48,335 to the bond paying agent for interest from February 1 through the date of closing for the bond sale. This wire will be available at Community First within a week or two for the Commissioner's required signatures. Then the District will pay interest directly from the closing date of June 2 through August 1 as it has in the past. This total is not included on the pending bills list, but was approved as part of the bond sale and was figured into the refinance savings of the bond issue. The interest for the August 1 bond payment of \$104,832.50 will be adjusted accordingly based on paying some of it ahead of time.
 - Chad asked for information regarding the invoice from Trilogy Consulting, LLC. Kevin stated it primarily included the time spent preparing for and testifying at the Public Service Commission (PSC) Hearing in March. The firm also provided additional advice and reviewed the information the District submitted. The previous invoice was for the written testimony Trilogy provided toward the case.
 - **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.
 - Peter thanked staff for doing a good job based on the information shared during the audit presentation.
 - Jim agreed and asked if the District planned on handing out water bottles at the Town of Algoma Fire Department parade the first Saturday in June. Kevin stated the District had not received an invitation to participate in the parade this year as it always had in the past. He also recently spoke with the Fire Chief who did not mention it either. Kevin told District staff he did not intend on having the District participate in it this year. Peter added high school graduations used to be held on a Wednesday, and now they are scheduled on the first Saturday in June at 10:00 a.m. for West High School and 12:00 p.m. for North High School. Jim mentioned the water bottles always went over well and Kevin mentioned he enjoyed seeing the Commissioner's and staff's families participate.
 - Jim stated he would not be able to attend the July meeting as it was currently scheduled and neither could Chad. The Commission tentatively set the monthly meeting date for July 7, which will be verified at the June meeting.
 - Jim mentioned the Commission has talked about hiring a company to perform an outside salary review and would like to see it added as an agenda item for the next monthly meeting so it can be completed prior to the next annual budget. Chad added Baker Tilly can probably recommend a firm as a resource.
- 5) Director's Report.
 - a) Review of District statistics. The District issued nine water permits and five sewer permits during the first four months of the year. Last year, there were 40 new homes with 51 new water connections throughout the District.
 - b) Correspondence. No discussion was had on this agenda item.
 - c) Status of 2016 projects.
 - Kevin stated the Operators have been jetting the sewer mains and the District also hired Great Lakes to televise a large portion of sewer main recently. Several areas were found that needed to be repaired, some were small leaks and others were a couple feet long. They grouted several of these areas already and reduced sewage flow by about 20-30 gallons per minute (gpm). The District's sewer camera can only travel 200 feet and some manholes are up to 300 feet apart. Great Lakes has a six inch wide robotic camera with rubber tracks that can pull itself through 600 feet of sewer main. Jim added he spoke with the televising crew when they were in his area and found the camera viewing from their truck to be very interesting.
 - Kevin presented the map for the Winnebago County Spring 2016 Parade of Homes scheduled that weekend and the following weekend. He was very happy to see the District had seven homes with six different builders included: four in the

Barony and Sandhill Farms Subdivisions in the Town of Omro and three in the Town of Algoma, adding Oshkosh had three homes, and the City of Omro, Winneconne, and the Town of Neenah each had one. The District will display its vacant lot brochures and provide free water bottles with the map of available lots at each of these homes.

- Chad noticed the new Priske Park labeled on the map. Kevin explained the Town of Omro Parks Committee developed tentative plans and ideas for walking trails and planted some grass. Once they have more people to help, they will put some trails through the wooded area. At this time, they are planning on allowing people to park their vehicles in the cul-de-sac on site. They may also consider purchasing the northern part of the parcel that is not wooded to the park in the future.

6) Old Business. None.

7) New Business.

a) 2016 Watermain Extension

- i) Review survey responses from residents included in Phase V watermain extension. Kevin presented the maps of responses received for each area.

- ii) Determine parcels to include in preliminary assessment.

- iii) Determine price and financing available.

- **Ran-Lie Street:** Kevin recommended the District not install municipal water service down Ran-Lie Street since no homeowners stated they are interested in a watermain extension and there are no known water quality issues. Kevin said he also spoke with more than half of these residents and they were definitely opposed to installing a watermain. The opinions of the homeowners seemed to have changed as many homes that previously wanted municipal water service on this street have sold their homes since the District conducted its arsenic study in 2013, and the new buyers are evidently satisfied with their water quality. The District will mail a letter to these residents to notify them that Ran-Lie Street will not be included in this proposed watermain extension.

- The District may have the option to take ownership of the 6 inch private watermain that serves Oakwood Manor from Omro Road through an easement, extend it through the road right-of-way to the property owned by ThedaCare, and have plenty of capacity to create a watermain loop and serve whatever type of structure is built.

- **Jones Court:** The house that was for sale tested over three times the safe drinking water level for arsenic. All of the homeowners on this street stated no to receiving municipal water service. Based on the test results of the arsenic study in 2013, the District is aware that at least three homeowners on this cul de sac have safe drinking water. Kevin recommended the District not install municipal water service down Jones Court at this time. Jim asked if a water service could be made available in an emergency, and Kevin stated water could be available in about a day but he would rather extend a watermain there than install five individual services.

- **Kirkwood Drive:**

- Kevin reminded the Commission that the District committed to providing municipal water service to the first vacant lot on the west side of the street. Staff can tap the watermain and install a 150 foot water service to the middle of the lot line. Kirkwood Drive has sanitary sewer service provided by the District.

- There is an additional property owner with a shared well further down the street that also adamantly wants municipal water service. This property has major water quality issues including high arsenic and the homeowners buy bottled water for drinking and cooking. They were forced to buy and maintain the best iron removal system Culligan offers, which requires changing the filter every month or two, and it still does not remove all of the iron in their private well water. Their dishwasher is plugged and stained and they are waiting to replace all their appliances until they receive municipal water service.

- An elderly couple owns a house with a vacant lot between these two properties. They are not drinking or using their water either and may end up connecting to municipal water if it became available when they sell in the near future.

- Another elderly property owner on this street has 1,000 parts per billion (ppb), which is ten times the “do not have physical contact with the water” arsenic level. These current homeowners will likely sell the property within ten years or so as well.

- The homeowners across the street from Nathan Krohn’s vacant lot have stated they are not interested in municipal water service and do not intend to sell their vacant lot at this time.

- The District is aware of several additional properties on this street that have arsenic in their private wells, and it seems the homeowners have stated they are not interested in receiving municipal water service, potentially for financial reasons. The District knows there are water quality problems, and the homeowners would be able to defer the water assessment and would not have to pay when they sell, only when they would decide to connect. If water was available, these homes would likely connect to it. Kevin suggested the Commission issue a preliminary special assessment on these properties and invite the residents to attend a public hearing in June. This will allow the residents to better understand their options once they receive more information. If the District does not do the preliminary assessment and installs a water service to Mr. Krohn’s vacant lot, Kevin is fairly confident the District will receive more requests for water service from homeowners on this street within the next few years.

- Chad stated even if two additional vacant lots sell, since all other homeowners on this street answered they are not interested in receiving municipal water service, even though they do not have to pay for it, it would still be a lien on their property. As much as the District may want to help these residents with this decision for safe water, it is

the homeowner's right to say no. And, if the District extends municipal water service down this street and they decide to connect to it in the future, it would cost more than if they had done so in the beginning. Therefore, he feels this watermain extension does not meet the criteria and he would not recommend pursuing it. However, if the District merely installs a temporary service to the vacant lot that requested municipal water, and another homeowner requests the same option, the District will have set an unwanted precedent.

- Jim stated he has always wanted to make municipal water available to all District residents, even though this street would result in substantially less than a 70% participation rate. He asked if there is a State Statute that allows a municipality to continue with an extension, regardless of homeowner feedback, and Ray said absolutely.
- Kevin explained that, when the District completes the payments on its 20 year bonds and is no longer incurring interest, he intends to cease charging additional interest to the District's deferred special assessments. He added the additional interest follows the rate of inflation and the increasing cost of excavation, and he reminded the Commission the cost to drill a well is \$16,000-18,000. Ray's suggestion was, since the current policy of requiring 70% participation in order to extend a watermain in an area is not included in the District's Water Ordinance, the Commission could consider revising it to include certain water quality aspects and/or a minimum distance requirement and then act on this preliminary assessment later.
- Chad reiterated the Water Utility is already looking at borrowing \$2.5 million (as discussed in New Business 7d)) and, if the District does this watermain extension, it will not make its money back in the foreseeable future.
- Jim asked about the watermain extension the District installed on Forte Road in 2013. Only one property needed municipal water service and the Commission decided to install it through the whole street, assessing three additional properties who all deferred the assessment and are still not paying on it.
- Peter stated this is a much larger project than Forte Road and he had a hard time accepting this since only two out of fifteen property owners want municipal water service. He also said he likes that the Commission has the flexibility to decide which watermain extensions are acceptable and which ones are not, and a policy could restrict the District from doing something for the betterment of all people involved.
- Kevin stated from a financial standpoint, the question of whether to extend the watermain down Kirkwood Drive is obviously a no. However, there is a known arsenic issue, and homeowners are allowed to defer the assessment while also having a watermain available when or if they want municipal water service. And, as the Water Utility becomes more financially secure, these projects may be more possible. Chad said he understood, but then all other water users would be paying for this project instead of the homeowners on this street.
- Kevin stated he expects the project to cost about \$100,000 which the District would finance over 20 years. The two property owners that are willing to pay an assessment elected to finance it over 20 years which would bring in \$25,000. Then, the District would need to find additional revenue to fund the difference of \$75,000 over 20 years. It would probably cost the District about \$6,000 to install a two inch water lateral to serve Mr. Krohn's lot. However, if the watermain is extended past this property in the future, it would cost the District more to disconnect the service and reconnect it into the new main and the property could not be re-assessed.
- If the District does the preliminary assessment, it will hopefully get residents to attend the public hearing, or be open to a neighborhood presentation at a later date when there is more time to explore these things. Kevin reminded the Commission the District is a voluntary water system and, even if staff is aware of arsenic issues, residents are not forced to connect to municipal water. Jim added some lenders may require the buyers to connect to municipal water if it is available at the property line. Kevin agreed adding different types of loans, such as VA loans, require safe drinking water at the home and would not loan the money unless the property connects to municipal water if it's available.
- Whether or not the District extends the watermain down Kirkwood Drive, as other homes sell, the homeowners could drill a new well, which is their decision. Peter added homeowners that decide to drill a new well have no guarantee they will receive safe water. Kevin agreed, stating the casing may not be deep enough and there may not be a way to avoid arsenic contamination. He added Kirkwood Drive is located in a protected area of the Town of Algoma, meaning the City of Oshkosh will not provide municipal water service to this area.
- Ray stated this District is unique in that it is a voluntary water system since most municipalities do not give homeowners a choice as to whether to connect to municipal water. He added some older residents are not worried about their water quality five years from now, however, the government considers the long range plan for the development and continuation of public health and safety. Special assessments exist to provide police power to municipalities since they have expertise that individuals do not. He went on to explain when the water system was first proposed, a lot of people were not well educated about the effects of arsenic, which was the driving force. Part of the inducement to get the municipal water system off the ground was the 70% participation rule, which seemed reasonable to most residents. The original intent of this philosophy had a legitimate purpose, and the rules can change over time based on a different set of circumstances.
- Chad agreed saying if 51% of residents opted to pay a special assessment, he would agree to extend the watermain down Kirkwood because the majority rules, and he is in favor of changing the District's policy to follow the simple majority. Kevin added water rates are designed to fund the District's current policy of allowing up to 30% of the affected homeowners to defer their special assessments to make sure the District can continue making its bond

payments. Kevin clarified the District's definition of "participation" means paying on an assessment rather than deferring it, and not necessarily that the homeowner connects to the municipal water system.

- **Honeysuckle Court:** No homeowners on Swallow Banks Lane or Sally Lynn Court requested municipal water service. The District put forth additional effort to contact a few homeowners from Ormand Beach Court to the end of Honeysuckle Court who did not respond to the Phase V Watermain Extension Survey. Only one property on Honeysuckle Court indicated they wanted municipal water service. Kevin attempted to contact the Valley Heights developer, the parcel adjacent to this street, to determine the likelihood of completing the project within a year. If they told him they were not looking to complete this project for another five years, Kevin would propose to consider completing a watermain extension in this area at a later date. However, if the developer builds 16 single family unit homes or 30 condos that would require many private wells if municipal water service is not available, it may have a negative impact on the ponds and other private wells in the area.
 - o Chad asked since this is a new development, can the District mandate that the developer install municipal water service. Kevin answered the Town of Omro's current building codes do not require municipal water service for new developments because the District is a voluntary water system. He said the Town would like municipal water and sewer service to be a requirement, and he has been working with the Town to complete this change. Chad added when The Barony Subdivision was developed, the Town mandated that it have municipal water and sewer service available. Kevin showed the Commission the District's easement and explained the District has the right to install municipal water service to that development. Peter added the District's mission statement is, "To provide safe drinking water and sewer services to the residents served by the Sanitary District."
 - **Conclusion:** The Commission agreed to have staff send out the preliminary assessment notice to Kirkwood Drive and Honeysuckle Court residents, schedule the public hearing to welcome the owners to discuss their thoughts, and then decide what properties are going to receive municipal water service. Peter agreed, adding if the District did not pursue this in this manner, he would suggest no watermain extensions at this time. Ray agreed, stating the District should do the preliminary assessment, schedule the public hearing, and this will give residents and staff some time to consider any potential alternatives for the policy change, and then decide how to proceed at the end of the public hearing. Kevin added although only two homes on Kirkwood Drive are guaranteed to connect to the municipal water system at this time, within five to ten years, he estimates seven or eight homes will connect to it.
 - Kevin also read Section 1 titled, "Watermain Extension Implementations", of the District's Water Ordinance:
 - o A.2. "Establish a corridor route",
 - o A.3. "Establish water service to an area the Commissioners have determined that a sufficient number of property owners would benefit from an extension/service",
 - o A.4. "Provide water service to a new residential or commercial development upon a formal written request from the property owner."
 - Jim stated the property owners do not necessarily have to benefit from receiving municipal water service at the time it becomes available, but their properties would benefit from it in the future. Ray added the more users the District receives, the lower the cost is for everyone connected to the municipal water system. Chad was concerned that the remaining deferred assessments would be borne by other users and if the economy was doing well, he would see the situation differently. Kevin said the District has arsenic information from 6 of the 15 homes on Kirkwood, however, half of those are over the safe drinking water level. He plans to have the engineer design a watermain extension on Honeysuckle Court and Kirkwood Drive and if the District accepts the homeowner's reasons not to install municipal water service on Kirkwood Drive, the District will retract its plan. However, if the homeowners are stating they do not want municipal water service simply for financial reasons and the Water Utility is able to bear the financial burden for the betterment of the District, then he suggests the Commission decide to pursue it.
- iv) The Commissioners will act on a Preliminary Resolution declaring the Sanitary District's intent to exercise its police power pursuant to Section 66.0703 of the Wisconsin Statutes, to authorize the construction of a watermain extension and to levy special assessments upon certain property in the Town of Algoma Sanitary District No. 1 benefitted by the improvements. Kevin stated all affected properties are on one exhibit for publishing purposes, including 15 parcels on Kirkwood Drive and 10 parcels on Honeysuckle Court. **Jim made a motion to adopt Resolution 2016-5-3 for the Preliminary Assessment of Kirkwood Drive and Honeysuckle Court/second-Chad/carried unanimously.**
- (1) Set Date and Time of Public Hearing, proposed to be June 9 at 6:00 p.m. **Jim made a motion to schedule the Public Hearing for June 9 at 6:00 p.m./second-Chad/carried unanimously.**
- b) Discuss and act on authorizing staff to apply for financing from the Wisconsin Board of Commissioners of Public Lands State Trust Fund Loan Program to finance the water extensions as approved in the preliminary assessment resolution. Kevin explained he proposes staff begin working through this process to request up to the cost for project expenses. The loan program allows 3.5% financing, which would be passed on to residents. He explained staff would begin the application process to receive approval so the funds are available if needed, but the District will not withdraw more than is necessary. If the District decides not to complete part of the watermain extension(s), it will provide a written statement adjusting the amount of funds requested. **Peter made a motion authorizing staff to apply for financing from the Wisconsin Board of Commissioners of Public Lands State Trust Fund Loan Program to finance the water extensions as approved in Resolution 2016-5-3/second-Jim/carried unanimously.** The meeting continued with New Business 7e).

- c) Discuss and act on Resolution 2016-5-1 Authorizing the Issuance and Sale of \$2,415,000 General Obligation Refunding Bonds, Series 2016A.
- Jon Cameron of Ehlers & Associates presented the Sale Day Report and stated the sale that morning went really well. He explained there were six bidders and the true interest cost for the winning bid was 1.6199% which is quite a bit lower than Ehlers projected. There was also quite a bit of spread between high and low bids, however, overall, it was a competitive underwriting deal and the bidders Ehlers sees on a more frequent basis were in line with each other.
 - The District expects to receive a total future value of savings of about \$281,000, which is about \$90,000 higher than the \$190,000 Ehlers originally forecasted due to several factors. When making their projections, Ehlers used a more conservative interest rate. The District also downsized some debt issuance over the information that was presented at the previous monthly meeting due to electing to not obtain disclosure counsel and the underwriters discount estimated at \$10 per \$1,000 came in at about \$6.95 per \$1,000. The reoffering premium, which offered more money for a slightly higher interest rate, also lowered the total principal of the debt issuance.
 - The presale and post-sale analyses summarized the existing debt to be refunded, the nonrefundable portion, and the savings. About 60% of the refinancing is for the Water Utility and about 40% is for the Sewer Utility, and the debt issue will result in about \$25,000 in annual debt service savings.
 - The District's current Standard & Poor's (S&P) rating was recently affirmed at AA-, which is quite strong and helped attract bids that offered competitive interest rates. The District's long term outlook is stable, as it was at the last rating performed in March of 2015, and its cash balances are also good, and have even improved, since the last time. The District is not in the position to upgrade its rating anytime soon due to factors which are outside of the District's control, such as the general economy and a drastic increase to the user base.
 - Kevin recommended the Commission approve Resolution 2016-5-1 for the debt refinancing, with the revised principal amount. **Peter made a motion to approve Resolution 2016-5-1 authorizing the issuance and sale of \$2,330,000 General Obligation Refunding Bonds, Series 2016A/second-Chad/carried unanimously.** Jim signed the Bid Form accepting the bid, while Jon thanked the Commissioners for their time and excused himself from the meeting.
- d) Discuss and act on the 2015 annual Financial Audit completed and presented by Jodi Dobson of Baker Tilly.
- Ms. Dobson stated the District received a clean and unmodified audit, which is the highest level of assurance. She said the audit went very smoothly, as in prior years, and thanked staff for all their help, adding they were very easy to work with.
 - Water Utility:
 - o The District increased its water rates by 3% through a simplified rate case with the Public Service Commission (PSC) midyear during 2014 and 2015, which is very proactive. The District has utilized the rate tool made available by the PSC, which leads to some of the positive financial results shown in 2015. The District also shows an increase in the total gallons of water sold in 2015, which Ms. Dobson noted is very positive since not all utilities are showing an increase in water usage.
 - o The 2015 actual rate of return was 6.17% versus a very low rate of return authorized by the PSC in the District's last full rate case due to special assessments, but a good increase from 2014. The PSC currently authorizes about a 5% rate of return, so Ms. Dobson would consider the Water Utility in a good position. Kevin added the District did not qualify for the PSC Simplified Rate Case in 2016 to increase water rates by 3%, which would have taken effect on July 1. A full rate case may not result in a rate adjustment either based on the District's current rate of return being above the rate of return the PSC is currently authorizing.
 - o Revenues increased due to the rate adjustment and the increase in water usage, while Operation and Maintenance Expenses decreased. This is partly due to the fact that, in 2014, utilities experienced particularly high maintenance costs due to the extremely cold winter.
 - o Non-Operating Items, including interest expense and interest income, showed an expense increase due to debt issuance costs related to the refinancing in 2015, which are recognized as a one-time cost.
 - o The overall change in net position decreased slightly in 2015 due to the one-time expensing of debt issuance costs.
 - o A new accounting rule went into effect in 2015 which changed the way governmental entities record the cost of their employee pensions. Previously, as a member of the Wisconsin Retirement System (WRS), the plan would calculate the required contributions and, as long as those payments were made, there was no liability to record. A lot of government plans were found to be not very well funded, and the information about their pension plan was buried in the back of their financial statements. The new rule requires each government's plan to compare the total liability of benefits due for all current employees and current retirees to the assets that the plan has, and divide that net difference amongst all of the participating government entities. Wisconsin is in a unique situation because WRS calculated a net pension asset as of December 31, 2014, meaning there are more funds in the plan than the actuarial calculated liability. In 2015, the Water Utility shows a net pension asset of about \$35,000. The amount of income or expense is spread over a five year period and will be re-evaluated every year.
 - 1. Jim asked if the District would have to pay that amount if it ever went negative, and Ms. Dobson explained it only affects how it is reported in the financial statements rather than a change in funding policy.
 - o Baker Tilly looks at two benchmarks for utilities: the amount of cash on hand compared to operational expenses and the portion of capital assets that are financed through equity or earnings versus debt.
 - Baker Tilly recommends utilities maintain a minimum of three months of cash on hand plus a capital reserve. The Water Utility has 11 months of cash on hand, which is a slight decrease from the prior year.

- Baker Tilly recommends utilities finance 50% of their capital assets through earnings. While the Water Utility is relatively young, 40% is very positive and is trending in the right direction.
- Jim noted the District's objective is to have 12 months of cash on hand. Kevin agreed, adding the Water Utility expects cash to decrease because of bond payments in 2016 and will likely have to obtain a loan from the Sewer Utility in 2017 for approximately \$500,000 for the next two to three years to offset the Water Utility's upcoming bond payments. By not qualifying for a simplified rate case in 2016 due to its increased rate of return, the Water Utility's projected future revenues will be \$30,000-40,000 per year less than projected.
 - i. Ms. Dobson added it is important to understand why cash on hand is trending down over the long term, identify what can be done, and when or if the Water Utility would eventually need to apply for a full rate case. Kevin added a full rate case is a major endeavor, which will cost additional money and staff time, and the District would need to complete that process before it can resume annual simplified rate case increases.
- o Ms. Dobson also explained there was a significant decrease in the amount of restricted capital assets for 2015 due to the removal of the formal restrictions related to the refinancing of the special assessment bonds in 2015.
- Sewer Utility:
 - o The District did not increase its rates in 2015, so the revenue increase was directly related to connecting additional users. The District also experienced a decrease in treatment charges due to completion of the Oshkosh Treatment Facility annual debt payment. However, an increase in other maintenance costs offset a portion of that savings. Overall, there was a small net operating loss, but the change in net position was positive. Excluding capital contributions and one-time special assessments from new customers, the Sewer Utility showed a loss in 2014 of \$86,000, and in 2015 the Sewer Utility's loss decreased to a little over \$11,000, a significant improvement.
 - o The Sewer Utility has about 38 months of cash on hand, which is very strong. The refinancing of some old debt released certain restrictions on cash. For example, the cash in the equipment replacement fund account became unrestricted due to the payoff of its CWF Loan. Over 90% of sewer assets are financed through equity, and there is very little debt outstanding. While this is typically a very positive position, it brings up the question of how old the sewer system is. Baker Tilly is not too worried since the District does not own a sewage treatment plant.
 - 1. Kevin explained the Sewer Utility focuses on partial replacements for minor leaks. He asked Ms. Dobson when utilities experience a more catastrophic event, does Baker Tilly see most communities specially assess the homeowners on a particular street or utilize user fees to fund those projects. She stated usually the replacement of existing infrastructures is more often funded through user fees. Some utilities build up funds in a designated account so, when a big project comes up, there is money to pay for it. Other utilities wait until they have to do the project and then borrow the money to pay for it.
 - 2. Chad asked if some of the 38 months of cash on hand would be used for those types of projects and Kevin answered yes. He explained within four to five years, the Sewer Utility intends to lend about \$2.5 million to the Water Utility, which will likely pay it back in annual increments of \$500,000 beginning around the year 2025. Reiterating what Ms. Dobson explained, Kevin said the District can either keep rates a little higher than necessary and use existing cash on hand when a project emerges, for example, he may suggest relaying an entire sewermain if a certain road is repaved. Or the District can borrow the funds by obtaining a bond and increase residential rates to match it. It comes down to whether the Commission prefers to have money earning interest in the bank or would rather borrow money and pay interest on it later. Chad answered he would rather not have residents' money in the bank and have the District assess homeowners when a substantial repair is needed.
 - 3. Ms. Dobson stated the Commission can formally designate a certain amount of Sewer Utility funds for the potential loan to the Water Utility. Then these funds will show in the financial reports as designated. All the Commissioners agreed, and Jim added that it is better to pay as you go rather than paying ahead. Kevin stated the Water Utility is currently repaying a loan to the Sewer Utility at 3.8% interest, or about \$38,000 annually. When Jim asked where that is shown in the financial statements, Mike stated it is included with the interest expense in the Water Utility and the interest income in the Sewer Utility. Ms. Dobson also added the details of this loan are included under Note 6 in pages 26 and 27 of the financial statements. Jim noted the term of the sewer loan ends in 2019, which will probably need to be renewed since the Water Utility is not projected to be able to pay it off.
 - o Ms. Dobson went on to explain due to the size of the utility, the District is unable to completely segregate duties and control over financial reporting. Ideally, Baker Tilly would like to see more people involved, however, this is a very common dilemma in small municipal government entities. The Commission serves as the second set of eyes, approving disbursements on a monthly basis along with periodic wage changes. Staff monitors the daily aspects and should constantly be aware of internal improvements. Although there may not be anything to change, it might be helpful for Kevin and Mike to analyze if it is possible to consider additional ways to involve another individual in the transaction. If not, the District accepts the risk and shows the Commission how it is mitigating the situation.
 - Jim said he considers the real objective of an audit is to verify the numbers and make recommendations and not necessarily to root out fraud or misconduct. Ms. Dobson explained Baker Tilly's role is to understand the District's processes well enough to design their tests and know where to look for things in the financial reports. Larger governments have many individuals who are constantly checking each other's work. Smaller governments do not have such a level of cross checking, and that must be reported to make entities aware of those risks.

- Jim stated he believes the Commission has the same level of confidence in its employees as other companies probably do, but funds can still be misappropriated. Ms. Dobson explained when only one person does everything, no one is questioning or cross checking the work and it is more likely that something could happen. Some small governments may not even perform annual audits. Auditing firms do not have the time and capability to look at every transaction, and it is possible they may not pick those particular transactions or the individual may realize certain transactions may be less likely to be checked. Kevin added Baker Tilly verifies random transactions, and Jim added at least two people are reviewing invoices and payments. Kevin stated he verifies every invoice the District receives, and the bank balances are verified monthly as well as annually.
 - Ms. Dobson explained Baker Tilly is required to document that at the end of 2015, the District's account balance was about \$56,000 over the FDIC and the State Deposit Guarantee Fund limits. She said the Commission may want to set a policy for how closely and often those balances are monitored and to consider a certain comfort level for the amounts over the insured limits before deciding to diversify funds. Jim said the Commission discusses that periodically and he did not realize the District was over any limits. Mike stated the District's collateral limit for its bank accounts at Community First Credit Union was increased to \$2,500,000 for 2016, and that the District received a substantial amount of assessment payoffs in December.
 - Jim asked what the collateral was for these funds. Mike answered the District has a letter of credit from Community First toward the District's balances that exceed FDIC limits. Ms. Dobson explained the bank must have a certain amount of investments, such as T-bills, compared to their total deposits, and then they assign certain investments to provide this collateral.
 - Jim stated the Compliance Maintenance Annual Report (CMAR) the District files with the State of Wisconsin Department of Natural Resources (DNR) indicated about \$50,000 was previously designated in the equipment replacement fund. Kevin explained the District had about \$56,000 at the beginning of 2015 and after the District paid off its Clean Water Fund loan during the year, the balance was reduced to \$0 because the funds became unrestricted, which increased the amount of unrestricted cash on hand. Jim recommended the District set up a designated fund for equipment replacement to fund the maintenance costs of larger plant and equipment.
 - Jim noted Baker Tilly's documents indicate they have cyber security experts on staff that are available to assist the District. Kevin stated staff has been working with its banks to verify how they handle cyber security. He plans to do a more thorough research later this year. Chad added the District should consider not only the internet cyber security, but more so an audit of the entire IT system. Ms. Dobson added as more and more transactions are done online, entities should consider what information they have, where it is kept, and how it is protected. Jim mentioned that one of Kevin's goals this year is to develop a cyber security plan and policy.
 - Overall, Ms. Dobson stated the audit did not reveal anything unusual or concerning. Baker Tilly is required to disclose certain information, and she was happy to note there were no audit adjustments this year. Chad added he thought the audit showed strong numbers, and staff did an excellent job completing it. Jim stated staff is doing as much as it can without hiring more staff, and the few things the District can improve on are difficult due to its small size, and Peter added those changes would not currently be cost effective. Chad also added the District's goal is to operate as a model utility as an example for other utilities or companies this size to follow. Ms. Dobson added the level of discussion she hears about cash flow analysis and capital planning amongst the Commission and staff is good as well. Ms. Dobson excused herself from the meeting, and the Commission continued with agenda item 2).
 - e) Discuss and act on Resolution 2016-5-2 Sanitary Sewer Utility Compliance Maintenance Annual Report for the Wisconsin Department of Natural Resources. Jim wanted to verify that the CMOM is included in the permit requirements, and Kevin stated yes and the full CMOM has been completed with all of the required information. After reviewing the report, Jim also noticed the Sewer Ordinance has not been reviewed or updated for about ten years. Kevin said he has reviewed the ordinance that was created in the 1970's in detail, and he had one minor change in 2006 and has not found an issue that warranted the Commission to discuss. **Jim made a motion to adopt Resolution 2016-5-2 to approve the 2015 CMAR as presented/second-Chad/carried unanimously.**
- 8) **Peter made a motion to adjourn the regular monthly meeting at 8:35 p.m./second-Chad/carried unanimously.**

Respectfully submitted: _____
 Michael Claffey, Accounting Manager

Approved: _____
 James Savinski, President

Town of Algoma Sanitary District #1
June 9, 2016

Public Hearing for Phase V Watermain Extension

- 1) Open public hearing. The following residents were in record of attendance: Art Sullivan, Tom Praxl, Larry Crots, Philip Johnson, Richard Osborne, Luane Osborne, Richard Jordan, Stan Klapa, Larry Voss, and Matt Wirth.
- 2) District presentation. Kevin presented a PowerPoint slideshow that discussed the different aspects of the District's water system, how the potential watermain extension would affect homeowners, and welcomed resident's questions throughout the presentation.
- 3) **Public forum – Honeysuckle Court – These residents made the following official statements for the record:**
 - Art Sullivan – 4395 Swallow Banks Lane: **Opposed**. Mr. Sullivan explained 17 affected homeowners received an initial letter that indicated the District was in the process of determining potential areas to provide municipal water service due to requests for service, neighbors with water quality issues and contaminants such as arsenic, vacant lots looking to build that need municipal water service, and larger parcels adjacent to their subdivision that would develop. The District sent a follow up letter 26 days later to 7 homeowners, which lead Mr. Sullivan to believe this was no longer driven by a need for water service and was more likely due to the Valley Heights development. He explained there is merely a concept plan put forward, which does not comply with the Town's comprehensive plan or the existing zoning. Therefore, he believes the comprehensive plan of building 32 homes in a very small area must change before it is approved. Prior proposed developments on this site have been for 16-19 units. It may or may not be economically feasible to build on that site. If a development goes through, he recognizes it will probably need municipal water service. However, he believes the District should discuss this once an official plan is approved.
 - o Mr. Sullivan went on to explain that the Public Service Commission (PSC) of Wisconsin states, in part B of the District's watermain extension rules, that developer-driven watermain extensions and other general infrastructure improvements ought to be paid for by the developer. If residents decide to connect within 10 years of the extension, they would pay the developer an amount equal to what they would have been assessed. He also mentioned the PSC, in part C of this rule, states if the District installs a transition main or a connecting loop, and residents decide to connect within 10 years, they would also have to pay their equal portion.
 - o Mr. Sullivan added he appreciated the straightforward conversations he had with Kevin, and allowing homeowners to defer the assessment seems like a nice, friendly way to try to work with the residents. However, these assessments loom over the properties, especially if the owner does not anticipate connecting, and interest continues to accrue. The \$11,500 eventually becomes \$20,000 if left in deferred status, and he is not convinced the cost to install the same infrastructure would equate to that amount in the future.
 - o The second point Mr. Sullivan made was that the PSC states that costs for larger infrastructure components, such as the wells, wellhouses, etc, are not to be built into the cost of these types of watermain extension projects, rather, they are designed to be covered by water rates. The assessment for the watermains on Honeysuckle Court should be more reasonable in the range of \$7,650 for the cost of the main only.
 - Jim stated the PSC has approved all of the Districts rates and Mr. Sullivan said this watermain extension rule, and the information he reviewed, was last amended in 2015.
 - Richard & Luanne Osborne – 4405 Honeysuckle Court: **Opposed**. Mr. Osborne agreed with everything Art stated and urged the Commissioners to review the PSC rules for watermain extensions. Jim told him staff would follow up on that and asked how he would feel about receiving municipal water service if he were only assessed for the pipe. Mr. & Mrs. Osborne said they would have to think about it. If they decided to connect to municipal water, they would pay the assessment in full within 10 years. However, they feel this is a cost to the developer and the developer should be responsible for paying it.
 - Phillip & Colleen Johnson – 4411 Honeysuckle Court: Mr. Johnson stated he also agreed with Mr. Sullivan. He explained they would not mind having municipal water service and returned a positive response to the survey, however, if receiving municipal water service aids the developer in extending the road, then they would no longer want it.
 - Larry & Victoria Crots – 4413 Honeysuckle Court: **Opposed**. Mr. & Mrs. Crots own three lots that would be affected by this potential watermain extension and, with no intention to connect, these assessments would grow to \$60,000. Mr. Crots stated he agreed with Mr. Sullivan and believes the concept plan for Valley Heights development includes a road going through Honeysuckle Court. Kevin explained this is a District easement with a sewermain already going through, however, the driveway is a solid line that ends before it reaches Mr. & Mrs. Crots' property. Mr. Crots stated either way, it is probably just a matter of time before it goes through, which will destroy more of his private property and will not improve the property value at all.
 - Jim asked if Mr. & Mrs. Laberge were in attendance, but Mr. Crots stated they could not make it. Mr. Crots stated they are not in favor of a watermain being installed past their property. Kevin stated he met with the homeowners and they stated verbally they were in favor of receiving municipal water service for both of their parcels. However, the District has not received an official written survey response from them. Mr. Crots said they did not understand they would be assessed for two parcels.
 - Stan & Natalie Klapa – 4430 Swallow Banks Lane: **Opposed**. Mr. Klapa stated he also agreed with everything stated earlier.
 - **Conclusion**: Jim told the residents of Honeysuckle they made their message quite clear that they do not want the watermain installed past their properties. Peter added it is the Commission's responsibility to listen to residents and understand how these decisions affect people in various ways. He said the Commission and District staff were given a lot of information to consider before a decision is made.

- One resident asked if the District would make the residents aware before a decision is final and allow them an alternative option. Jim answered the final assessment resolution was included on the agenda for the regular meeting following the public hearing and welcomed residents to stay for that discussion once the public hearing has concluded.
- Jim explained staff will not approach the answer of splitting the cost of the mains and the water supply charge until it is determined whether it can be done. Kevin added the District assessed thousands of parcels for both costs since the beginning of the water system and Jim said it is not likely the District will change how it assesses properties at this time. Kevin explained that, when the Water Utility initially began, the PSC thoroughly reviewed all of the watermain extension projects along the way. Ray added the power of special assessment is granted to the municipality by authority of the legislature and not by rule of the PSC. Peter added although this process may have been agreed upon when the Water Utility was formed, that does not mean it cannot be adjusted. He would like more investigation regarding this option and stated he is not ready to vote on it that night. Kevin added waiting to make this decision will not hinder the construction process.

Public forum – Kirkwood Drive - These residents made the following official statements for the record:

- Larry Voss – 147 Kirkwood Drive: **Opposed**. Mr. Voss stated he is not in favor of a watermain installation past his property and he does not want a lien on his property. He believes a certain amount of people on the street have tested their water and it was considered safe. However, he could support paying an assessment for only the watermain, but believes homeowners should not have to pay a water supply charge until they decide to connect to the municipal water system. He would like another meeting to discuss a new proposed assessment value for only the cost of installing the watermain.
 - Matt Wirth –162 Kirkwood Drive: Mr. Wirth asked Kevin how many homeowners were interested in municipal water on Kirkwood Drive, and Kevin stated only two homeowners want municipal water service. Mr. Wirth stated he believes the majority should rule in this case. However, he may agree with Mr. Voss and be willing to allow the watermain to pass his property, but he does not like that the assessment will continue to accrue interest, up to a value of \$20,000, plus the cost to install a water lateral from the property line to the house. He and his wife have discussed the possibility of selling their house and they do not want to owe that money because of a lien due on their property.
 - Richard Jordan –161 Kirkwood Drive: **Opposed**. Mr. Jordan is not interested in receiving municipal water service and does not want his property to be assessed \$11,500. However, if there are neighbors on his street wanting the water, and the District installs the watermain, he would pay for the watermain but believes the assessment should exclude the water supply charge since he has no intention of using the municipal water system and does not want to pay the water supply portion of it.
 - Thomas Praxl – 205 Kirkwood Drive: Mr. Praxl is in the protected area of the Town yet has a City of Oshkosh fire hydrant on his property. If his private well fails, he would probably like municipal water from the City but feels it would be a waste of material and money for the Town to serve him when the City already has water available to his property line. However, if the District installs a watermain to his property, he would be comfortable paying an assessment for the pipe only and pay the water supply charge with the future connection cost(s).
 - o Jim asked if it is possible for Mr. Praxl to receive municipal water service from the City of Oshkosh and Kevin answered the City will only strictly serve properties within its municipal boundaries.
- 4) Adjourn public hearing. **Peter made a motion to adjourn the public hearing at 7:55 p.m./second-Chad/carried unanimously.**

Immediately following Public Hearing

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 7:55 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and the remaining residents from the public hearing. Kevin suggested the meeting begin with 7a) New Business.
 - 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. Kevin mentioned Jim previously suggested adding the word “line” after “lot” to read, “Staff can tap the watermain and install a 150 foot water service to the middle of the lot line.” under the discussion of a potential watermain extension on Kirkwood Drive, and that change was made. **Chad made a motion to approve the minutes of the regular monthly meeting on May 12 including the suggested change/second-Jim/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. None.
 - ii) Note any balance adjustments. Mike explained one balance adjustment removed a final read charge upon request of a duplex owner because the final reads were completed on both sides of the house at the same time. Another removed a \$1.03 unpaid late charge on the final invoice of a closed account. **Jim made a motion to approve the balance adjustments as submitted/second-Chad/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water.
 - Mike mentioned pending bills included two internal transfers. One was the annual building rental payment from the Sewer Utility to the Water Utility of \$155,500. The other was the annual interest payment on the loan from the Sewer Utility to the Water Utility for \$38,000.

- Mike also stated the District received the City of Oshkosh invoice for fourth quarter wastewater treatment which was \$50,401.39, bringing the annual expense to treat about 176 million gallons of Town of Algoma wastewater to \$175,790.78, or about \$1 per 1,000 gallons. The annual expense the City of Omro charged the District for wastewater treatment was about \$8.75 per 1,000 gallons.
 - **Chad made a motion to approve the June pending bills and the May previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance any longer from the public.
- 4) Commissioner Statements.
- Jim said the District's thoughts go out to the former Omro Sanitary District's founder and President, Betty Reimer, who passed away recently. Ray stated she was a remarkable woman for her time period, and Kevin agreed, stating she was born in 1928 and went to business school in the 1940s when women were not typically attending college. He admired her courage as she continued to break barriers throughout her life, and he also added it was nice to see her family at the visitation.
 - The Commission agreed to reschedule the next monthly meeting on July 6 at 12:00 p.m. and to reschedule the following monthly meeting on August 3 at 12:00 p.m. Kevin added the bids the District received for the potential watermain extensions on Honeysuckle Court and Kirkwood Drive are good through August 5, and after that date a written change order would be required prior to approval.
- 5) Director's Report.
- a) Review of District statistics.
- Kevin stated the District issued 14 water permits and 9 sewer permits so far this year.
 - The average Town of Omro sewer flow for May was 48,000 gallons per day (gpd), which is below the District's goal of 50,000 gpd.
- b) Correspondence. No discussion was had on this agenda item.
- c) Status of 2016 projects.
- Kevin stated the flow meter at the City of Omro Wastewater Treatment Facility was calibrated the previous day and found to be accurate.
 - Peter asked for the status on the District's annual project of replacing residential water meters, and Kevin stated staff was able to place residential meters smaller than 2" on a 20 year replacement schedule. He explained the larger water meters at the churches and assisted living facilities, which are required to be tested every two to four years, will be calibrated later this year.
- 6) Old Business. None.
- 7) New Business.
- a) 2016 Watermain Extension Special Assessment.
- i) Review bid tab for construction costs. Kevin stated the District received outstanding bid results and was able to reduce the special assessment for the cost of the mains by \$1,000. The cost to complete both watermain extensions totaled about \$150,000. The next closest bid was about \$28,000 more, so Kevin was very happy to secure such a good bid. He spoke with the contractor who understood the Commission is in the process of determining whether one or both of these projects will be pursued, and he was willing to complete whichever project was approved at the cost he provided. Kevin explained to him there may be some movement on the Honeysuckle Court plat within the next three to six months and the contractor was willing to hold the cost for this definite amount of time unless material prices change. Kevin said he understood and hopes to come to a compromise if prices change. Kevin told the Commissioners the bid tab is valid for 60 days and after that a change order in writing would be required to extend that time frame. Chad stated the Commission should have its final decision by the August meeting.
- ii) Determine parcels to include in final assessment resolution.
- All Commissioners agreed to not pursue a watermain extension on Honeysuckle Court at this time. Staff will look at separating the cost of the main and the water supply charge and will place it on a future agenda for further discussion. The Commission also has to establish the threshold for determining when watermain is installed, as it relates to how many properties are involved, and whether the resident's need for safe drinking water is considered.
 - Chad explained to the residents in attendance that the District's past practice was to obtain 70% participation of affected homeowners that were willing to pay a special assessment. Peter added at the previous monthly meeting the Commission discussed the possibility of lowering that threshold to 50%. Ray added the 70% threshold is a District policy, however, the authority under the Water Ordinance is broader and allows the District to "Establish water service to an area the Commissioners have determined that a sufficient number of property owners would benefit from an extension/service." Chad discussed the ambiguousness of a "sufficient number" could mean that a household of eight people pulls more weight than a couple households of two people.
 - Peter said the District has to exert care when determining potential watermain extensions because these projects have to be paid for, and the District cannot allow everyone to defer their assessments. Whatever is decided may be different than the way the District operated in the past. He further explained the District is trying to keep costs down. If these potential watermain projects are bypassed now, and residents want municipal water service in the future, it would likely cost more.
 - Jim stated the District's goal is to provide safe drinking water to its residents. He explained that, as residents without municipal water service available drill new wells, the District loses them as a potential connection in the future. Then,

when their neighbors request water service, the resident with the new well is going to respond no to the survey, and it has a cascading effect and makes it harder to obtain the 70% of homeowners willing to pay a special assessment. He added the Commission and staff are trying to be proactive without placing a hardship on the District. Participation for these two projects is very low, but the District also should consider residents' "need" for safe drinking water.

- Kevin added although there are only two homeowners on Kirkwood Drive that answered yes to the potential watermain extension survey, the survey results received do not correspond to the water quality in the area. There is a resident whose private well tested at 1,000 parts per billion (ppb) for arsenic, yet he stated he did not want municipal water service. Since homeowners are able to defer the assessment, if the District extends the watermain past these properties, when they sell their home, municipal water will be available to connect to if necessary. Chad added the homeowner will not be able to sell his home with water that has 1,000 ppb of arsenic. Kevin agreed and added it will be much more expensive if the District only serves municipal water to one home at a time. Mr. Wirth stated an assessment on a property places a hardship on the owner because, when they put their house on the market, the realtor is going to obtain all that information on the property, and the property owner will not be able to add the amount of that assessment to the sale price of the house.
- **Chad made a motion to eliminate Honeysuckle Court from the final assessment resolution/second-Jim/carried unanimously.** Peter added that, unfortunately, survey responses are not high. Staff puts forth additional effort to receive survey responses from all the homeowners involved because the Commission needs that information to analyze and make these decisions. **Peter made a motion to table a decision for a watermain extension on Kirkwood Drive at this time to allow further discussion/second-Jim/carried unanimously.**
- Kevin told Mr. Praxl he would see what he could do to get him safe drinking water, even if it's not from the District. Kevin added the District posts its agendas online to allow residents access to this information at any time, and that staff also posts the agendas at both of the Town Halls and at Service Oil. Jim stated the District places a lot of additional information on its website, www.algomasd.org. Peter specially thanked all those who attended, and the remaining residents left the meeting. The Commission continued the meeting with agenda item 2b).

iii) Discuss and act on assessment levy cost and available financing. No discussion was had on this agenda item.

- b) The Commissioners will act on Resolution 2016-6-1, a Final Resolution declaring the Sanitary District's intent to exercise its police power pursuant to Section 66.0703 of the Wisconsin Statutes, to authorize the construction of a watermain extension and to levy special assessments upon certain property in the Town of Algoma Sanitary District No. 1 benefitted by the improvements. No action was taken.
- c) Award contract for watermain construction. No action was taken.
- d) Discuss and act on Resolution 2016-6-2, approving the application to borrow up to \$300,000 from the Board of Commissioners of Public Lands State Trust Fund Loan Program to finance the watermain extensions as approved in the Final Resolution. No discussion was had on this agenda item.
- e) Discuss and act on 2015 Consumer Confidence Report prior to publishing. Staff previously sent copies of the proposed CCR to the Commissioners for review. Upon no suggestions being made, Kevin said it is ready to be published. Chad added he thought it looked great and Jim said, compared to the City of Oshkosh's CCR, the District's is spectacular. Kevin explained he prefers to use the CCR as a tool to inform the public. He stated staff will send it to the printing company as is, they will take a week or so to print and fold it, and then forward it to a mailing company to be delivered before the end of the month.
- Peter complimented Kevin on his thorough preparation for that night's public hearing. Kevin thanked him for the compliment and added he thought all the Commissioners were on task. It was a tough meeting to conduct because neither area met the 70% participation rate and that stretched him beyond his comfort zone. Peter reminded him the District's mission is to get customers and to provide safe drinking water. Jim also commended Kevin for his excellent rapport with the residents.

8) **Peter made a motion to adjourn the regular monthly meeting at 8:30 p.m./second-Jim/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
July 6, 2016

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for July to order at 12:00 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. Mike explained Jim previously suggested a small word change to read “by ‘authority’ of the legislature” during the discussion on special assessments, and that change was made. **Jim made a motion to approve the minutes of the regular monthly meeting on June 9 as amended/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the revised administration building rent payment for 2016 totaled \$149,800, which was reflected in the financial reports. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. **Chad made a motion to approve the balance adjustments as submitted at the meeting/second-Peter/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. **Peter made a motion to approve the July pending bills and the June previous disbursements for sanitary and water as submitted at the meeting/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
- 5) Director’s Report.
 - a) Review of District statistics.
 - Kevin stated the District experienced a couple of power outages in June, however, there were no interruptions in service as staff verified sewage and water taps kept flowing. The District’s generators have been very reliable and served as a basis of protection in those situations.
 - The District distributed 15 water permits and 13 sewer permits during the first half of the year.
 - Town of Omro sewage flows are on target to total 19 million gallons (MG) this year to the City of Omro WWTF.
 - Kevin sent the Commissioners a new chart of wastewater treatment costs for the past ten years which has been decreasing over time. He explained the District is paying about the same amount to the City of Oshkosh and the City of Omro as it did in 2006, and he anticipates the rate paid to the City of Omro will decrease next year.
 - Jim asked for the status on the District sump pump inspections, and Kevin answered that only one remains in the Town of Algoma, which the homeowner has been delinquent in responding to the District’s numerous mailed letters. When an Operator noticed an individual mowing the lawn at this property, he stopped by with the paperwork, but found the person was not the owner and was unwilling to give the Operator access to the house. Jim asked if the District’s Ordinance allows staff to issue fines for failure to respond to this request. Kevin answered yes, stating the Ordinance gives the District the right of entry requiring the homeowner to allow access to the premises, however, he would not be comfortable enforcing it.
 - b) Correspondence.
 - After mailing the annual Consumer Confidence Report (CCR), the District received several requests to lower water service valves, one homeowner volunteered to be included for lead and copper samples, and one home asked us to determine if he had a lead service, which was negative because the home had a copper service.
 - Kevin stated staff mailed a letter to the homeowners included in the potential watermain extension on Honeysuckle Court, notifying them the District would not extend the watermain, and no phone calls were received from residents in response.
 - Staff received about a dozen calls in response to the annual Public Fire Protection Fee invoices mailed to District residents in the Town of Omro. The invoice also included an insert explaining the fee was removed from their property tax bill, however, receiving the bill definitely brings the matter to the forefront, making residents aware of how they are being billed and the amount. Staff was also able to further discuss the details with the residents that called. Ray added this charge is not new, and Kevin stated when staff explained to these residents that they have already been paying this fee previously, most of them acknowledged that and understood.
 - The Commissioners were given the minutes from the PSC meeting’s stating its final decision on the District’s formal complaint regarding wastewater treatment charges from the City of Omro.
 - o The biggest aspect the PSC ruled in favor of the District was that the City of Omro must account for every gallon entering its Wastewater Treatment Facility (WWTF). After review of this item, PSC Staff determined the District’s rates would decrease to about \$2.22 per thousand gallons. Since the District is on target to flow almost 20MG to the treatment plant, this will equate to about \$44,000 in savings this year.
 - o The PSC also ruled that the \$5,945 quarterly administrative fee the City was charging the District, which totaled about \$25,000 per year, was unreasonable. Jim asked how that change would affect the District’s rate now that the City has to divide those costs amongst all their users, and Kevin explained since the District is about 10% of the WWTF’s total flow, City residents will pay about \$9 of every \$10 of expenses.

- Kevin also stated July 25 is the deadline for the City to submit its new rate structure to PSC for review. The District will have the opportunity to provide feedback on some of the items used to finalize the rate structure. Kevin feels these rulings also address some other issues, and keep in check how the City sets their budget now that they have to charge the District based on every gallon entering the plant, and he is fairly comfortable with the outcome.
 - The PSC also ruled it was unreasonable for the City to enforce a moratorium on connections within the District beyond the “buffer zone”. Ray stated if a developer wants to develop within this “buffer zone” area, they would have to work with the Town of Omro.
 - Kevin added a contract is not required, so the District will merely be considered a customer of the City. The formula the City submits to determine the rates will be bound by the PSC and the information will be updated each year. Kevin estimates the City will charge the previous rates for second quarter, which the District accounted for in its annual budget, and the third quarter billing should reflect these newly determined rates.
 - Peter stated the District definitely accomplished what it intended to by submitting a formal complaint to the PSC. Kevin added any future disagreements with the City regarding future rates and charges could be settled by the PSC through this same process. Ray said although this was an expensive and time-consuming process, overall, he believes the District received a pretty good outcome that will serve District customers well in the long term. The City now realizes they are no longer dealing with the previous District, which should cause them to be far more reasonable in the future.
 - Peter asked what the cost difference for Town of Omro wastewater treatment will look like once the new rates are implemented. Kevin estimates the current rates that would have equated to about \$145,000 in treatment cost will now be about \$50,000 for the plant and about \$40,000 for treatment, for a goal of less than \$95,000 per year, which will save about \$100 per residential connection per year. Chad suggested staff notify Town of Omro residents once the amount of their user fee reduction is finalized.
 - It was discussed what would happen with the “buffer zone”. Chad stated the District did not hamstring the Town of Omro with an agreement including this area. Ray stated there really is no “buffer zone”, and the District would be able to provide service to new developments in this area. The Town would need to pursue this issue with the City of Omro if a future disagreement came up.
- c) Status of 2016 projects.
- The Operators sandblasted and painted 35 of the 90 fire hydrants on the schedule this year, which are located north of Highway 21 and east of Leonard Point Road.
 - Staff received a quote of \$3,600 to bore a water service under Highway E to a property and \$2,700 to bore a water service to Mr. Krohn’s lot on Kirkwood Drive.
 - The District has an upcoming utility project on North Oakwood Road, between Pine Ridge Road and Beechnut Drive, to install water and sewer laterals across the road to two vacant lots prior to the Town repaving the road next year. Staff received a quote of around \$12,500 from Wally Schmidt and expects two additional quotes in the near future. The owners of the northern parcel applied for permits almost two years ago but have not begun to build yet. Kevin will make sure the homeowners are responsible for this cost.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and act on proposed policy regarding cash reserve balance.
- Kevin previously sent the Commission the staff’s budget goals for review. The number one item to discuss is the District’s cash on hand. The audit shows the District has a substantial number of months of unrestricted cash on hand, however, a majority of it is needed for future bond payments. If the District does not designate the funds and instead uses them to decrease future rates, it would have to seek funds in the open market to make bond payments.
 - Staff drafted a goal to “Designate District funds on hand to cover five years of debt service requirements.” to recommend at budget time. This will determine how much money the District should have in the bank and helps smooth large annual rate increases or decreases due to future debt service requirements. Kevin suggests the District designate \$2,000,000 for 2016 to meet this goal. He explained that, between now and 2021, the Water Utility will need to borrow that amount either from the Sewer Utility or in the open market. He proposes using the Sewer Utility to lend the funds, allowing residents to receive the benefit of the interest revenue.
 - Kevin also noted the District will not implement a 3% increase in water rates for next year. For purposes of this cash flow schedule, the District will continue to experience higher budgeted expenses even though the previous years’ Water and Sewer Utilities expenses came in under budget. The cash flow schedule indicates total cash on hand, as of the beginning of this year, was around \$4,500,000 and ends year 2029 at around \$6,200,000. The lowest year is 2023 at \$2,200,000 which is about 13.5 months of undesignated cash on hand, and the District’s threshold is 12 months. By 2027, the Water Utility projects it will begin paying back the Sewer Utility.
 - Although staff looks at this cash flow analysis on a regular basis, these goals allow staff to identify how much excess funds should be on hand and explains why the District is planning to maintain the cash balance it currently has. Annual adjustments allow sewer rates to increase or decrease depending on the status of the District’s cash balance.
 - Chad stated having this in place allows the Commissioners to respond to residents should they question why the District has retained this amount of cash on hand. Kevin agreed and asked the Commission to approve this goal to

guide staff while the annual budget is developed. He further explained designating these assets, rather than restricting them, is the best way for the Commissioners to identify the purpose of these funds.

- **Jim made a motion to approve the staff goals for the budget and cover the five year debt service requirement as presented and discussed/second-Chad/carried unanimously.**

b) Update regarding cyber information and technology security review.

- After formal analysis, findings indicate it would be helpful to make a few adjustments. It was also recommended to remove the administration building's WIFI modem from the network and create a separate account for public use. Chad works in the IT field and confirmed there are devices that would allow the District to set up a separate "guest" connection.
- Overall, Kevin feels the analysis was pretty productive and will make the adjustments based on their findings and suggestions. Rhyme provided a proposal to offer monthly maintenance, however, Kevin could not justify the cost.
- The analysis indicated the security level of Workhorse, the District's accounting software program, is adequate. Also, the District's primary bank does very good job securing all of its ACH information to prevent fraudulent charges. Jim concluded the District accomplished what its auditors recommended during their annual presentation.

c) The Commissioners will act on a Final Resolution declaring the Sanitary District's intent to exercise its police power pursuant to section 66.0703 of the Wisconsin Statutes, to authorize the construction of a water main extension and to levy special assessments upon certain property in the Town of Algoma Sanitary District No. 1 benefitted by the improvements.

- Kevin explained this is strictly to provide municipal water service and to specially assess Mr. Krohn's parcel on Kirkwood Drive, and he recommends approval of this resolution. Mr. Krohn signed the documents to participate on the \$12,500 assessment at 3.5% interest and the Waiver of Public Hearing and Special Assessments. Kevin also proposes to mail a letter, similar to the one sent to the residents on Honeysuckle Court, to notify the other owners on Kirkwood Drive that the District will not extend the watermain past their properties. Kevin explained this 150 foot water service would be extended from the current fire hydrant past one property to serve Mr. Krohn's parcel.
- When Jim asked why the District is not extending the watermain to reach Mr. Krohn's property, Kevin answered it would require the District to move the fire hydrant, which would create a higher cost, and the other neighbors north of Mr. Krohn's property were opposed to this watermain extension. It would cost about \$30,000 to do this small extension and involves moving the hydrant 200 feet. There are other water services greater than 150 feet long in the District that do not have any water quality issues. If watermain is extended down the street in the future, since this property has already been assessed and has received the benefit of municipal water, it would not be assessed again.
- **Peter made a motion to approve Resolution 2016-7-1 as submitted/second-Chad/carried unanimously.**

d) Discuss and act on proposed market study analysis compensation study.

- Kevin explained this study comes from the Commission's previous request to compare the compensation rates of District employees to those of other utilities so they can provide justification for the pay ranges the District uses should the public ask about it. He stated a third party quoted \$3,850 to complete this analysis.
- The goal in having an outside party perform this formal analysis is that it will help to create confidence in the District's current pay ranges. The District's goal through this process will be to continue to retain the superior staff it currently has. Kevin explained since not every utility is the same, there will not be a perfect overlap of positions between municipalities and, as a small utility, each staff member may perform two or three jobs.
- The District's population is about 10,000 people, and he considered around 20 other local municipalities in Wisconsin based on population as comparable, with seven smaller municipalities, three of similar size, and seven larger municipalities with up to 25,000 people. The purpose is not only to verify salary ranges are competitive, so other municipalities do not lure the District's employees away, but also to verify the District is not overpaying its employees.
- Chad added that, although larger companies may be able to pay their employees more than smaller ones, the District may have something else desirable to offer as an alternative, such as flexible hours. Peter stated larger systems have added pressure and accountability, whereas a smaller system usually provides a more relaxed atmosphere. While Kevin stated employees in smaller companies often have more responsibilities, Peter added smaller companies are more forgiving of mistakes. He said the atmosphere of a smaller company is more like family, but once the number of employees surpasses a certain number, it is viewed as just a job.
- Jim asked if this analysis would include fringe benefits and Kevin answered that the current proposal would only break down comparable positions and provide a range of wages, but a benefit analysis could be added for an additional cost. Chad asked if most District employee benefits, such as health insurance, retirement, etc. are offered through the State of Wisconsin, and Kevin answered yes, stating there are hundreds of other municipalities included in the state health insurance plans. Chad added around budget time he would like to see an analysis of all fringe benefits the District offers its employees, including ones that are common across most municipalities and ones the District offers separately. Peter listed clothing allowance; personal vehicle and mileage reimbursement; holidays, sick days, and vacation days; additional training; and health, vision, dental, and life insurance, etc. as examples.
- Kevin stated he provided the job descriptions and pay ranges to the company previously and has a meeting scheduled on July 21 at 10:30 that the Commissioners are welcome to attend to discuss this information in more detail.

- **Jim made a motion to allow GovHR USA, LLC to prepare a compensation analysis, including fringe benefits, for a cost not to exceed \$5,000/second-Chad/carried unanimously.**

8) **Chad made a motion to adjourn the regular monthly meeting at 1:20 p.m./second-Peter/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
August 3, 2016

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 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales.
 - Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one.
 - Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on July 6 as submitted/second-Peter/carried unanimously.**
 - 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. None.
 - ii) Note any balance adjustments. Mike noted some details on some of the balance adjustments included in the July report:
 - 1) One recorded the \$12,500 water special assessment approved at the previous monthly meeting for parcel number 002-0240-20 on Kirkwood Drive.
 - 2) Another recorded the sanitary sewer special assessment for \$6,295, which would be acted on later in the meeting, since the balance owed was paid-in-full. The customer previously paid a road deposit, and that amount, along with a credit based on the revised CAC, were applied to the balance of the sewer assessment.
 - a. Kevin further explained when the owners of the northern vacant lot on North Oakwood Road applied for the sewer permit, the District held them responsible for a road deposit. But, now the circumstances have changed, and the District is installing the lateral to the property line and can credit the road deposit.
 - b. Mike also added the sanitary sewer special assessment for the southern vacant lot on North Oakwood Road will be recorded later that month upon Commission approval and publication of the assessment notice.
 - **Peter made a motion to approve the balance adjustments as submitted/second-Chad/carried unanimously.**
- d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - The check for BP for gasoline purchases from July was revised to \$618.96.
 - The check for Alliant Energy for the invoices from July will be \$353.77.
 - The second quarter wastewater treatment invoice from the City of Oshkosh was \$38,043.42, bringing the year-to-date total paid to \$72,611.52 to treat 112.5 million gallons (MG), or about \$0.65 per thousand gallons (1k gal).
 - The second quarter wastewater treatment invoice from the City of Omro was \$38,160.86, bringing the year-to-date total paid to \$79,185.16 to treat 9.5 MG, or about \$8.30 per 1k gal.
 - Mike also noted the City of Omro invoice included a credit of \$523.44, which appears to be for the Administration Fee from June 23, the effective date of the Public Service Commission's (PSC) decision, though June 30.
 - **Peter made a motion to approve the August pending bills and the July previous disbursements for sanitary and water as submitted at the meeting/second-Jim/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Peter asked Kevin to discuss the study the City of Oshkosh is performing in conjunction with the East Central Wisconsin Regional Planning Commission (ECWRPC).
 - Kevin stated the City hired an engineering firm to forecast future growth and to determine if the City of Oshkosh collection system is adequately sized to handle the future growth and sanitary wastewater flow demand from the west side area and to recommend appropriate changes as needed.
 - The District has two connection points with the City of Oshkosh, the first flow metering station is located southeast of Panera Bread on Washburn Street which flows south and crosses under Highway 41, just south of the old Kmart building, and has a daily average flow of 450,000 gallons per day (gpd). The second flow metering station is located on Witzel Avenue at the intersection of Westhaven Drive, across from Kwik Trip, and has a flow of 70,000 gpd.
 - The City has historical data of the District's daily flows to use as a starting baseline.
 - Jim asked if this study was a result of the Environmental Protection Agency (EPA) mandating the City of Oshkosh address their infiltration and inflow (I&I) issues with their collection system. Kevin stated he did not receive the full report indicating what was all being studied, but he said in the past City of Oshkosh basements have backed up due to the City's sewer system not being able to handle all of the flow after rainstorms. He added additional stormwater management of dredging Sawyer Creek by Evergreen and the installation of the pond by Perkins will help improve their stormwater management and improve the sanitary sewer capacity by reducing flooding. He will continue to work with the ECWRPC and the engineer to provide information, such as the maximum flows on peak days, to verify the pipes are adequate to handle it.
 - The Commission decided to move the next monthly meeting to Wednesday, September 14 at 12:00 p.m.
- 5) Director's Report.
 - a) Review of District statistics. Kevin stated the following information regarding District statistics:

- Staff issued 22 water permits and 20 sanitary sewer permits year-to-date.
 - The monthly sewer flow from the Town of Omro fell to just over 49,000 gpd, which is under the District's goal of 50,000 gpd. Kevin estimates this sewer flow technically would put the District at a total annual flow to the City of Omro of about 16MG for 2016.
 - City of Oshkosh sewer flows averaged about 464,000 gpd which is also very good.
 - Gallons of water sold increased for second quarter, which usually corresponds with outside watering this time of year.
 - Kevin presented deteriorating bolts from a fire hydrant on Notre Dame Drive in the Town of Omro that was tipped over by a Winnebago County tractor cutting grass. Since these particular bolts were about one foot below ground, Kevin is concerned about the condition of other bolts that are six to eight feet below ground. Staff discovered other corrosion problems off Marquart Lane in the Sandhill Farms subdivision, which prompted the District to replace all the copper water services within the last five years. The bolts on these hydrants have only been in the ground for about 10 years. Staff can replace the bolts that are easily accessible, and they may dig up one or two hydrants in the area to check the condition of the bolts when other repairs are done. Staff also plans to take groundwater samples to see if there is something in the water that is potentially causing this corrosion. The ductile iron fire hydrant is connected to a plastic watermain, so there is no cathodic protection there. Staff could also place a sacrificial anode on the hydrants when replacing the bolts and observe them to verify they remain in good condition. The bolts are also located on each valve of the pipe, as well as certain bends where the ductile main was installed. Kevin simply wanted to make the Commission aware of this matter. Jim asked if only the bolts were corroded, and Kevin answered the hydrant seemed to be in good condition, other than some nicks from a tractor weed whacker. He also stated the ductile iron on the hydrant is about ½" thick, so there is a lot more material that has to corrode before a leak would develop.
 - The District's unaccounted water is only about 3%, however, staff found a two to five gallon per minute (gpm) leak on a copper water service between the watermain and the water valve on a vacant lot on LaCrosse Drive, about 200 yards away from the damaged fire hydrant. Staff plans to replace it with a HDPE plastic pipe within the next month or two. Unfortunately, the road was paved about two years ago, but at least this is the only leak staff is aware of in the area and matched the unaccounted water. When the District replaced several copper services in the area between Sandhill Farms and the Barony Subdivisions a few years ago, staff checked a couple of water services nearby, which seemed to be in much better condition, and could not justify replacing all 90 water services. Now, five years later, only one additional leak occurred. The former Omro Sanitary District sampled the soil, which did not indicate anything out of the ordinary, and the copper met all normal requirements. This leak is expected to worsen and could be up to 10-15 gpm by winter if left unattended. Jim asked if the replacement water service could be bored, rather than excavating through the new asphalt, but Kevin answered the watermain is located close to the middle of the street, and about 10 feet of asphalt would be affected because the connection needs to be exposed.
 - The compensation study is underway, and Kevin will forward the information upon its completion.
- b) Correspondence. Earlier that week, the District received a call from the homeowner of 1188 Willow Street, which is Highway 116, located between the City of Omro and the Village of Winneconne close to the intersection of Young Road. This resident told Kevin they are pumping out their holding tank every two to three weeks and asked if they could connect to the District's sanitary sewer system. Kevin answered he would be happy to find a way to service their property, however, there is a forcemain installed past this property that flows to the City of Omro Wastewater Treatment Facility (WWTF), not a gravity sewermain. This property is located in the "buffer zone", where the City of Omro would want them to annex into the City in order to receive sewer service. Kevin asked the resident to send him a written request explaining their situation, how much sewage they produce, and how often they have to pump it out, and explained the District would have to research how to proceed. He also gave her some ideas on how to reduce their water usage in the meantime. She learned from Winnebago County the holding tank holds a maximum of 2,000 gallons and she found the water softener is regenerating every two days, which she may have the ability to adjust. The property is located about a half mile from the City of Omro's sanitary sewer collection system, so the likelihood of the City extending gravity sewer there is very small. The City may suggest connecting the property to the District's forcemain and, at that time, the Commission can decide if it will allow it or if the homeowners will have to continue what they are doing or consider installing a larger holding tank.
- c) Status of 2016 projects.
- District staff is currently working on installing water and sewer laterals to two vacant lots on North Oakwood Road, prior to the Town of Algoma paving the road next year. Kevin estimated the northern lot would be completed that day, and explained the southern lot will be a challenge because it will allow for only one lane of traffic, requiring two flagmen.
 - The boring of water services on Kirkwood Drive and Witzel Avenue is complete.
- 6) Old Business. None.
- 7) New Business.
- a) The Commissioners will act on a Resolution #2016-8-1, a Final Resolution declaring the Sanitary District's intent to exercise its police power pursuant to Section 66.0703 of the Wisconsin Statutes, to authorize the construction of a sewer lateral extension and to levy special assessments upon certain property in the Town of Algoma Sanitary District No. 1 benefited by the improvements.
- i) Parcel numbers included in this special assessment are 002-0040-06 and 002-0040-02-01. Kevin stated he met with the owners of both parcels, and they both signed the Waiver of Public Hearing. One resident paid the assessment in full and the other signed to pay the assessment and stated verbally that they intend to pay the assessment in full by

November 1, 2016. If payment is not received, the District will place the assessment on the tax roll in 10 equal installments. Kevin was pleased to receive the signed forms and to know the project would be funded entirely by these two property owners. **Peter made a motion to approve Resolution 2016-8-1 as presented/second-Chad/carried unanimously.** All required documents were signed by the Commissioners.

- b) Discuss and act on the PSC decision regarding Case #9300-SI-118 against the City of Omro for unreasonable wastewater treatment rate, rules, and practices.
- Kevin stated he sent the Commission the PSC's final decision on the case and that he spoke with a PSC staff member to discuss a couple of specific items. He noted that the PSC staff member decided to increase the debt coverage from 10% to 25%. He questioned this decision, which essentially would increase the City's debt coverage to about \$53,000 annually. Kevin also stated that the District would be responsible for around 20% of this debt coverage, which amounts to about \$10,000, and if the City were to create anything too exorbitant, City residents would still have to pay 80% of the debt.
 - For 2015, the District paid about \$145,000 in treatment expenses to the City of Omro. These new rates are now in effect and will be used beginning with the third quarter's wastewater treatment invoice. Staff estimates total 2016 treatment expenses to be about \$124,000, which Kevin is comfortable with since staff budgeted \$123,500. Projected 2017 treatment expenses should be about \$95,000, which should decrease Town of Omro residential user fees by about \$75-80 per connection, for an annual cost of about \$515. Once the PSC's decision is finalized, staff will send a letter to the affected residents informing them of the impact and the amount of their new sewer user fee.
 - Jim asked for clarification on how the City's prior legal expenses were being incorporated into the new rates. Ray answered the PSC Commission ruled that each party was responsible for paying its own legal costs, but Kevin stated the City is being allowed to integrate the entire \$139,000 amount of its legal costs for this case into the treatment rate per 1k gallons charged to all users over a five year period. However, when Kevin questioned this decision, the PSC staff member stated that the decision is final.
 - Prior to the PSC releasing their final decision, the PSC staff member incorporated some information Kevin sent him and made some adjustments accordingly. Kevin mentioned that he knew PSC Staff was going to have some discretion with setting up and implementing the final rate structure that was going to be determined at the end of this case. One positive thing of note is the PSC increased the annual City-Only expense from \$95,000 to \$135,000, which Kevin stated was being underestimated from the beginning and removes about \$40,000 from the District's previous rates. Overall, he feels this new rate structure is a very successful outcome for the District and definitely addressed some of the unreasonable items from the previous rate structure.
 - Chad asked how the new rate structure will affect City residents, and Kevin stated City rates will generally remain the same. He explained that, since the District's rates were artificially high and overcharged the District by \$50,000 to \$60,000, the City rates will now only be able to recover the City's actual costs from all users.
 - He added he still feels the decision to involve the PSC was the right thing to do, and now the District can justify its rates to the residents. Ray added that so little progress was being made with the City, and going through the PSC was the only way to get this done, the District is better off, and neither party will want to be back in the future.
 - i) Review of Ordinances the City of Omro developed addressing wastewater treatment services. Kevin stated the City acted on one of these Ordinances at its recent meeting, however, it was not the one that would directly impact the District. Kevin sent his review of the Ordinance to the PSC, highlighting the areas that did not correspond with the PSC Commission's decision. One item to address was the provision that the City take ownership of the District's metering manhole. The PSC staff member stated if the City retains that in its Ordinance, the PSC can help determine its cost because the City cannot simply take ownership of it without providing compensation. Kevin anticipates the City will act on an Ordinance with that type of language in an upcoming meeting after making those adjustments.

8) **Chad made a motion to adjourn the regular monthly meeting at 12:45 p.m./second-Jim/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accounting Manager

Approved: _____
James Savinski, President

Town of Algoma Sanitary District #1
September 14, 2016

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present and Commissioner Chad Hayes by speaker phone called the regular monthly meeting for September to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales.
 - 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 August 3 as submitted/second-Peter/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike noted the District received the final tax roll payments from the Town of Algoma and the Town of Omro in August, and the Public Fire Protection Fee payment from the Town of Algoma was received earlier that past week. **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. None.
 - ii) Note any balance adjustments. Mike explained one balance adjustment added the new sewer assessment of \$6,295 was levied for parcel #002-0040-02-01. **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 upcoming bond payment of about \$36,298.75 will be automatically deducted by the DTCC the business day following the October 1 due date. He will receive an email confirming the final interest payment total prior to the deduction. **Jim made a motion to approve the September pending bills and the August 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 staff issued 28 water permits and 24 sanitary sewer permits year-to-date.
 - b) Correspondence.
 - The complaint the District filed with the Public Service Commission (PSC) of Wisconsin regarding the intergovernmental agreement with the City of Omro for wastewater treatment services is completed. The official rate is \$2.07 per thousand gallons plus \$41.33 quarterly charge per connection. Kevin thanked staff for their additional effort put forth as the outcome was very successful. Ray had previously inquired about the draft Ordinances and Kevin stated he felt the PSC addressed some of his major concerns, including the cost determination of the District's metering station.
 - A homeowner on Lake Breeze Road is interested in connecting to the municipal water system that is available to his property. His plumber is aware the District prefers to not have fittings installed because of the increased potential of a leak. Kevin met with the plumber and the resident onsite to discuss alternatives. He followed up with the homeowner to discuss the potential of boring a water service, which would resolve all the issues presented and produce a good end result. Since the home is selling soon, this homeowner's decision is a function of what will be more cost effective, as the plumber informed the homeowner it would be more expensive to put in a solid pipe. In the District's experience, after removing the fitting cost, there should not be much of a cost difference. The water service is currently located under an 8'x11' concrete patio.
 - The District would like to verify that plumbers provide the best product to our residents so they do not risk developing a leak in the future that could be prevented, and because the homeowner is responsible to repair leaks beyond the curb box valve. Jim suggested the District consider changing its Ordinance, and Peter also recommended developing a policy that would not allow plumbers to install fittings in the ground. Ray added the plumbing code contains the minimum requirements, and all residents connected to the municipal water system end up paying for unaccounted water due to leaks.
 - Kevin added the homeowner, along with this plumber and other plumbers, agree that installing a water service without a fitting is a better process, and Kevin is confident in the process of pulling a pipe through a basement because the District has done it numerous times. There have been instances when a homeowner has to go back to the plumber within a year of completion of a project because of a leaking fitting, and he wants to make sure the plumber will stand behind their work. He appreciated the thought of developing a policy or an Ordinance that will support this practice.
 - c) Status of 2016 projects.

- There is a new Goodwill retail store being constructed on Westowne Avenue between Rocky Rococo's and Menards. Now that the building has connected to the City of Oshkosh municipal water system, the excavator was currently working on connecting to the District's sanitary sewer system.
- There is a two unit condo in the Wyldewood Subdivision in the City of Oshkosh that was also connecting to the District's sanitary sewer system that day.
- Kevin is proposing to clean the outside of the water tower the following month to remove black residue. The neighbors have not complained, however, the District desires to continue to maintain it in good condition. Unfortunately, it costs about \$5,000 every three years to complete, but Jim added it is important for a water utility to portray a clean image. Kevin added the interior must be inspected and cleaned every ten years, which was completed about three years ago when the exterior was last cleaned.
- The District sent NTD a proposed rental renewal contract for antenna placement on the water tower for about \$6,000 per year, including annual inflationary increases.
- The District will obtain price quotes the following month to replace its 2005 Ford F-150 pickup truck.
- District staff replaced a copper water service on LaCrosse Drive that was leaking about two gallons per minute of water. Kevin noted the interior of the pipe appeared to be in decent condition with no additional deterioration.
- Staff plans to replace about 30 more vacant lot water services in the Sandhill Farms Subdivision before this winter. This section of watermain is currently shut off since these lots are not yet available to be sold.

6) Old Business. None.

7) New Business.

a) Discuss and act on three year financial audit proposal.

- Kevin explained staff sought quotes from two of the largest firms that perform municipal utility audits: Baker Tilly & Schenck SC. They each sent thorough proposals and came within a close dollar value for a three year contract. Kevin stated he is very comfortable with Schenck's proposal and really liked their testing ideas and concepts, but recommended continuing with Baker Tilly since the District has had good experience with them, they have always been on time, and staff is familiar with what to expect. However, he asked that the Commission make the decision on the proposals and authorize him to sign a contract. Baker Tilly quoted \$46,500 and Schenck quoted \$41,350 for the total cost of the audit over the three year contract. Each firm also quoted a separate cost to prepare a federal single audit if the District received federal funding and to prepare the District's annual PSC Report, if needed, but Kevin stated District staff has prepared the annual PSC report for the previous four years.
- The Commissioners debated the benefits of continuing to work with Baker Tilly and the past history they have with the District versus the cost savings received if they decide to accept Schenck's proposal. While the Commission understood why Kevin proposed the District remain with Baker Tilly as its auditor, the consensus was that the cost savings from Schenck's proposal outweighed Baker Tilly's knowledge of the District's past major events and activities. Jim asked if the District would be able to contact Schenck throughout the year to seek financial guidance without incurring a charge as staff currently does with Baker Tilly, and Kevin answered that this service was included in Schenck's proposal. Kevin noted that changing auditors will likely incur some additional internal cost and substantial work for staff to transfer records and get them up to speed for the District's current year. Jim agreed the first year will likely incur more staff expenses but added it is not an additional expense unless it requires overtime, and Kevin stated he thought that additional overtime was unlikely. Jim asked Mike if he would be comfortable working with Schenck, and Mike answered that, while he has not worked with them in the past, he would be fine with that choice.
- Peter asked staff to document the experience it has working with Schenck over these next three years, compared to Baker Tilly, and provide positive or negative feedback for choosing one over the other the next time the District seeks audit proposals.
- **Peter made a motion to authorize Kevin to accept Schenck's proposal as the District's auditor for the next three year cycle/second-Jim/carried unanimously.**

8) **Peter made a motion to adjourn the regular monthly meeting at 12:50 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
October 13, 2016

Budget Workshop

- 1) Open Workshop for the 2017 Sanitary Sewer and Municipal Water Utility Annual Budget at 6:00 pm. No public in attendance.
- 2) Adjourn 2017 Budget Workshop at 7:45 pm.

Regular Monthly Meeting

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for October to order at 7:48 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein. Commissioner Peter Cernohous 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. **Chad made a motion to approve the minutes of the regular monthly meeting on September 14 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 and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. None.
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned pending bills includes the upcoming SDWL bond payment of \$63,469.46 due November 1 and the first City of Omro invoice with the lower sewer rates. The total quarterly invoice was \$23,539.40 to treat 4.104 million gallons (MG) at \$2.07 per thousand (1k) gallons with 364 users at \$41.33 each. This amounts to an overall rate of \$5.74 per 1k gallons, compared to the 2015 invoices which charged an average of \$8.77 per 1k gallons. Kevin also mentioned the District was paying the City of Omro connection fees collected from new sewer permits, and Mike added there were 21 connections year-to-date at \$500 each for a total of \$10,500. **Jim made a motion to approve the October pending bills 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.
 - Chad thanked staff for compiling the information for the budget packet, which he realizes is a substantial undertaking. He also mentioned he noticed the City's new ordinance relating to the District in the Omro Herald.
 - Jim asked for a status update on the City of Omro's intent to purchase the District's flow metering station by their wastewater plant.
 - o Kevin stated he sent a letter to the City's Director of Public Works to notify the City that the District had a contract with LW Allen to install radio telemetry on the metering station which will allow the District to monitor and verify the flow accurately on a continual basis. Kevin received a list of requests in response, such as detailed drawings and a meeting with the contractor, prior to the City presenting it to their Council for approval at a future meeting.
 - o Kevin further explained some information to the Commission regarding the flow metering station, including how the District's sewermain connects to the City's wastewater plant, and the infrastructure he proposed to include as part of the sale to the City since the District cannot connect to it and would no longer have access to it. The City currently has one customer, a chiropractic office that was previously a private ambulance service, connected to the District's existing forcemain in this area, and their wastewater flow, as measured by their water meter, is deducted from the District's total flow entering the wastewater plant. Kevin also explained the sale and maintenance of the metering station and other infrastructure would be spread across all users, resulting in the District paying about 10% of the cost in the user fee as opposed to paying the entire annual cost for a third party to calibrate the flow metering station as it has in the past.
 - o Jim asked why the City wants to take ownership of this metering station and Kevin answered the PSC suggested it, but did not require it. Kevin also mentioned the District Operators are trained in confined space, while City employees are not and must rely on the Fire Department to handle confined space entry issues. He also stated the District currently checks and cleans its station and can verify it is reading accurately.
 - o Kevin reminded the Commission of the 2x4 that was found lodged in the District's flow metering station in April of 2014, causing normal daily flows of about 69,000 gallons per day (gpd) to falsely appear to be 130,000 to 203,000 gpd. Once the District proved what caused the high flows, the City issued a credit, however, telemetry

would allow the District to identify and prevent issues like that which adds up quickly at a cost of \$2.07 per 1k gallons.

- o Chad mentioned his concern for the District having future access to the flow metering station and the new telemetry once the District relinquishes ownership of it. Kevin also explained that he uses lift station pump times to verify the readings from the metering device, and stated he is comfortable with those results because they calculate within a couple percent of the data from the flow meter.

5) Director's Report.

- a) Review of District statistics. Nothing new to report.
- b) Correspondence. Nothing new to report.
- c) Status of 2016 projects. Nothing new to report.

6) Old Business. None.

7) New Business.

- a) Discuss and act on proposed 2017 Annual Budget

- i) Approve proposed 2017 Budget for Publication. **Chad made a motion to approve the proposed 2017 Budget for Publication, to be reviewed at the next meeting/second-Jim/carried unanimously.**

- ii) Schedule the annual public hearing for 2017 Annual Budget on November 10, 2016. **Jim made a motion to schedule the Budget Hearing for Thursday, November 10, 2016 at 12:00 p.m./second-Chad/carried unanimously.**

- b) Discuss and act on Resolution #2016-10-1 to set the 2016 Property Tax Levy at \$219,300. Chad asked if the tax levy for 2016 was set at the same mil rate as the property tax levy for 2015, and Kevin stated that was correct. **Chad made a motion to approve Resolution 2016-10-1 to set the District's 2016 Tax levy at \$219,300/second-Jim/carried unanimously.**

- c) Discuss and act on Sewer User Fee credit for vacant building at 2725 Omro Road on parcel number 002-0111. Mike stated the District received the application from the owner which amounts to a user fee credit of \$216.30. The District's Sanitary Ordinance states that single family residences that are temporarily unoccupied for greater than nine months, are eligible for a 70% credit on their annual sewer user fee upon application and approval by the Commission. Kevin added the vacant farmhouse on this property does not use any sewer service. **Chad made a motion to approve the Sewer User Fee credit for parcel #002-0111/second-Jim/carried unanimously.**

- 8) **Chad made a motion to adjourn the regular monthly meeting at 8:15 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
November 10, 2016

Public Hearing for proposed 2017 Budget.

- 1) Open Public Hearing for the proposed 2017 Sanitary Sewer and Municipal Water Utility Annual Budget at 12:00 p.m. No public was in attendance.
- 2) Adjourn 2017 Budget Hearing at 12:01 p.m.

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for November to order at 12:01 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales. Commissioner Peter Cernohous arrived during the discussion of balance adjustments.
 - 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 13 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 and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. Mike explained balance adjustments recorded two \$25.00 NSF fees for returned ACH payments and credited two corresponding \$0.25 late fees that were miscalculated. **Jim made a motion to approve the balance adjustments as submitted/second-Chad/carried 2-0, with Peter abstaining.**
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike noted the check to Wisconsin Media for the affidavit is an additional \$1.00 for a total of \$514.30. Also, the third quarter wastewater treatment invoice from the City of Oshkosh was \$46,822.37, for an annual total of \$119,433.89, to treat 155.5 million gallons, or about \$0.77 per thousand gallons. **Chad made a motion to approve the November pending bills and the October 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.
 - Peter appreciated the positive responses the District received from Town of Omro residents regarding the letter the District sent informing them of their sewer user fee reduction, and Chad also mentioned that all the feedback he received was positive. Kevin agreed, saying staff strives to keep its customer base informed. The letter was pretty simple, and he was glad to receive several grateful phone calls and emails.
- 5) Director's Report.
 - a) Review of District statistics. Kevin stated total sewer permits released remained flat during October, but there were already two additional sewer connection permits in the Town of Omro in November as builders continue to construct so they can work on the interior of the home during the winter.
 - b) Correspondence.
 - Kevin presented a map of a five acre parcel in the Town of Omro whose owner signed a petition to be added to the District prior to construction of a single family residential home within a year or two. He explained once the Town of Omro approves the addition in December, staff will find a contractor that is able to assist the District in bringing the 25 feet deep sewermain on Sand Pit Road to a manageable elevation depth for the homeowner's contractor to extend the sewer lateral.
 - Unfortunately, the watermain currently ends at the intersection of Leonard Point Road and Sand Pit Road, about 600 feet away from this parcel. The property immediately north of this parcel is owned by the same individual who will be meeting with the Town of Omro in the near future to discuss the construction of condos and other single unit buildings on the adjacent property.
 - Kevin stated there are two additional parcels on Witzel Avenue in the Town of Algoma directly south of the salvage yard that also petitioned to be added to the District, which he will be going before the Town of Algoma Board for the next week, prior to the construction of two 8-unit Community Based Residential Facilities (CBRF).
 - The previous owner informed the District they did not want sewer service. There is a 15 feet deep manhole in the driveway of the property immediately east of these parcels where gravity sewer service ends. The District sent the potential owner of these parcels a letter stating they would be responsible to construct, install, and maintain a grinder pump, and the forcemain serving this parcel will discharge into that manhole. The grade of the building, and whether the basement will have flushable devices, will determine if it can receive gravity sewer service.

- This is an example of how the Contribution in Aid of Construction (CAC) fees paid upon permit application cover expenses of adding to the utilities in the area. The wastewater generated from this facility will flow to the Honey Creek Lift Station.
- The District can install a 6" water service across the street to serve this parcel fairly easily.
- Kevin forwarded the letter the District sent to its residents in the Town of Omro that was mentioned during the Commissioner Statements to the Town of Omro Board Chairman and Planning Commission Chairman since their homes are not in the District and the letter discussed boundary issues.
- Kevin is going to return a phone call from the PSC later in the day regarding their stance on the District selling its wastewater flow metering station and all corresponding infrastructure to the City of Omro.
- The new Goodwill retail store that connected to the District's sanitary sewer system had their grand opening that day, so staff is glad to see that building is now operational.
- Jim mentioned he noticed the property to the west of the BP station on Omro Road recently had a well driller onsite.
 - Kevin stated he spoke with the homeowner several months ago when they had an issue with the private well that serves the rental house and the barn behind their active farm, and he thought the homeowner had agreed to connect to municipal water. He placed a call in to the property owner when he received notice the previous week that the well driller was already on-site drilling a new well rather than connecting to the municipal system that is available to serve this property.
 - The Commission discussed the possibility of developing a policy that states if the municipal water system is available to a property, upon failure of a private well, the homeowner(s) must connect to it rather than be allowed to drill a new well. Ray stated the District would have a difficult time politically attempting to implement that change because the Water Utility was originally set up as a voluntary water system, and he recommended having the Town approve it first. Peter believed the property owner should have the option to do what they wish with their existing well's casing since it can be removed and a new hole drilled through the existing well, but Kevin added this situation is not very common since most homeowners decide to connect because it is the better financial decision.
 - Ray added a Town can require new construction within so many feet of an existing watermain to use municipal water. He stated Towns have just as much interest from a police power standpoint in not having wells as the District. Kevin stated he worked with the Town of Omro Planning Commission Chairman when they required all new subdivisions be served by municipal water. Peter asked Kevin to share that language with the Commission at the next monthly meeting. The Commission expressed interest in meeting with the Town of Algoma and offered to help Kevin develop a similar policy for them as well.
- Peter asked for clarification regarding the pending purchase of District infrastructure by the City of Omro.
 - Kevin explained the District currently owns the flow metering station and an easement at the City's wastewater treatment facility (WWTF). The PSC recommended the City of Omro own all meters in their wastewater utility, so the City contacted the District to request a cost for its flow metering station. Kevin took the exact cost the former Omro Sanitary District (OSD) paid on the contract, added the ratio for engineering, and developed a cost, not only for the flow metering station at the wastewater treatment plant, but also for the District infrastructure up to the City's connection at the chiropractor office.
 - Kevin further explained that, in 2005, the Gold Cross ambulance facility built a new location on Highway 116 and needed municipal sewer service. The City of Omro wanted the ambulance service for the community, but the City did not have utilities in that area, and the structure had to connect to the District's sewer system. The City waived their WWTF fee and asked the former OSD to waive the connection fees, which it did. About five years later, the building sold and became a for-profit chiropractic office, resulting in a City property being connected to the District's sewer system. Kevin noted this property never paid the District a CAC, and the OSD's letter to the City noting the new company's change to for-profit status was disregarded.
 - The District developed a cost per foot that included the infrastructure from that location to the WWTF, including the flow metering station, for a total cost of about \$60,000. The District sent a letter to the City stating the City should own all infrastructure that serves its customers. The District does not have any additional connections downstream of that chiropractic office, nor will the City allow the District to connect any properties in that area. The District should not be responsible for the maintenance of that main and also stated the City should place a new flow metering station upstream of that connection.
 - The City asked for additional information and included the PSC in their response. Before Kevin provides the detail, he will speak with the PSC to determine if it is reasonable for the City to own all infrastructure up to its first connection. He hopes that, if the PSC agrees, it will assist the two entities in determining a reasonable purchase price.

c) Status of 2016 projects. No discussion was held on this agenda item.

6) Old Business. None.

7) New Business.

- a) Discuss and act on Resolution #2016-11-1 to approve the 2017 annual sanitary sewer user fee for Town of Algoma Sanitary District residents per equivalent unit.
 - i) User fee for properties discharging to the Oshkosh Wastewater Treatment Facility to be set at \$309.
 - ii) User fee for properties discharging to the Omro Wastewater Treatment Facility to be set at \$511.
 - **Chad made a motion to approve Resolution #2016-11-1 as written/second-Peter/carried unanimously.**
 - b) Discuss and act on Resolution #2016-11-2 to increase by 3% the 2017 Contribution in Aid of Construction (CAC). Kevin stated a CAC cost increase to cover expenses by motion of the Commission helps staff when discussing the new CAC with residents. **Peter made a motion to approve Resolution #2016-11-2 to increase the 2017 Contribution in Aid of Construction by 3%/second-Jim/carried unanimously.**
 - c) Discuss and act on the 2017 Annual Budget. Kevin stated staff published the budget in the Oshkosh Northwestern, noting he did not receive any calls or questions from the public and no one attended the public hearing. He explained it is a balanced budget that allows the annual sewer user fee for Town of Algoma residents to remain at \$309 and to decrease the annual sewer user fee for Town of Omro residents from \$581 to \$511, and he recommended the Commission approve it as submitted. **Jim made a motion to approve the 2017 Annual Budget as submitted/second-Chad/carried unanimously.**
 - d) The Commissioners will go into closed session pursuant to Wisconsin Statute 19.85 (1) (c) to discuss matters in relation to annual employee evaluation, compensation, and benefits. **Chad made a motion to go into closed session at 12:36 p.m./second-Jim/carried unanimously.**
 - i) The Commissioners will reconvene into open session to discuss and act on matters discussed during closed session regarding employee evaluations. **Peter made a motion to reconvene into open session at 1:55 p.m./second-Chad/carried unanimously. Peter made a motion to approve and accept the 2017 recommended salary increases for District employees/second-Chad/carried unanimously.** Jim stated that he was going to sign Kevin's evaluation worksheet. Kevin read the goals for his position as presented and stated he would create a succession plan for the Utility Director and an appraisal form including a rubric for the following year's review, and Peter offered to assist Kevin with creating it.
- 8) **Chad made a motion to adjourn the regular monthly meeting at 1:56 p.m./second-Peter/carried unanimously.**

Respectfully Submitted: _____
 Michael Claffey, Accounting Manager

Approved: _____
 James Savinski, President

**Town of Algoma Sanitary District #1
December 8, 2016**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes present called the regular monthly meeting for December to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales. Commissioner Peter Cernohous arrived during the Director's Report.
 - 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 November 10 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 and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
 - iii) Note any investment changes. **Jim made a motion to approve the transfer of \$30,000 of sewer assessment funds from Community First C.U. to First Merit Bank as presented by Mike/second-Chad/carried unanimously.**
 - iv) Note any balance adjustments. Mike explained balance adjustments totaling \$347.61 summarized as follows:
 - Staff wrote-off small outstanding balances on 19 Town of Omro accounts that did not pay late fees for one or two months on the annual Public Fire Protection Fee the District began direct billing this year. Also, staff removed a sewer user fee balance for a City of Oshkosh residence from the tax roll, credited one month of the initial pro-rated sewer user fee invoice for a Town of Omro resident based on a delayed move-in date, recorded the November water bill refund paid to a Town of Omro resident, and added a Nonsufficient Funds Fee to a customer's water account.
 - **Jim made a motion to approve the balance adjustments as submitted/second-Chad/carried unanimously.**
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - Generac for \$31,500 for a 6" trash pump, LW Allen for \$38,831 for three lift station transducers and one at the Omro Wastewater Treatment Plant, Rhyme for \$8,873.96 for five new computers and \$6,125 for a new copier, Holliday Ford for \$32,703.42 for a new 2017 Ford F-250, and McClone Insurance for \$38,235 for the 2017 liability insurance renewal. The credit card payment included the statement balances, plus additional invoices of \$4,710.62, for a total of \$8,115.86.
 - Staff also requested a check for an amount not to exceed \$10,000 to Miller & Associates, with a proposal to be received the following week, for playground equipment at Our Park in the Town of Omro, with a check for the exact amount to be issued later in the month.
 - o Kevin explained people are using Our Park and presented the thank you card a girls' soccer team sent. This purchase will install a swing set, slide, and spinning toys for the next phase. He would like to secure community involvement for funding future phases, such as purchasing bricks or naming rights, to pay for the additions.
 - **Chad made a motion to approve the December pending bills as presented, including an amount not to exceed \$10,000 for park equipment, and the November 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.
 - The Commission would like to wish everyone a Merry Christmas and a Happy New Year.
 - Jim mentioned he spoke with the Town of Algoma Chairman, Joel Rasmussen, regarding the drilling of new wells in areas where municipal water is available. He let him know the Commission felt these situations should be addressed at the Town level. He also said Joel seemed to have the understanding that the Town of Algoma required new subdivisions to install municipal water, just as in the Town of Omro.
 - Kevin read aloud the Town of Omro's Land Division Ordinance: "A Subdivision within a Sewer Service Area planning boundary shall include District sanitary sewer service and municipal water. A subdivision in a Sanitary District shall include a statement on the face of the plat that homeowners must connect to sanitary sewer, at their own expense, within 6 months of being installed and available for connection in an abutting street right-of-way." Therefore, a developer will install municipal sewer and water service. Jim added he would like to verify the Town of Algoma has a similar requirement in place.
 - Kevin added he did not hear back from the resident who drilled a new well, however, staff found the well abandonment form on the Wisconsin Department of Natural Resources (WDNR) website showing the original well was only 35 feet deep. In addition to being shallow, the foot valve fittings may have been leaking or may have had additional mechanical issues.
 - Jim also stated that Town Chairman Joel agreed if municipal water is installed past a property, the owner should be required to connect to the existing watermain instead of drilling a new well, as is the case in most communities. Kevin stated he will work with the Town of Algoma, but also added that when a vacant lot is developed, the homeowner is required to connect the structure to sewer but not to water. Jim reiterated he would like the District to work with both Towns to require parcels that have a watermain installed past their property to connect to it rather than be allowed to drill a well.
 - Jim asked for more information regarding the lead and copper letter the District received from the WDNR. Kevin stated there are no lead service lines connected to the District's municipal water system, and the District will continue to test its water for lead and copper to comply with WDNR requirements.

5) Director's Report.

a) Review of District statistics.

- Kevin stated he is pleased with the number of new connections the District has received this year.
- The average monthly sewer flow in the Town of Omro has dropped to less than 49,000 gallons per day (gpd), which is below the District's target, even after about 24 new connections were added to the system this year.
- December monthly water test results confirm District municipal water is absent of coliform and e-coli bacteria.

b) Correspondence.

- Staff donated 150 water bottles to the local Wave Robotics team this week. The District donates water bottles throughout the year for various events. The group provides a logo and/or description, staff designs the label with Microsoft Publisher, the group approves one, staff prints them on waterproof labels, places them on the number of bottles requested, fills them with water, and donates them to the entities. Staff does not sell them so they are considered purely a donation to the entities.
- The District offered to sell the City of Omro its flow station, so the City likely discussed whether they would purchase it at its most recent meeting, with the City's agenda item stating, "Algoma Sanitary District: The Common Council of the City of Omro will meet in closed session pursuant to 19.85(1)(g) for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved." The District had not heard from the City regarding its intent regarding the purchase proposal at this time.
- The Town of Omro will act on the petition for addition to the Sanitary District of a five acre parcel on Sand Pit Lane at its meeting on December 19. Once completed, the District will contract with an excavation company to install a sewer lateral from the sewermain that is 25 feet deep to the property line. The project may require pilings placed around the excavation that extend up, allowing construction safety of the site, and staff may hire its engineer to verify all OSHA standards are met.

c) Status of 2016 projects.

- Staff found a 10 gallon per minute (gpm) leak on the water lateral of a vacant lot in the Town of Omro that week, and staff will notify about 55 houses in the Barony Subdivision of the water service repair. Staff replaced several copper service lines with HDPE pipe in 2012 in the Sandhill Farms Subdivision and stopped where the copper appeared to be in better condition. Four years later, a leak has developed, so it is an ongoing issue. Staff will repair this service, along with replacing another 33 copper services in the Sandhill Farms area, beginning the following day. To complete this repair, staff hired an excavator to dig down to the curb stop, which will require the water to be turned off for about 20 minutes while the pipe is replaced, and then turn the water back on. Kevin hopes it can be completed without damaging the asphalt because it is only about a foot away from the road. He explained that staff calls Diggers Hotline to mark the underground electric and gas lines prior to excavation. The Commission asked if the District is charged for this request, and Kevin explained there is no cost to the caller for marking underground utilities, however, each utility is charged to receive notification of area excavations so the entity can mark its facilities within 18 inches to prevent damage.
- Kevin presented a photograph of a trench box at a construction site in which a homeowner recently hired an area excavating company to tap the four inch water line and install municipal water and sewer service to his vacant lot on Witzel Avenue. When a homeowner hires a private contractor to perform this work, safety compliance is the responsibility of the excavation company.
- Water and sewer services were also being installed on a lot on Roselawn Lane in the Bellhaven Subdivision that day. Staff reported there is currently no frost in the ground yet, as the ground is just starting to freeze on the surface.
- Staff will test the two pumps at the Shorehaven Lift Station to verify they can prime and draw water 25 feet from the wet well water level up to the surface.
- Due to the corrosion of copper pipes on LaCrosse Drive in the Town of Omro, staff tested the groundwater at three sample sites for seven different components, including alkalinity, calcium, chloride, nitrates, and pH. The pH, chloride, and turbidity levels found were very similar amongst the sample sites, with the nitrate levels being the only major difference. The sample taken from Notre Dame Drive, just south of LaCrosse Drive, had a nitrate level of 8 milligrams per liter (mg/l) while the one from Buttke Lane in Sandhill Farms was 1.8 mg/l and the one from Samers Bay Road by the lake was 0.92 mg/l. Based on these results, the groundwater is not considered corrosive, however, the corrosion may be a result of organics in the ground.
- Staff will mark the Water Utility's valve boxes and the Sewer Utility's manholes located in the street so the snowplows do not damage the utilities located just off the edge of the road.

6) Old Business. None.

7) New Business. None.

8) **Jim made a motion to adjourn the regular monthly meeting at 12:30 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President