

Town of Algoma Sanitary District #1
January 12, 2017

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for January to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and Utility Clerk Sara Gonzales. District Attorney Ray Edelstein 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 December 8 as submitted/second-Peter/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. Mike mentioned balance adjustments included the annual cost of money adjustment to all the assessments in deferred status totaling \$132,317.86, along with a credit transfer and a late fee write-off for a closed account. **Chad 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 following information regarding pending bills:
 - The District received the fourth quarter wastewater treatment invoice from the City of Omro totaling \$25,220.94, which brings the total cost for 2016 to \$127,914, or \$7.06 per thousand gallons of flow. It cost the District \$8.77 per thousand gallons of flow the previous year which results in about \$20,000 in annual savings.
 - o Kevin added the District is on target to pay about \$100,000 for wastewater treatment in 2017 while previously paying about \$147,000 in 2015 prior to implementation of the new rates.
 - Staff voided two checks to LW Allen totaling \$38,831 due to the project not being completed and the check not being sent to them last year, which would cause our system to generate an inaccurate Form 1099. The checks will be reissued once the transducer water level indicators are installed in the lift stations, but additional approval is not necessary.
 - Included in the pending bills list is a bond payment to Associated Bank. Also, there is a wire that is ready for two signatures at Community First Credit Union for the first principal payment of \$20,000 on the District's new 2016 bond issue. Mike had previously received confirmation that the \$30,937.22 interest payment would be deducted from the District's account automatically through the DTCC, the clearing house for bond payments, but he would let the Commissioners know if there is an additional wire that needs to be signed at the end of month.
 - **Jim made a motion to approve the January pending bills and the December 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 asked what effect the \$47,000 in savings to the City of Omro would have on the District's annual budget and if the Town of Omro residents would receive that benefit directly in the form of a reduced sewer user fee. Kevin answered the District budgeted \$123,500 for wastewater treatment in 2016 and the total annual bill was \$127,914. This year the District is on track to pay the \$107,000 it budgeted for treatment in the Town of Omro. The sewer user fee is calculated based on the annual treatment cost budget, so if the savings were more substantial, he would look at giving a reduction.
 - Peter also stated the Commission often commends Kevin on a job well done and wanted to express gratitude to Mike and Sara for an outstanding job they continue to do as well, and Jim and Chad agreed.
- 5) Director's Report.
 - Kevin noted the Operators were called out to replace a grinder pump at a Town of Omro residence on New Year's Day. Kevin thanked the Commissioners for approving and allowing staff to maintain an inventory of pumps and spare parts in stock. Because of this, the Operators had what they needed to replace the pump that same day, which is very important.
 - a) Review of District statistics.
 - In 2016, the District released 24 sewer permits in the Town of Omro, 8 in the Town of Algoma, and 5 in the City of Oshkosh, with one sewer connection abandoned in the Town of Omro.
 - Kevin presented a map of vacant lots that are still available which show only 22 lots in the Town of Omro, therefore, there are currently fewer lots in inventory than what was sold in one year. There are various Town of Algoma lots available in the subdivisions of Bellhaven Estates, Olde Apple Acres, and Butte des Morts Meadows, however, the inventory of available vacant lots is definitely declining.
 - b) Correspondence.
 - The Winnebago County Home Builders Association expects about 3,000 people at their energy convention the following weekend with more than 100 builders and other home improvement vendors there as well. With permission from a few of the builders the District works with on a regular basis, the association allowed the District to place a map of its available vacant lots along with several hundred water bottles to give out at the builder's booths. This is an example of another technique the District uses to market the vacant lots available and capture new home sales.
 - Peter mentioned he received the first addition of "Oshkosh Neighbors West", an independent monthly magazine that is catered to exclusively serve the Town of Algoma, Ruschfield, and Fox Chase neighborhoods. He suggested staff consider using it as

a resource for a public notice to the District's current and potential customers. Kevin agreed, but noted it targets people who already have houses.

- Kevin stated he had not yet responded back to the City of Omro regarding their decline to purchase all of the District's metering station and corresponding infrastructure. He will continue to negotiate the most advantageous deal for the District, however, he and the Commission agreed there is no reason to take action at this time.
- c) Status of 2016 projects.
- Kevin updated the status of the previous year's projects and discussed the planning for upcoming projects in 2017.
 - The District utilizes a GIS program to generate the many maps staff uses for informational and marketing purposes. Kevin has a webinar with ESRI, the company that produces the GIS program the District uses, scheduled for the following day to discuss continuing the use of that software program. This company proposed an annual cost of about \$10,000 for receiving the full platform of tools at an entry level and training the additional Operators. It's a very valuable tool, and staff has to decide if they need all of the platforms available.
- 6) Old Business. None.
- 7) New Business. None.
- 8) **Peter made a motion to adjourn the regular monthly meeting at 12:40 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
February 16, 2017

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for February to order at 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. **Peter made a motion to approve the minutes of the regular monthly meeting on January 12 as submitted/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Jim asked if the receipt of delinquent water bills from the Town of Algoma was from multiple accounts, and Mike answered it was for a portion of the previous year's past due water bills the District placed on the tax roll, which the Town collected and forwarded to the District. Kevin added since the creation of the Water Utility, the District has a specific procedure allowing staff to place past due water bills on the tax roll, guaranteeing 100% collection. Since that resource is available, the Water Utility does not turn off a resident's water to collect past due bills. In addition to adding 1% per month for past due bills, the District also assesses these residents a 10% penalty prior to transferring a past due balance to their property tax bill. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Peter/carried unanimously.**
 - i) Note any investment changes. Mike and Kevin explained due to recent interest rate increases, staff is seeking to maximize the interest the District earns on its bank accounts. They propose to close the checking account at First Merit Bank (FMB) and deposit the \$989.94 in that account at Community First Credit Union (CFCU). Also, they propose to close the money market accounts at FMB, with a balance of \$239,774.73, and First National Bank (FNB), with a balance of \$126,041.61, and deposit those funds with the Local Government Investment Pool (LGIP) of Wisconsin. The Sewer Utility would take ownership of \$5,340.64 of water funds from FNB and reimburse these funds within the CFCU accounts. They also propose to switch about \$500,000 of funds from the two money market accounts at Choice Bank, currently earning 0.3% interest, and Fox Communities Credit Union (FCCU), currently earning 0.4% interest, to 12 month CDs earning 0.7% interest.
 - (1) **Peter made a motion to close the accounts at FMB and FNB and transfer the funds by check to the LGIP of Wisconsin, and also transfer the funds at Choice Bank and FCCU from money market accounts to 12 month CDs/second-Chad/carried unanimously.**
 - (2) **Jim made a motion to transfer \$5,340.64 of sewer funds at CFCU to reimburse the water funds from FNB that will become sewer funds when transferred to the LGIP/second-Chad/carried unanimously.**
 - ii) Note any balance adjustments. Mike mentioned the only balance adjustment was to record a \$25 NSF fee for a water customer enrolled in automatic payment that had bounced. **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:
 - A bond payment will be mailed by check to Bond Trust Services for a total of \$225,403.13, which is due on March 1.
 - The check to Great Lakes TV & Seal for \$38,742 is for manhole televising and sealing completed in 2016.
 - The investment changes approved earlier in the meeting result in checks made out to the LGIP of Wisconsin for \$239,774.73 of FMB funds and \$126,041.61 of FNB funds, which will be mailed to their office for deposit.
 - The \$8,011.46 check to Lincoln Contractors Supply is for hoses and fittings for the new 6" trash pump.
 - **Peter made a motion to approve the February pending bills and the January previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
 - Mike noted some bond payments are payable by check while others have to be completed by wire, depending on the payee. When the District makes bond payments directly to the DTCC, which acts as a bond payment clearing house, it is set up to send principal payments by wire and has the DTCC deduct its interest payments directly from its account by ACH.
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Chad thanked staff for noting his email address change.
 - Jim mentioned he attended the Town of Algoma Board meeting the previous night, which had very little public attendance because the Board only allows public forum for items on the agenda. One item discussed was lot sizes, which has been a topic of debate for decades. Jim told the Algoma Board that the Town of Omro issued 24 sanitary sewer permits last year while the Town of Algoma issued 8.
 - The Commissioners discussed lot prices in the two towns and whether sewer and water costs are included. The approximately one acre lots in the Barony Country Estates in the Town of Omro owned by First State Bank are listed for about \$40,000-\$45,000, and the District normally receives the sewer and water special assessment payoffs at closing. Mike mentioned some sewer and water extensions are paid by the developer while others are assessed. Connection fees in both Towns are roughly \$6,000 each, with Omro residents paying an additional \$500 fee to the City of Omro. However, if the title company sends a check, the District is not aware of who is actually paying them.
 - Jim asked Kevin to contact the Town of Algoma Administrator to let him know the difference in vacant lots between the two towns. He added the Town of Algoma currently requires each new platted lot to be a minimum of 15,000 square feet and the

Town Board discussed the possibility of allowing different lot sizes by subdivision. However, it is difficult to dictate different lot sizes throughout the same town. Lot sizes in Olde Apple Acres and Butte des Morts Meadows in the Town of Algoma are one-third to one-half acres. Jim said the Board desires to build more houses in an area because it creates a larger tax base for maintaining roads and utilities, but Kevin added the market dictates what can be constructed and developers want to maximize their investment as well. Chad stated the Town of Omro requires a minimum lot size of 0.5 acre.

5) Director's Report.

a) Review of District statistics. No discussion was had on this agenda item.

b) Correspondence.

- Kevin explained the City of Oshkosh completed a \$4.4 million wastewater treatment plant (WWTP) upgrade to allow their influent pumps and aeration motors to be more energy efficient. Staff expects the City to build this cost into their treatment cost structure and anticipates sewer rates would increase to cover an additional \$40,000 per year. He added this cost would be built into the \$309 annual base sewer user fee and only spread across users flowing to the City of Oshkosh's WWTP.
- The District received a letter from Community First Credit Union stating its 2017 collateral is renewed at \$2.5 million.
- Jim's position is up for election this year, and Kevin verified he had all his paperwork in and is the only one running for office on April 4. He reminded Jim he will have to complete his oath of office within five days of receiving the notice, and the date to take office is April 18. Jim added the Commissioners will have the ability to reassign positions at that time.

c) Status of 2017 projects.

- Kevin stated Schenck, SC was on site earlier that week to complete the field work for the 2016 financial audit. Their audit presentation to the Commission is scheduled on April 13.
- The District is looking to install enclosed generators at the Young Road and Springbrook Road Lift Stations, which will keep the generator out of the weather. Kevin showed some pictures as examples and stated the District currently has an enclosed generator similar to these examples at two of its lift stations. Kevin stated staff is verifying whether the District's current easement on Young Road provides sufficient access for the generator based on the lot size and will contact the owner if a larger easement is needed to meet setback requirements. Staff may find it necessary to enclose the generator at the Springbrook Road Lift Station because it will prevent damage from the vehicles in the parking lot of the tavern. Staff will also verify with the gas company that its main is appropriately sized for the generator.
- The City of Omro passed a resolution to allow the District to install radio telemetry on its flow station at their WWTP. LW Allen is scheduled to complete that and install level transducers at three of the District's lift stations the following week.
- Dream Jewelers applied for a sewer permit for their new location on Westowne Avenue between Cousins Subs and Lowe's. Construction on the two unit building has begun and should be completed within four to six months. Thimke Jewelers, currently located downtown next to Carmel Crisp, will be in one side, with the other side available for rent. There will be parking available for about 15 cars behind the building. The District authorized Dream Jewelers to place their sign within the District's sewer easement, however, the pilings for the sign will not be near the District's main.
- The plans for the new Choice Bank location on Emmers Lane are completed, and construction should begin within the next three to four months. This is a City of Oshkosh property that will connect to the District's sewer system.
- The District will begin replacing copper water services of 33 vacant lots with HDPE pipe from the main to property line in the Sandhill Farms Subdivision the following week. Kevin presented a piece of a leaking copper pipe from Marquart Lane that was replaced recently and stated staff is aware a majority of those copper services leak because, when the water valve in this area is turned on, the system cannot hold pressure. The goal is to replace three services per day, which would require 10-15 working days to complete.
- Staff is in the process of upgrading its website and will have the new one live by the end of year. Kevin is open to considering other websites or features that work well as examples. Staff has interviewed and received a proposal from one company and plans to interview and send out requests for proposals to about four others.
- The District is required to have 20 water sample sites available for lead and copper testing and the Department of Natural Resources (DNR) requires 10 samples in 2017. The Water Utility contains zero lead pipes on both the public and private portions of the lateral.
 - o The frequency of bacteria testing is determined by the DNR based on a utility's population size. At 2.9 people per house, the District currently serves about 3,300 people and tests twice a month for coliform and e-coli. Based on the number of water permits the District has released, staff will notify the DNR that its sampling interval should be increased to four samples per month.

6) Old Business. None.

7) New Business. None.

8) **Jim made a motion to adjourn the regular monthly meeting at 12:40 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
March 9, 2017

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for March 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 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. **Peter made a motion to approve the minutes of the regular monthly meeting on February 16 as submitted/second-Jim/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. Staff did not propose any investment changes this month.
 - Mike stated staff continues to review the District's bank accounts to seek higher interest rates, noting speculation the Fed could potentially raise interest rates at the following week's meeting.
 - Mike also mentioned he received notice that Bank First National will begin charging \$2.50 per month to mail the District a statement starting on April 1. As an alternative, the Commission granted approval to utilize the bank's online banking option that only allows access to view the District's bank statements on its website.
 - ii) Note any balance adjustments. None.
 - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the bond principal payment for \$100,000 due on April 1 will be paid by wire, and Mike will notify the Commissioners when it is ready for signatures at Community First Credit Union. The DTCC will deduct the interest portion of the bond payment of \$36,298.75 by ACH on April 1. **Jim made a motion to approve the March pending bills and the February previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Jim asked for a status update on the new website proposals the District is receiving.
 - Kevin stated staff has met with some website firms which have provided some good ideas and recommendations for creating the District's new website. One of the firms came to the office that morning and recommended the District utilize a website building tool that will allow staff to design the new website internally. This company would then add the content and material to get the District started, and it would be easy for staff to utilize this program to continue maintaining the website. The District would also be required to host the website for an additional annual cost. The District can request to have this firm perform some additional data programming and website coding for a higher cost. Staff is also meeting with another firm at their downtown Oshkosh site later that afternoon.
 - The District plans to receive all website proposals by the end of the month in order to make a decision by April. Some firms indicated they could have a new website live within a month, while others have stated it would take two to three months to finish. Once completed, it will be much easier to add content to the new website, such as photos and minutes, than it is currently with Adobe Contribute, which is about 15-20 years old.
 - Staff is inquiring about adding a feature to the new website which would allow residents to schedule appointments for sump pump and cross-connection inspections online, in addition to scheduling them over the phone. Staff hopes this will help residents complete these requirements and avoid receiving any additional mailings. The tab would require people to input their contact information and pick an available date and time for their appointment, with the system notifying staff of each scheduled appointment and requiring staff to send an email confirmation to make sure they are not missed.
 - Jim also suggested the Commission schedule a workshop before or after a regular monthly meeting to further discuss the Director's review rubric that Kevin previously sent to them. Kevin agreed, stating a meeting in July should give him sufficient time to review, incorporate some ideas, and hold a meeting or two to finalize it.
 - Jim asked Kevin if he contacted the Town of Algoma Administrator regarding the discussion the Commission had at the previous monthly meeting about lot prices. Kevin stated he called the Town but had not talked directly to Ben. He then mentioned the District received another CSM for a property in the Town that is proposing closer to one acre lots (see Correspondence for further discussion).
- 5) Director's Report.
 - a) Review of District statistics.
 - Kevin reported Town of Omro sewer flows are currently about 62,000 gallons per day, which is higher than he would like. At the time, there was no snow on the ground and noted there usually is a foot or two that has not melted yet this time of year. Kevin assumes the higher sewer flows are due to the high precipitation and runoff the District experiences every spring and hopes it will decline over the next few months. Staff found some small leaks that are at or below the threshold of receiving a return on investment to repair, noting they are always looking for larger ones.

- The District released six sewer permits year-to-date and is expecting three more later that week for two-unit condos being built in Wyldewood Village in the City of Oshkosh.

b) Correspondence.

- An engineer sent the District a potential buyer's proposal for a 10 acre parcel off of Leonard Point Road. The engineer told Kevin that Winnebago County and the Town of Algoma had previously approved the draft plan, which included three one-acre residential lots and storage units on a majority of the remaining land. This parcel is currently in the Sanitary District and can be easily served without any major extensions. There is currently municipal water and sewer service through Nelson Road and Gloria Court, both of which abut this property. Municipal water service would likely be received from Leonard Point Road to the west and from Nelson Road to the east. Municipal sewer is at a rather shallow elevation of about 12 feet, and once it is extended another 300 feet, may lose another 4 feet of elevation, so the future house on the proposed west lot may need to be raised up in order to receive basement service. Kevin inquired what the plans were for the remaining area of land, stating the District does not allow a building over a private sewer lateral. He added it is the Town's position to decide how they develop their land area, however, their future land use plan tries to limit dead end roads and create buffer areas. Normally 10 acres can fit close to 15-20 residential lots and the District is disappointed to see this plan includes storage units (which do not need water and sewer service) directly next to residential houses.

c) Status of 2017 projects.

- In the Town of Omro, the District is working with RJ Albright to develop an additional phase of the Sandhill Farms Subdivision. The District currently has water and sewer available to these 28 additional residential lots and is in the process of replacing the water services lines that are leaking in this area. The developer is required to go through the full plat approval process and once the Town approves the plat, these lots with water and sewer should be available for purchase by the end of summer. The developer paid for a substantial amount of infrastructure that was previously installed and the storm water ponds are already established, so the lot lines should generally stay where the utilities are located. The former Omro Sanitary District installed the lift station that serves the Barony Subdivision and the surrounding area, which is likely why the utilities were installed as well. Once completed, there will be a significant number of lots available to keep up with the demand for new homes in the Town of Omro. Some of the neighbors have mentioned they know people that are interested in building over there.
- Focus on Energy has a program that can analyze the District's electrical fixtures and help offset the cost of installing LED fixtures for outside and interior lighting, as long as there is a 1.5-10 year payback. They also offer assistance with larger items, such as variable frequency drives for some motors. This should also help reduce the District's electrical consumption.
- Winnebago County is working on creating bike and pedestrian trails throughout the County to help connect townships and cities. Kevin offered to send the County's electronic plan to the Commissioners.

6) Old Business. None.

7) New Business.

a) Authorize staff to purchase Parcel #002-3637-01-01 for \$500 using a Quit Claim Deed.

- Kevin presented a map showing a thin remnant parcel of 0.19 acres that was originally designed to be used as part of the driveway for the District's Well #2 facility, as well as secondary access to what would have been park land prior to the Third Addition of the Butte des Morts Meadows Subdivision being finalized. Kevin negotiated the price of \$500 down from the seller's original offer. Since part of the District's driveway is on this parcel, Kevin prefers the District own it rather than letting one of the abutting neighbors purchase it for access to the back of their lot. Attorney Edelstein obtained the information he needed to draft the Quit Claim Deed, including the parcel's full legal description.
- Jim noted his disappointment for the owner not donating this piece of land to the District, as he felt it was unusable by anyone else, and relinquishing it would save the seller \$18 a year in property taxes.
- **Peter made a motion to approve the purchase of Parcel #002-3637-01-01 for \$500/second-Jim/carried unanimously.**

8) **Jim made a motion to adjourn the regular monthly meeting at 12:25 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
April 13, 2017

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for April 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 Chad Hayes was excused. Also in attendance were representatives for the District's auditor, Bryan Grunewald and David Minch of Schenck SC, for discussion on agenda item 7a) and Town of Omro resident John Santner, owner of 4416 Harbor Village Drive, for discussion on agenda item 7b).
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes. No one else is using one.
 - b) Reorganization of the Commission due to public election.
 - The Commission shall elect officers including President, Secretary, and Treasurer. Peter suggested the Commissioners retain their same positions and Kevin mentioned Chad previously agreed with that as well. **Peter made a motion to retain Jim as President, Chad as Secretary, and Peter as Treasurer/second-Jim/carried unanimously.** Jim suggested the meeting continue with agenda item 7b) followed by agenda item 7a).
 - c) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on March 9 as submitted/second-Peter/carried unanimously.**
 - d) 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.**
 - iii) Note any investment changes. None.
 - iv) Note any balance adjustments. None.
 - e) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - The first quarter invoice from the City of Omro to treat about 5.6 million gallons (MG) of flow plus the fixed charges for 390 users and adjustments, total \$27,714.57, which staff verified with the City prior to the meeting since the invoice had not yet been received. This equates to a total cost of about \$4.96 per thousand gallons (1k gal). Last year, the District paid a little over \$7 per 1k gal, which is the average when incorporating the higher rates the City charged for the first half of the year and the lower rates they charged in the second half of the year.
 - When Jim asked how many gallons per day (gpd) the Town of Omro is currently flowing to the City of Omro for wastewater treatment, Kevin answered it fluctuates between 50,000-60,000 gpd, for an average of about 56,000 gpd.
 - The McClone Insurance invoice of \$9,658 is the new annual expense for the 2017-2018 Errors & Omissions Insurance, which is a 2% cost increase over the previous three year policy and is now locked in for a three year term.
 - **Jim made a motion to approve the April pending bills and the March previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. This was completed under agenda item 7b). No one else was in attendance from the public.
- 4) Commissioner Statements.
 - Peter said he appreciates that the District is proactive in its operation and maintenance, which helps reduce expenses and many critical issues are eliminated by completing routine repairs. Jim agreed, stating staff keeps such close track of its finances and the Commission already knows how the municipality is doing before the auditors present their analysis, noting that he was aware of the decline in the Water Utility's cash balance and understood why. Kevin stated the importance of being prepared and appreciates that the Commission allows him to handle things preemptively.
- 5) Director's Report.
 - a) Review of District statistics. Kevin stated the District is ahead of schedule and doing excellent this year for new water and sewer connections. The amount of sewer Contributions in Aid of Construction (CAC) funds collected have already exceeded the annual revenue goal and water supply assessments are being collected as well.
 - b) Correspondence. No discussion was had on this agenda item.
 - c) Status of 2017 projects.
 - Kevin stated the Operators noticed higher flows at the lift stations while diligently performing their field maintenance. Within a week, they found five sump pumps illegally discharging into the sanitary sewer system. All of these homes were inspected previously, however, with some of them being sold to a new owner(s) since. Staff met with a specific resident and posted notices on the doors of others, and the issues were resolved rather quickly. All five violating sump pumps were found in different areas of the Town, and there are wet ditches throughout both Towns, not simply in one area.
 - o The previous afternoon, an Operator was marking the District's utilities for a Diggers Hotline Ticket and noticed a manhole propped open with a large rock, with a sump pump discharging directly into the manhole in a side yard of a property on Olde Apple Lane. The Operator entered the District's easement located through this side of the property and recorded a video of the violation.
 - o Kevin explained ditches are the conveyance system for sump pumps discharges and stormwater, yet people do not want water in their ditches. About five years ago a District Operator met with Joel Rasmussen, the Town of Algoma Board Chairman, and the homeowners in the Olde Apple Acres area that complained of standing water in their ditches. However, the District had not received any calls from any residents in this area since.
 - o Kevin explained several issues with this particular situation:

- If that stone fell into the manhole, not only could it damage the pipe, more importantly, it would likely plug the sewermain and backup every property upstream, forcing sewage into basements, and the District would have no idea what caused the problem. The Operators are especially concerned because they continually jet the sewer mains to make sure nobody experiences a sewer backup. If a rock falls in, they would not know where it came from, and the District could be sued by people who experience backups.
- This sump pump was pumping about 10 gallons per minute (gpm) every time it turned on, and the sanitary sewer system is not designed to handle that amount of additional flow.
- A child playing near the manhole could get his/her fingers caught or could even fall into the open manhole.
- Kevin noted there is a generational gap between the owner of record and the resident living at the premises, but they share the same last name. He proposed the District send a direct bill or issue a citation for the violation and asked the Commission for their support.
- Ray explained the citation process, and also stated the District could mail a certified letter asking the owner to appear before staff on a certain date and time, confront them with the video, explain the many reasons why it is wrong, and give them a stern warning not to do it again. If they do not show up for the meeting, the District can then issue a citation since it does not have to be issued within a certain number of days of the violation. Kevin said he intends to confront the resident that afternoon to have the situation resolved as quickly as possible.
- When Jim asked if the manhole cover was marked as sanitary sewer, Kevin stated it does not have open holes like a standard storm sewer cover, and they concluded a common individual would know it is not a storm sewer. Peter asked if removing a manhole cover was a violation, and Ray answered it was, in addition to the illegal discharge. Kevin stated the District does not allow residents, contractors, or surveyors to open manhole covers because debris could fall in. He added that Operators are trained and certified to enter confined spaces and have gas meters that recognize H₂S gas, which a person can suffocate from quickly.
- Jim suggested staff remove the rock and the discharging sump pump, close the manhole cover, and then follow through with the necessary action. He added if the resident is not the owner of record from the original inspection, the District may not want to immediately issue a citation, and Peter agreed. The Commissioners concluded by leaving the final decision up to Kevin and said they would support the action he decides to take.
- There is a wooded vacant lot on North Oakwood Road just north of the Town Hall that has been for sale for many years. It currently has a water lateral at the property line and the sewermain is installed in the road, however, there is not a sewer lateral extended to the property. The road has about 10 year old asphalt that is still considered new and in fair condition. Kevin has been working with the potential buyer to bore under half of the road and dig up about a 10' x 10' patch of asphalt by the sewermain to make sewer available to this property. He will contact the Town of Algoma later that day to notify them of the possible connection and verify how they would like the road to be repaired. The District intends to repair anything it damages. He will also mention the sump pump violation on Olde Apple Lane since, once it is removed, the Town will likely receive calls regarding what residents are to do with sump pump water.
- The District received some playground equipment for Our Park that will likely be installed over the next several weeks. Staff will order the woodchips to maintain the necessary 9" base to meet codes, which the swing set is marked to indicate that level.
- Kevin showed a video of the interior of a dilapidated house on Reighmoor Road which staff noticed earlier in the year had broken windows and no heat. The owner currently lives in southern Wisconsin and intends to keep the structure because it is on the lake and he does not want to be burdened with shoreline setbacks and make necessary adjustments if he were to demolish the structure and rebuild. The current house is built on corner limestone pillars with joists across it, and lake water can be seen underneath. There is a sewer cleanout behind the house that is broken about one foot below grade, which probably happened when the homeowner removed trees on the property. Since the water level is higher than the one foot mark, about 5-10 gpm of water was pouring into the cleanout and into the District's sanitary sewer system. With the homeowner's permission, Kevin and another District Operator entered the property to plug the clean out. Later this spring, the owner will install a frost sleeve around it and replace the broken riser pipe.
- Kevin showed a picture of another property on Reighmoor Road that has an artesian well.
- With finding so many sump pumps flowing into the District's sanitary sewer system within a relatively small amount of time, staff is wondering if it is worth the cost to mail a letter to all 2,500 District residents explaining sump pump requirements or wait until the annual Consumer Confidence Report is sent in June and include a front page article stating the requirements for sump pumps. The resident with the sump pump violation on Olde Apple Lane will likely tell neighbors what happened, and word of mouth will hopefully help rectify the situation.
 - Jim asked if the District found these illegal sump pump discharges because the Operators were looking in manholes and could see additional flow. Kevin explained when the District televises a sewermain, they can definitely see higher flow coming down the pipe, and the lift stations typically have higher run times in the spring. The Operators found these particular illegal sump pumps prior to jetting because, when they mark utilities, they open manholes covers and can hear sumps pumps turning on and off. They also know which houses should have tubes running out their back yards for sump pumps and know to check out that area.
 - Peter asked if there was a particular area, or areas, that might need the reminder to allow the District to focus its time and resources there rather than on the entire system. Kevin said that inspecting every house previously was a substantial undertaking. One Operator would allocate 30 minutes to complete an inspection and, even when they are only scheduled in certain areas to reduce travel time, they can only complete about 14 inspections per day. Jim thought issuing more fines would

stop residents from continuing to illegally discharge their sump pumps into the sanitary sewer system, adding that most people do so discretely from inside their house, and left it up to Kevin's discretion.

6) Old Business. None.

7) New Business.

a) Discuss and act on the 2016 Annual Financial Audit completed and presented by Schenck SC.

- Bryan Grunewald of Schenck SC introduced himself and David Minch, also with Schenck SC. He then thanked Mike and the rest of the District staff for their preparation, as well as their assistance and cooperation throughout the annual financial audit process. He explained their firm issued two documents. The first document Schenck issued is the annual financial report, which includes all required financial statements, footnote disclosures, required supplementary information, and the independent auditor's report stating that the information provided is their unmodified opinion and is complete, accurate, and in accordance with their professional standards. Schenck also issued a management communication letter, which included the information they are required to communicate as part of the audit process. He then proceeded with a PowerPoint presentation which included graphs that focused on key points from the financial statements.

- Water Utility:

- o A high-level comparison of the overall operating results show a slight increase in revenues and a slight increase in expenses, resulting in a net operating loss of \$53,112, mostly due to slight increases in depreciation, outside services and engineering costs. The amount of non-operating revenues and expenses mainly includes interest expense. The change in net position, or equity reserves, for the year was a slight decrease of \$119,140.
- o The Public Service Commission (PSC) authorized a 1.4% rate of return in the District's last rate case, and the District has experienced an increasing trend since 2014, with the rate of return for 2016 at 6.2%, which is pretty solid. When utilities go through a full rate application process, the PSC looks at financial trends and benchmarks, and then authorizes a plan based on that full rate application. Actual results are exceeding that amount, mainly due to the District's growth. Kevin further explained that the District was not able to implement the 3% increase in water rates with a simplified rate case last year since the District exceeded the PSC's annual rate of return benchmark.
- o The District has experienced an increasing trend in the number of gallons of water sold, with a slight increase in 2016 over 2015. There has been some fluctuation in the percentage of water loss, reporting 14% in 2014 due to six breaks, recovering to 2% in 2015, and reporting 6% in 2016 due to a couple of breaks, which is still really good.
- o The history of previous water rate increases shows the District was unable to apply for the annual 3% increase in 2016. It also appears the District will not be allowed to apply for the 3% increase in 2017 either because its rate of return exceeds the 2017 benchmark. In order to get another rate increase and continue to follow its cash flow schedule, staff is looking at doing a full rate case later this year and re-implement the capacity/connection charge as well. When Kevin asked if Schenck handles full rate cases for their clients, Bryan answered they do very regularly.
- o There are a number of factors explaining why the District's water utility cash and investment balances have decreased. While cash from operations is very strong and fairly consistent, generating \$421,000 for 2016, the challenge is generating enough cash to make its debt payments with a decline in special assessment revenue over time. Schenck encourages the District to continue to monitor its cash flow and the funding of its annual debt payments.
 - Kevin added the District recognizes the Water Utility has higher general obligation debt payments that have to come from operational cash or special assessments and connection charges, which is why Kevin wants to make sure the PSC provides a new placeholder for that. The District's general obligation debt also has tax levy authority, which the District has been successful in avoiding the use of. The District will need some additional cash on hand to make its debt payments over the next several years. Bryan noted the District's future total principal and interest payments over next five years is pretty consistent, and Kevin added the District's principal payments over the next three years are about \$1.1-1.2 million, with the Water Utility only generating total revenue of about \$1 million without considering operational expenses. Growth has been a huge benefit for the District, allowing it to be able to get this far without requiring an additional loan. Bryan added repaying \$1 million of principal each year is a long-term financial benefit for the District.
- o The change in net position indicates whether equity reserves are being built up over time. It is helpful to benchmark these balances to see the building of a trend rather than a lot of fluctuation. Overall, the Water Utility is very consistent and stable each year, however there is a slight shift in the amount of cash flow. The Net Investment in Capital Assets shows the cost of the District's assets and how much of that cost is financed, with the District's cash flow decreasing as it uses unrestricted cash to make its debt service payments. David then began his presentation of the Sewer Utility.

- Sewer Utility:

- o Overall, the Sewer Utility's operating revenues and expenses have both increased, resulting in an increase in its net operating loss due to an increase in depreciation expense. The amount of the change in net position has decreased from the previous year due to a decrease in capital contributions. However, the Sewer Utility still increased its overall net position for 2016.
- o Overall, the net position has been very stable over a three year comparison. The Sewer Utility has generated an increase of over \$1 million in its unrestricted cash balance over the past three years to use for general operations. The balance of the redemption account also increased last year, which is to be used to fund future debt service payments.
- Jim mentioned the District's past auditors have always commented on its limited staff, and wondered if Schenck agreed with that position. Bryan stated the segregation of duties was included in the report as a finding, which discussed how things are

done in the office with a limited number of people. He believes the District is trying to be as efficient as possible, and part of the auditing process includes meeting with the office staff and talking about how things are going and to make sure duties are as segregated as possible. He agreed it certainly is a condition the District has to continue to be aware of and can further discuss any thoughts, suggestions, or different ways of looking at or doing something to help this process.

- Peter asked the auditors how the District seems to be doing overall since this is the first time they have worked with the District. Bryan answered from an internal standpoint, he is very impressed with the accuracy, information, and record keeping. Financially, the Sewer Utility's cash is very strong and is headed in the right direction. For the Water Utility, the 6.2% rate of return when the PSC authorized the District only 1.4% is also very strong from an operating standpoint. The challenge for the Water Utility is the amount of its debt, and the District just needs to continue monitoring the Water Utility's cash flow.
 - o Jim mentioned the level of borrowing for the Water Utility and the bottoming out of the total amount of its cash balances over the next five years, and Kevin stated the District's cash flow schedule has the Water Utility borrowing cash from the Sewer Utility every year until the year 2022 or 2023. Then, it would start to repay those funds over the following five years with the increase in operational revenues from the additional customers.
 - o Kevin also explained the District's goal is to provide safe drinking water to homes that want or need it. In order to provide municipal water service in an area, the District required a 70% threshold of affected homeowners willing to pay for the water mains, knowing that operational revenue will provide the remaining 30%. Deferred water assessments that change to participating will help to offset the water rates as well. Some homes already have safe drinking water, and when the District has to install a watermain past their property anyway, the deferred assessments add a burden on the Water Utility.
 - o The Water Utility is still considered a brand new utility, and recently built three new well facilities and a water tower capable of serving about 2,000 connections. It currently has about 1,100 homes connected and paying toward the cost of the water system, with the District needing another 900 new connections to be made in order for the Water Utility to break even.
 - Jim asked the auditors to review the final page of the financial report regarding control efficiencies. Bryan explained he views it more as a disclosure in preparing the annual financial report. In an ideal internal control environment, the entity would prepare its financial statements and the auditors would audit them. However, it is very common today for auditors to also prepare the financial statements along with providing their opinion, and this disclosure is to remind the District of that.
 - o When Kevin asked Schenck what ratio of their customers are preparing their entire financial statements internally, Bryan answered it is extremely common for an organization of this size to have this comment in their report. Typically the types of clients that Schenck does not prepare financial statements for are much larger entities with bigger resources and staff, such as some of the larger cities and counties. Kevin explained it is a balancing equation to consider, stating if staff completes them internally, it offsets the expense it incurs from the auditors, however, it requires the hours the auditors were able to supply with three CPAs for the amount of time it takes to complete those documents. Bryan stated that Schenck is accustomed to completing them for their clients, adding they have created templates and have efficiencies built in as part of their internal processes, which is why it is common for them to do it. He added Mike clearly did a very detailed review and has a good handle on the information presented in the financial reports so, in his opinion, the District should have a pretty high level of assurance with the quality of information included in them. The Commissioners thanked the auditors for their time, and the meeting continued with agenda item 2c).
- b) Authorize spending up to \$20,000 to complete road repairs on Harbor Village Drive, Lansing High Point, and North Oakwood Road.
- Kevin added additional pavement repairs on Marquart Lane and Georgetown Drive will be necessary as well, following recent water service replacements.
 - Kevin explained the Town of Omro paved Harbor Village Drive, and then the watermain was installed around 2005 to address the arsenic contamination in that area. Many services were installed in the ditch outside the asphalt, however, there are 13 that required road excavation to install laterals to lots on the other side of the street. Now that those excavations have settled over the last dozen years, there is a substantial dip where the water laterals cross the road. John Santner, owner of 4416 Harbor Village Drive, agreed with that analysis.
 - The Town of Omro Sanitary District consolidated with the Algoma Sanitary District after that project was completed, and Kevin feels it is right to bring the road up to the District's standards. Jim asked if the rest of the road is in good shape, and Kevin answered generally yes, but in addition to the watermain creating depressions, the culverts under the road create additional bumps. Jim asked if the Town of Omro plans to do road repairs on this street. Kevin stated he emailed the Town of Omro Chairman, Brian Noe, to inform him the District is accepting bids at this time and to see if he wanted to coordinate the project with the District and have the culverts repaired under the District's contract, with the Town paying their portion of it. Brian toured the area with Winnebago County the previous week to discuss the repairs the Town is proposing to perform on Harbor Village Drive, and the District would like to coordinate with the County to complete the repairs at the same time. John stated the residents of Harbor Village are happy to see progress being done to fix the 13 crossings and multiple culverts. He added the road is only 0.5 mile long and these repairs will result in over 26 additional new patches. He wondered if anyone has considered resealing the road with asphalt or something that would make it one continuous piece rather than 26 little pieces placed together. Kevin answered the road already has 13 patches with saw cuts on both sides. Kevin explained the District will only mil out the depressed areas to make them level in those 13 areas and will not install an overlay asphalt down the whole road.

- Jim asked if the Town becomes involved and they utilize the County, would the project be completed at the end of the season. Kevin stated he wants this project to be one of the first the contractor completes this spring. Kevin told John if he would like to see sealcoat placed throughout the entire road, the property owners association should contact Brian. When Kevin asked if Harbor Village was a private road, John explained it previously was a private road but the Town of Omro accepted ownership of it about five years ago. Kevin also mentioned the road is probably on some type of normal maintenance cycle and may be on schedule for a sealcoat application, for example, in the near future.
 - Kevin explained the ground area around the water laterals contains granular material which allows water to drain out. The rest of Harbor Village Drive is on native ground and is made up of other material that absorbs water. Each winter the ground freezes and exacerbates the expanding frost issue creating a dip in the road. This project will make the road flush eight to nine months of the year and, hopefully, there will be a minimal dip in winter.
 - Lansing High Point is a private lane and only about 11 feet wide. It will be easier and cheaper to repave the entire stretch rather than making additional cuts in the asphalt.
 - The Town of Algoma is receiving bids the following day to resurface North Oakwood Road later this year. Kevin has been working with some of the contractors who brought in the Town's plan to review. The District would like to get the proposed grade from the Town to adjust manholes and valve boxes prior to milling.
 - **Peter made a motion to authorize staff to spend up to \$20,000 to complete the road repairs on Harbor Village Drive, Lansing High Point, and North Oakwood Road/second-Jim/carried unanimously.** Jim added Kevin intends on completing road repairs on Marquart Lane and Georgetown Drive as well, and Kevin stated those will be considered separate projects that are not included in this cost, which he expects to cost a maximum of around \$1,000 each.
- c) Review District Mission Statement and General Powers and Duties according to WI Statute 60.77(4).
- Kevin stated since the election was completed recently, he would like to make sure the Commission and staff are following the guiding principles of the District's mission statement and asked if any changes were proposed. Jim said he was comfortable and proposed to leave them as they are written, and Peter agreed.
 - Kevin stated the general powers and duties allows the Sanitary District to provide municipal water service, solid waste collection, such as garbage and refuse, and sanitary sewers, including drainage improvements, surface sewers and storm water sewers. Currently, the Town of Algoma and the Town of Omro handle the storm sewers.
- d) Discuss and act on awarding website design and development to Blue Door Consulting. Kevin explained each entity the District received quotes from had a little different take on which type of content management software system they like to use. Blue Door Consulting is local and they have a full staff available to help when things come up. They can develop a system that District staff can maintain for a range of \$4,100-\$5,200, depending on the amount of content required, and Kevin proposes to set maximum budget of \$6,000 to account for incidentals. **Peter made a motion to award the website design and development contract to Blue Door Consulting for an expenditure not to exceed \$6,000/second-Jim/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 1:03 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
May 11, 2017

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 May 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. **Peter made a motion to approve the minutes of the regular monthly meeting on April 13 with the changes as noted by Jim/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. **Peter made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
 - i) Note any investment changes. None.
 - ii) Note any balance adjustments. Mike mentioned the balance adjustments posted a \$231.75 refund for a duplicate sewer user fee payment, recorded a \$25 NSF fee for a bounced ACH payment, and removed a \$25.25 final read charge plus the late fee, for a total of \$231.50 for April. **Jim made a motion to approve the balance adjustments as submitted/second-Peter/carried unanimously.**
 - e) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - The fourth quarter invoice from the City of Oshkosh was \$53,488.60 bringing the annual total for 2016 to \$172,922.49, or about \$0.87 per thousand (1k) gallons based on a total flow of 198 million gallons (MGs).
 - A replacement check to LW Allen for \$37,101 for the SCADA upgrades previously completed.
 - The check to Schenck SC for \$2,000 is the final invoice for the 2016 audit, barring an additional invoice for incidentals.
 - Staff revoked the request for a \$70.47 refund check to Arthur & Shawn Gold for a duplicate final water bill payment. The residents requested the District return the duplicate payment rather than deposit it and issue a corresponding refund.
 - **Chad 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.
 - Chad apologized for missing the meeting last month and stated he will be traveling for his job during the next few months. He also mentioned that he received the auditor's PowerPoint presentation last month.
 - Jim stated a resident inquired about installing a little library at one of the District's well houses. Kevin mentioned there are currently two in the community and there have not been any issues with them so he is fine with the District installing the unit by the road once it is built. Jim stated he would forward the Commission's approval and request that they contact Kevin to discuss the details.
 - Jim also noted the renewal of the treatment contract scheduled for discussion later in the agenda. He said the current contract is well structured, a short and concise nine pages, and meets the overall needs of the District. Kevin agreed stating there are also subsequent agreements with the City that address other items, including maps depicting future service territories.
 - Kevin explained the water permit and the water service installation and inspection process per Peter's request.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District distributed 19 sewer and 19 water permits year-to-date.
 - There have been elevated sewer flows with the increased amount of rain this spring.
 - The Operators are jetting about 50,000 feet of sewermain this week, with Great Lakes televising approximately 25,000 feet of that. The District does not typically experience a lot of buildup since the Operators jet a section of the sanitary sewer system every five years. Westowne Avenue, which has a high concentration of fast food restaurants and experiences some grease buildup, is jetted every year for preventative maintenance.
 - The Spring Parade of Homes includes three homes in the District located in Olde Apple Acres, Bellhaven, and the Barony Subdivisions.
 - b) Correspondence.
 - A home builder had some rock blasted for the construction of a new home on Marquart Lane in the Barony Subdivision recently, and the District's on-site inspector found the District's lateral and sewermain were damaged, allowing about 30 gallons per minute of flow to enter the sanitary sewer system, which were repaired by an excavating company by 7:00 p.m. that day. The Operators jetted the main and removed the gravel and debris from the sewer system. The District then sent a bill to the home builder for the District's time and equipment used to perform this repair.
 - The District hand-delivered a letter and invoice for a \$200 fine to the Olde Apple Lane property for the Ordinance violation of tampering with the District's manhole, which had not yet been paid as of this meeting. Ray explained that if it went unpaid, the District must go through the municipal citation process where it becomes public record and they are entitled to contest it. If the District decides to issue a citation, staff would have to go through the court system with

the County. Prior to issuing the citation, he suggested the District call to find out the return dates and then go there to have it assigned a number. Kevin stated the sump pump discharge pipe was previously removed from the manhole and the rock was found about eight feet away, less than 24 hours after the District became aware of it.

- Kevin discussed a water and sewer extension with a developer planning to start the CSM process on Hayden Drive. He is looking to divide a parcel they own into five lots, serving municipal sewer and water to four of them, and Kevin detailed the most conducive location to install a sewermain and watermain to serve these new parcels.
- Kevin reviewed the lack of a loop for the watermain that serves Town of Omro residents and discussed what would occur if this watermain were to experience a break. The District reviewed the feasibility of installing a watermain from the water tower down to the Barony Subdivision within the next five to ten years to serve new homes, at a cost of approximately \$500,000, and explained the developments that would need to be added to the service area and begin construction at some point in the future to assist with the installation of that loop.
- Chad stated he received some questions from residents on Harbor Village Drive regarding the timing of the road repairs, and Kevin stated those repairs should be completed within the next 60 days.

c) Status of 2017 projects.

- Kevin stated the website project is moving forward, with a meeting scheduled with the website developer in the next couple of days to review the progression of the new website.
- The District is looking to install a sewer lateral across North Oakwood Road to serve a vacant parcel the new owner plans to develop. Kevin explained the District would hire the contractor to excavate a portion of the road and install the proper material to match the existing fill. The Town plans to sealcoat the road once the lateral extension is complete so it will all look uniform.

6) Old Business. None.

7) New Business.

a) Discuss and act on Resolution 2017-5-1 to approve the submission of the 2016 Compliance Maintenance Annual Report to the Wisconsin Department of Natural Resources. Kevin stated the District had all A's on the report this year and did not have to report any basement backups or sanitary sewer overflows (SSO's). **Jim made a motion to approve Resolution 2017-5-1 as presented/second-Chad/carried unanimously.**

b) Discuss and act on Resolution 2017-5-2 to renew the agreement for wastewater treatment services with the City of Oshkosh for an additional ten (10) year term. **Jim made a motion to approve Resolution 2017-5-2 as presented/second-Chad/carried unanimously.**

c) Discuss and act on the verbal requests for water service. There was no action taken on these items:

- i) Lot 2 of CSM-5435, also known as Parcel #016-0330-02-01, located on Sand Pit Road 600' north of Leonard Point Road.
- ii) 4401 Sand Pit Road, also known as Parcel #016-0333-24.
 - Kevin explained it would require a 1,300 foot watermain extension in order to serve both of these two parcels.
- iii) Coordinate a potential water extension on Sand Pit Lane prior to the Town of Omro repaving the road. A watermain extension in this area would allow the District to create another watermain loop for the Town of Omro to minimize the disruption of water service in the event of a watermain break. The total estimated cost to complete this watermain extension is about \$550,000, or about \$10,000 per parcel to serve the existing homes on Sand Pit Lane, with an additional amount for the supply charge due upon permit application. Kevin will survey property owners on Sand Pit Lane and present the preliminary results at the next monthly meeting.

8) **Peter made a motion to adjourn the regular monthly meeting at 12:57 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
June 8, 2017

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 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and Utility Clerk Sara Gonzales. District Attorney Ray Edelstein was excused. Also in attendance were Tammy Brinkman from 5196 Sand Pit Lane and Ronald Jaworski from 5152 Sand Pit Lane for discussion on agenda item 7a).
 - 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 May 11/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. Mike stated he expects the Federal Reserve to raise interest rates by 0.25% the following week. If the District's current interest rates do not increase, staff will consider transferring funds to seek better returns. Mike also stated the interest rate for the Wisconsin Local Government Investment Pool account is now up to 0.70%, where the District has about \$365,000 invested.
 - ii) Note any balance adjustments. Mike mentioned one balance adjustment recorded a \$25 NSF fee for a bounced check and another removed a small Public Fire Protection Fee credit on a property that will now be charged on their water bills. **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 the following information regarding pending bills:
 - The first quarter invoice from the City of Oshkosh to treat about 57.77 million gallons (MG) of flow was \$34,790.68 which amounts to a quarterly rate of \$0.60 per thousand gallons.
 - Tony's Auto Collision invoice for the accident damage repair to the 2014 Dodge Ram was \$13,511.24. This amount was fully reimbursed to the District previously, including payment of the District's deductible and the cost of a rental truck by the responsible party. Kevin stated he is thankful no one was hurt and mentioned the cost of repairs totaled 45% of the vehicle's value and 65-70% of the value in repairs is required in order to declare the vehicle a total loss.
 - **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. There were two residents in attendance from the public and Jim suggested the meeting continue with agenda item 7a).
- 4) Commissioner Statements.
 - Peter stated the luncheon following the annual Town of Algoma parade was a great way to show appreciation to District employees and their families, and he would like to find an alternative way to do that since the parade will no longer occur. Jim added the Fire Chief explained to him that the Fire Department decided to discontinue the parade because of the lack of volunteers and the large cost associated with it and no guarantee the weather will cooperate. Peter added it often conflicts with high school graduation as well and suggested staff schedule a cookout for later in the summer.
 - Jim asked about the status of the little library and Kevin stated the resident in charge will contact the District once it is complete and ready to be installed.
 - Jim also asked whether the invoice for the repairs related to the rock blasting had been paid by the owner and responsible party, and Kevin stated the bill is still outstanding and due on June 12.
 - Kevin added the District sent the property owner who was discharging his sump pump hose into an open manhole a certified letter and added a late fee to the cost of the violation. Per the discussion with Ray at the previous monthly meeting, if this continues to remain unpaid, the District will have to follow the citation process.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District released 23 water permits and 23 sewer permits year-to-date.
 - b) Correspondence.
 - The Commission changed the date of the next monthly meeting to Thursday, July 6 at Noon.
 - c) Status of 2017 projects.
 - Harbor Village Road & Lansing High Point Repaving: Kevin stated he received a quote from the paving company and is trying to coordinate the completion of this project within the next 30-40 days. Once these repairs are complete, the District will then relinquish any responsibility for the condition of these roads.
 - Oakwood Road Sewer Lateral Project: Kevin explained the District is working with a boring company and an excavating company to bore a new sewer lateral across North Oakwood Road for a resident planning to build a new house, with plans to complete this project by the end of June. He is also working with a sign company to coordinate a safe traffic pattern and keep traffic off the excavated area until the road can be asphalted.

- Mayberry Manor: Kevin stated he received approval from the Department of Natural Resources (DNR) for a water and sewer extension to serve this new building on Witzel Avenue. He is working with the developer to bid out the project and will require water calculations for the building before releasing the permits.
- City of Oshkosh Wastewater Treatment Contract: Kevin stated the District previously mailed the contract extension paperwork to the City, but has not received a response back from them at this time. Staff will monitor the City's agendas for any discussion they may have regarding the contact renewal.
- Sale of 7 Parcels Owned by Norm Mueller: Skipper Buds is purchasing these properties and will be closing next month. The District has not received any official plans for the garage or the grounds. The Mueller family will retain ownership of the strip mall. The meeting continued with agenda item 7b).

6) Old Business. None.

7) New Business.

a) Discuss and act on Sand Pit Lane watermain extension survey responses.

- The District completed a watermain extension survey in response to the Town of Omro's consideration to repave Sand Pit Lane within the next year or two. This would avoid duplicate expenses and cutting into a newly paved road if residents decide they are interested in making watermain available for an assessment cost of \$10,000 per parcel. The District received a response from all but one property owner on this road. There were three property owners that expressed interest in the municipal water system extension and the rest were not interested, two of which recently constructed new wells to serve their properties. The estimated cost to install municipal water service throughout the entire length of this street is at least \$200,000.
- Tammy Brinkman, owner of 5196 Sand Pit Lane, stated she is interested in having municipal water available to serve her property in the future but would not be interested in connecting to it at this time. Ronald Jaworski, owner of 5152 Sand Pit Lane, is considering rebuilding his house in approximately three years and would be interested in having municipal water service available to connect to at that time. He is unsure of the quantity or quality of the water from the well that currently serves the small cottage.
- The challenge with this project is the owner of a vacant parcel with 500-600 linear feet (LF) of road frontage on the south side of the road, who also owns six other parcels on this street, is not interested in developing or receiving municipal water service at this time. The Water Utility does not have adequate funds available to finance this project without receiving a sufficient amount of participation from area residents and there is no known public health issue to consider for this extension since participants in the District's 2013 Arsenic Study show two wells have no arsenic and one well has a level of around one part per billion (ppb).
- Chad asked for the cost to extend a watermain from the western part of the cul-de-sac to serve the Brinkman's parcel, and Kevin estimated it would require 400-500 LF of watermain at \$70/LF plus a fire hydrant for a total of about \$40,000. The District's long-term goal is to create a watermain loop to help serve Town of Omro customers. However, Kevin recommends the District not proceed with the project at this time due to the financial impact but to leave this area in the District's long-term plans as a potential watermain extension. Kevin added the District will notify the residents by mail that the extension will not be pursued at this time and explain that the District would require 70% participation from these homeowners in order to consider it in the future.
- Jim stated he realizes that since municipal water is not available, more residents would have to drill new wells if they experience a problem with their current well, and the substantial expense to drill a new well could cause them to not be interested in making municipal water available in the future. No formal action was taken on this item. The meeting continued with agenda item 4).

b) Discussion regarding the submittal of a conventional water rate case application to the Wisconsin Public Service Commission.

- Kevin stated while he anticipates water rates would remain similar to what they are now, one of the main purposes for filing this rate case is to allow the PSC to reinstate the District's water connection supply charge into its rate structure, similar to what was included prior to the consolidation for new Town of Omro customers for the cost of shared infrastructure such as the water tower and well house facilities. For new extensions, he would like developers to pay for the cost of the watermains and the homeowner to pay this water supply charge at the time of the connection permit application instead of including it in the water special assessment.
- Kevin stated he is considering whether to ask what adjustments the PSC could make to the District's water rate structure or the Simplified Rate Case (SRC) requirements, or whether the PSC would allow the District to adjust the ratio of its contributed versus utility-financed fixed assets, rather than being required to file a full conventional rate case application. The District is a voluntary water system that allows some special assessments to be deferred, and the outstanding deferred special assessments are presenting a challenge for the District. The District is making bond payments for the cost of installing Water Utility infrastructure, with the District's water rates designed to cover 30% of this cost. If the PSC denies this request, he would try to save on some of the cost the District would incur for going through this process by doing as much of the work internally as possible, with the goal of structuring rates to qualify to file for SRCs in the future. Currently, the PSC's filing threshold for a SRC is a 5.2% rate of return, and the Water Utility has done pretty well over the last two years by earning a rate of return of around 6.2% in 2016.

- Jim asked about the estimated cost for a conventional rate case, and Kevin stated outside services would likely total \$5,000-10,000 and the PSC could charge around \$5,000, plus District staff time. A 3% increase in water rates would likely only generate additional revenue of approximately \$15,000, meaning it would take the amount of one year's rate increase to pay for it. The District's cash flow projections indicate annual bond payment shortfalls of \$300,000-\$500,000 over next five to ten years, so it would be ideal for water rates to follow inflationary increases so the District does not fall behind.
 - Kevin stated he will keep the Commission posted on the progress of this at a future meeting.
- c) Discuss and act on 2016 Consumer Confidence Report (CCR) prior to publishing. Jim stated he is impressed with the format and content of this year's CCR and appreciates the work that goes into generating it. Kevin wants to make sure residents understand the District does not have any lead services or a lead residual problem. The District is responsible for the water quality up to the drinking water tap and has to sample ten locations as a part of its lead and copper sampling requirements. **Jim made a motion to approve the District's 2016 CCR for publishing as submitted/second-Chad/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 12:45 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
July 6, 2017

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 2:30 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and Utility Clerk Sara Gonzales. District Attorney Ray Edelstein was excused.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
 - b) Approval of the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on June 8/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. **Jim made a motion to transfer the balance of the money market account of \$250,911.74 plus interest at Bank First National currently earning 0.60% interest to a 12 month CD that will earn 1.15% interest as recommended by Mike/second-Peter/carried unanimously.** Mike also noted the Local Government Investment Pool expects the rate for their investments to increase to around the federal funds rate within a month or two, and he would suggest the District transfer more funds into that account if the District's current banks do not increase their rates to approximately that amount.
 - ii) Note any balance adjustments. Mike stated the balance adjustments recorded include a watermain cost and water supply charge totaling \$20,628.45 and a sewermain cost of \$10,562.42 for Mayberry Manor, for a total of \$31,190.87. **Jim made a motion to approve the balance adjustments as submitted/second-Chad/carried unanimously.**
 - e) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - The June previous disbursements report includes a change to the amount approved in the June pending bills report for the July health insurance invoice to \$12,410.72 due to an employee getting married and changing to family coverage.
 - Mike detailed the actual amounts due on several July recurring bills that staff received that morning due to the early date of the meeting, which were less than the estimates provided on the pending bills report sent out the previous day.
 - The District is paying connection charges to the City of Omro previously collected from five Town of Omro sewer permit applications which connected during second quarter.
 - The City of Omro's second quarter invoice to treat 5.175 million gallons (MG) of wastewater plus fixed charges for 398 users and adjustments totaled \$27,199.43, which staff verified with the City prior to the meeting since the invoice had not yet been received. The total cost year-to-date to treat 10.7 MG is about \$5.10 per thousand gallons (1k gal).
 - **Peter made a motion to approve the July pending bills and the June 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.
 - Peter stated his appreciation for staff's commitment and dedication to the District as Kevin stated an Operator, Mike Humbert, reached his 10 year anniversary recently, and the other Commissioners agreed.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District released 28 water permits and 26 sewer permits year-to-date. The District has met its annual goal for sewer permits and only needs to release two more water permits to reach its annual goal.
 - The Town of Omro average monthly wastewater flow was 54,000 gallons per day (gpd), which is pretty good considering there was almost seven inches of rain in June which can impact total sewer flows.
 - b) Correspondence.
 - The property owner paid the invoice for the damage to the sewer lateral due to rock blasting in the Town of Omro.
 - The 2016 Consumer Confidence Report (CCR) was mailed to all District residents the previous week. Staff received several calls to lower water valves to grade as the ground settles in residential yards throughout the District.
 - c) Status of 2017 projects.
 - The District's asphalt projects and the manhole raising necessary on North Oakwood Road to coordinate with the Town of Algoma's road paving have been completed.
 - The District opened bids for the cost to provide water and sewer service to two lots for Mayberry Manor, a Community Based Residential Facility proposed on Witzel Avenue. The District only received one bid since most companies are extremely busy this time of year, and the lone bid for the whole project from Carl Bowers Construction was over \$126,000, which was much higher than anticipated. The District previously charged the owner \$31,000 to serve water and sewer to one lot. The District's engineer, OMNNI Associates, Inc., redesigned the project to extend sewer laterals instead of sewer mains, which brought the project cost down to about \$85,000, and the District is awaiting written confirmation from the developer to proceed, with permit costs increasing by \$16,000 per lot to cover this increase in

construction cost. If each lateral is bid out as a separate project, the costs would be under \$25,000 and avoid the requirements of the formal bidding process.

6) Old Business. None.

7) New Business.

a) 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. **Peter made a motion to go into closed session at 2:51 p.m./second-Chad/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 3:30 p.m./second-Chad/carried unanimously.**

8) **Peter made a motion to adjourn the regular monthly meeting at 3:30 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
August 10, 2017

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.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
 - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on July 6/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-Peter/carried unanimously.**
 - i) Note any investment changes. **Jim made a motion to transfer the \$247,084.29 balance plus interest earned in August from Capital Credit Union to the Local Government Investment Pool (LGIP) currently earning 0.88% and transfer the funds at Verve Credit Union from a money market account to a 12 month CD earning 1.4% interest as recommended by Mike/second-Chad/carried unanimously.** Jim believes the District should consider transferring as many funds as possible to the LGIP in the future to maximize the amount of interest earned and the others agreed.
 - When Jim asked how the District's assets are protected at the LGIP, Mike answered although it is not FDIC insured, it is managed by the State of Wisconsin Investment Board and contains relatively secure investments, which the auditors in the past have deemed an appropriate investment for municipalities. Kevin added funds held at the LGIP are not limited to the \$250,000 FDIC insurance maximum at financial institutions.
 - Mike stated the interest rates on the District's remaining accounts that are not in CD's are earning 0.7% and 0.75% interest, and he will continue to pursue moving additional funds into the LGIP based on the Commission's recommendation. He also added the District's primary accounts at Community First Credit Union currently earn a lower rate of 0.5% because the District pays for having its account balances collateralized.
 - ii) Note any balance adjustments. Mike stated balance adjustments wrote off a small overpayment and another recorded a sewermain cost of \$11,210 for a parcel on N. Oakwood Road, which Kevin noted the owner paid the sewer cost in full. **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 mentioned the following information regarding the pending bills:
 - The \$27,478.13 payment to Bond Trust Services is the bond payment due on September 1.
 - The \$43,434.14 payment to the City of Oshkosh is the second quarter sewage treatment invoice, which brings the year-to-date cost to treat 121.5 million gallons to \$78,225, or about \$0.64 per thousand gallons.
 - The \$21,071.82 payment to MCC is for road repairs on Harbor Village, Lansing High, and a few other roads.
 - The \$6,342 payment to McClone Insurance is the annual property insurance invoice for September 2017 through August 2018, which is less than the District paid for this coverage last year.
 - **Chad made a motion to approve the August pending bills and the July previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Jim noted a sign in front of the Algoma Fire Department advertising their old car show and parade on September 16 and asked if the District should contact them about handing out water bottles since they were always so popular among residents at previous parades. Kevin answered the Fire Chief had not contacted the District regarding this and thought the District could be available for future parades if they requested the District's participation.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District released 31 sewer permits and 30 water permits year-to-date.
 - b) Correspondence.
 - Staff had an excellent phone conference with staff at the Public Service Commission (PSC) regarding water rates. It is the District's goal to continue to increase water rates annually following the rate of inflation through the PSC's Simplified Rate Case (SRC) to avoid having to increase water rates by a substantial amount at one time as part of a Conventional Rate Case (CRC). The District did not meet the 2016 SRC threshold of earning less than a 5.2% rate of return to increase water rates last year, which is great to know the District's operating revenues are sufficient to cover its operating expenses.
 - o The PSC informed staff the current rate of return in a CRC is even more stringent at 5.0%. The biggest challenge for completing a CRC is the substantial amount of staff time and cost it would require, which is estimated at a minimum of 200 hours and may require the District to hire a third party to assist with it, and a 3% rate increase would only generate an additional \$15,000-\$20,000 in revenue annually from quarterly water bills. Water rates currently generate about \$300,000 annually in operating revenue over operating expenses to cover bond payments for the infrastructure already installed. The Water Utility has sufficient cash on hand to fund this year's bond payments, but its cash flow projections for next year indicate it will need a \$500,000 loan from the Sewer Utility. This loan would be in addition to the initial \$1 million loan the Water Utility received from the Sewer Utility in 2009, which it is currently paying interest at a rate of

3.8% or \$38,000 annually. The Water Utility planned on beginning to borrow additional funds three to four years ago, but was able to delay this borrowing until 2018 since it has been adding additional homes and growing at a good pace.

- Even if the District were to complete a CRC and continue to increase water rates each year through an SRC, it still would not generate sufficient revenue to cover the \$500,000 it needs for bond payments. Staff will continue to work with the PSC to see if any adjustments can be made to meet the SRC requirements by the end of this year.
 - A Certified Survey Map was recently completed on a 10 acre parcel west of Nelson Road that was previously owned by the Hackbarth family. It was approved by Winnebago County for storage sheds, with two additional residential lots on the west end of Nelson Road requesting municipal water and sewer service. The District provided the quote it obtained for the cost of this project to the new owner, who lives nearby and wants to start selling those lots. He is planning to sign a waiver of special assessments for water and sewer, and Kevin may present a special assessment request to the Commission next month. The municipal water assessment cost is the same amount as the new connection on Kirkwood Drive increased by 3.5%, or \$12,900 each. The cost the contractor would charge the District to install the sewermain would be passed on directly to the owner and payable within 30 days. Then, the sewer CAC would be due upon permit application, with the water special assessment payable over 20 years but likely paid-in-full upon the sale of each lot.
- c) Status of 2017 projects.
- The District is currently working on installing municipal sanitary sewer service to a new Community Based Residential Facility (CBRF) on Witzel Avenue called Mayberry Manor. Kevin commended his staff for working quite late the previous night and coming in early that morning to continue working on that project. There were currently barricades still on the road to provide a safe work site for all the workers in the area.
 - Kevin explained the District previously hired Precision Drilling to bore a six-inch water valve 120 feet under the road to the twelve-inch watermain for \$6,500. They were able to tap the watermain without turning off water service to any residents, and the Operators verified there was no contamination and the lateral held pressure before backfilling the trench. Kevin showed a picture of the bored lateral ending within inches of the curb stop and explained the pipe was flexible enough for the Operators to line up inside the trench box. Overall, the project went well and the District was satisfied with the work and the boring cost. If the District had to excavate through the road, the County requires 75 feet of road repaving in each direction, so boring was a substantial cost savings.

6) Old Business. None.

7) New Business.

- a) Discuss and act on Task Order 2017 with OMNNI Associates, Inc. in the amount of \$21,850 for the design of two generator buildings and drafting of required easement documents for Young Road Lift Station and Springbrook Road Lift Station.
- Kevin explained the District is looking to install permanent generators at two lift stations in the Town of Omro. One generator would be at the Young Road Lift Station on the west side of the Town of Omro about 15-20 minutes from the administrative office, which would save a substantial amount of travel time, and the other at the Springbrook Road Lift Station, which is a primary lift station in the Town of Omro. These locations would give the District redundancy at the farthest lift station and at Springbrook Road, providing backup electric service for the lift stations to pump wastewater away from the affected areas and prevent basement backups in homes and businesses.
 - Kevin presented a picture of the portable generator the District currently uses to provide backup electric service at all five lift stations in the Town of Omro and mentioned the District also recently purchased a portable generator for around \$35,000.
 - Kevin stated the District received a quote for an outdoor generator, including the transfer switch and natural gas supply, for \$86,000, or about \$43,000 per generator. He also anticipates additional costs, such as installing safety posts and concrete, and explained the proposed generator for the Springbrook Road Lift Station would be above the flood plain but would also require protection poles because it is located near the parking lot of a tavern, which can get quite busy. The current protection poles around the lift station are far enough apart for a car to fit through, so additional poles would need to be installed. He also showed pictures of a metal fabricated building around a generator, which costs about twice as much to do and is not necessary at this time.
 - Kevin discussed the three onsite generators the District currently has installed.
 - The Leonard Point Lane Lift Station has an outdoor generator that was installed about 17 years ago, and the Operators also had to install a mesh screen and expanded steel on it to prevent rodent damage. While this generator is still operational, staff has had to replace certain components, such as the battery charger and the heating element that maintains the generator at 105 degrees.
 - The generator at the Shorehaven Lift Station is kept within a small building. This is the District's preferred option because it is easier to work on while performing oil changes and replacing parts and it prevents corrosion, however, it may cost twice as much as the "skin tight" units.
 - The Honey Creek Lift Station generator is an indoor unit, has a brick façade, which looks nice and being indoors helps maintain the generator in excellent condition.
 - Chad asked how often the District has lost electricity at the two stations he is proposing to install permanent generators, and Kevin answered twice in the last three months, with the longest outage lasting about four hours. He explained upon receiving notification that a lift station does not have electricity, it can take 20-60 minutes for the Operator on-call to retrieve the portable generator, transport it to the lift station, and set it up. The sanitary sewer system currently has sufficient holding capacity that will not backup any homes within the first hour of lost power. However, having a natural gas generator onsite to continue pumping would guarantee there are no backups. The District only has one Operator on call during non-business

hours, and there currently is a risk of taking 4-6 hours to pump down each lift station by towing a portable generator on a trailer, hooking it up, pumping it down, safely disconnecting, and driving it to the next one.

- Chad asked which lift stations currently have onsite generators, how many portable generators the District has, and an analysis of the risk versus return for the purchase of on-site generators for each of the remaining lift stations in the District versus the cost of a basement backup.
 - o Kevin stated three lift stations in the Town of Algoma currently have on-site backup generators and three lift stations do not, but two of them use the same power voltage and require only one portable generator to use between them. No lift stations in the Town of Omro have an on-site generator, with a portable generator their only source of backup power.
 - o Kevin explained the District has a total of three portable generators, two of which can be used in the Town of Omro, one of which can be used at all lift stations but would need to be rewired in the garage to change the voltage since the lift stations in the Town of Omro use a different voltage than ones in the Town of Algoma. The District can provide backup power to two lift stations simultaneously, however, the on-call Operator would have to transport them to pump down multiple sites if the power is out for a long period of time.
 - o Kevin also explained if a residential home experiences a backup in their basement, the District could be involved in a lawsuit, and if there was no redundant power, the District could be cited for negligence. Ray added that every time an Operator transports generators in poor weather conditions, the District is exposed to a potential liability. Although it has not happened yet, it could, and then the District could be down a truck and/or trailer and unable to get to the station. Kevin stated the cost difference between two permanent generators versus two portable generators is about \$20,000, but it would not take much to incur \$20,000 in liability expenses. Jim stated he understands this is a lot of money to spend as insurance for preventing backups during a potential power outage since these generators would be used very infrequently.
 - Chad asked staff to provide additional information to review at the next meeting including the number of times power was lost, how long it was out, and how long it takes to set up a portable generator along with the costs to trailer a generator out to a lift station to pump it down. He feels the District has the staff and equipment necessary to provide backup electric power without purchasing an expensive permanent generator.
 - o Kevin explained the most recent power outage happened during business hours, so there were two additional Operators available to transport the portable generators from lift station to lift station to pump them down, which took about four hours. He also mentioned the Commission has to consider that power outages normally happen during inclement weather, and the Operator on-call would likely be transporting these generators either during a summer thunderstorm with a potential for flooded roads or during the winter on icy roads, which greatly increases the risk of an Operator being involved in an accident.
 - Chad also asked why these two lift stations were the most critical, stating there are two in Algoma that need generators also, and wondered why the District is not looking to install a permanent generator at all lift stations in the District. Kevin stated that it is the ultimate goal, but there are currently not enough funds in the annual budget.
 - Jim stated an indoor generator is preferable because of less wear and tear and maintenance costs, as well as being quieter for the neighbors. Peter stated although he does not have any experience with this, he does not think it is a necessary purchase at this time. He feels it is a high cost solution and would like to review the cost of other options along with how many basement backups it would take to break even.
 - Kevin also explained that, prior to the consolidation with the Omro Sanitary District (OSD), there was only one small portable generator to cover all lift stations in the Town of Omro. Upon consolidation, the District purchased another portable generator to have two available since it previously was not sufficient to meet the needs of that area. He also added the DNR requires the District by statute to have additional backup resources available to supply power during outages, and it is in his long-term plan to eventually add a permanent generator at each lift station once sufficient funds have been budgeted but does not want to raise rates to complete this project any sooner.
 - Jim stated he supports building redundancy into the system because he has seen the amount of damage a basement backup can cause, which normally occurs at multiple locations during each incident, but he also would like to balance the risk with the cost of the project. Peter stated sometimes municipalities do not have sufficient resources available to cover everything and would like to know how many other municipalities have permanent generators installed at each of their lift stations. Chad stated while he also supports this redundancy, the Commission needs to justify to its constituents spending money on this backup power project to prevent basement backups, adding this expenditure would not be a good solution if backups only occur once every 50-100 years.
 - Kevin did not request any action at this time, and he planned to bring this item back at the next monthly meeting along with a price quote for an indoor generator. He would not make a request to award a task order to OMNNI unless it was a good price. He will continue working with generator companies to get a quote for the cost of a stand-alone generator without the outdoor unit to see if that cost plus the cost to build a structure around it, including engineering expenses, would be more cost effective than purchasing just an outdoor unit.
- b) Discuss and act on the preliminary plat for Sandhill Farms – Phase II.
- Kevin presented a map of the latest proposal for the second phase of the Sandhill Farms Subdivision and stated it included 82 new residential lots, each about half an acre. He presented another map showing where municipal sewer and water service was currently installed and identified the three streets where services do not exist yet.

- Kevin attended a productive meeting between the developers and the Town of Omro recently and was pleased to hear that the Town is trying to find ways to connect this subdivision and the Barony Country Estates with the boat landing, Priske Park, and Our Park so future residents can bike to these areas safely. They also mentioned putting in a wider bike lane on Hayfield Drive and possibly Fenceline Lane. Kevin stated the new subdivision is currently designed around the farm owned by Robert Albright Sr., the developer, and his driveway would need to be relocated to the east side of his property.
- Overall, the preliminary plat is progressing well and no major changes were presented at the concept meeting. Kevin stated the District supports the current proposed layout because it follows the \$500,000 worth of municipal water and sewer infrastructure already installed to serve 32 homes based on that initial plan. The subdivision would likely become available in two phases: the first phase of 32 lots with municipal water and sewer utilities already installed and the second phase for the remaining 50 lots. Upon submittal of all the paperwork to the Town of Omro, a public hearing could be scheduled as early as September, with final approval to be obtained in October, with the developer wanting the lots to be available for sale next year.
- Jim asked whether the District has sufficient utility capacity to handle serving this new subdivision, and Kevin answered yes. He added the City of Omro Wastewater Treatment Plant can treat over three million gallons per day (gpd) and it currently only receives about 500,000 gpd, this area is not located inside the City's Buffer Zone, the District is not limited in the number of permits it can release in a year, and the local lift station was designed with sufficient capacity to serve this additional area. The future homes in Sandhill Farms would be at the same elevation as the lift station, so the detention time to pump wastewater is vastly reduced. Homes in The Barony are at a high elevation and would not experience a sewer back up because wastewater would flow out of a manhole before it would get to a basement. As this new subdivision develops, the District would need to consider installing an onsite generator at that lift station. In the future, the District would have to create a developers agreement to construct mains to serve the rest of this area, with the developer paying for the cost of it as it is constructed. No action was taken on this item.

8) **Jim made a motion to adjourn the regular monthly meeting at 12:55 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
September 7, 2017

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for September to order at 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. Town of Algoma resident, Jason Ideus, owner of a 10 acre parcel on Leonard Point Road, was also in attendance for discussion on agenda item 7b) and 7c).
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
 - b) Approval of the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on August 10 as submitted/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike noted the Town of Algoma paid the direct charge for the 2017 Public Fire Protection Fee and the final tax roll payment for this year. **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.
 - **Peter made a motion to close the District's account at Winnebago Communities Credit Union and transfer the estimated balance of \$251,343.27 as of August 31, 2017 plus interest earned in September to the Wisconsin Local Government Investment Pool (LGIP) as presented by Mike/second-Chad/carried unanimously.**
 - **Peter made a motion to close the District's account at West Pointe Bank of \$259,313.50 as of August 31, 2017 plus interest earned in September and transfer the balance to Community First Credit Union (CFCU), with \$146,979.64 of sewer assessment funds deposited into the reopened sewer assessment subaccount and the remaining balance deposited into the sewer general funds account at CFCU as presented by Mike/second-Jim/carried unanimously.** When Jim asked if these account transfers take place directly, Mike explained upon closing the accounts, the District would receive a check for the funds from each individual financial institution, deposits them into the District's account at Community First Credit Union (CFCU), and then issues a check to the financial institution that is to receive the funds.
 - **Jim made a motion to transfer \$260,000.00 of sewer general funds, the approximate balance of funds previously at West Pointe Bank, by check from Community First Credit Union to the Wisconsin LGIP as presented by Mike/second-Chad/carried unanimously.**
 - ii) Note any balance adjustments. Mike stated one balance adjustment recorded a \$25 NSF fee to a resident's Public Fire Protection (PFP) Fee account for a bounced check and the other one removed a PFP Fee of \$86.05 for parcel #016-0333-22-01 per the property owner's request for their unbuildable lot, for total August balance adjustments of -\$61.05. **Chad made a motion to approve the balance adjustments as submitted/second-Jim/carried unanimously.**
 - e) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
 - The check issued in August to the Wisconsin LGIP will be sent upon closing the District's account at Capital Credit Union.
 - Staff amended the check request for the August fuel account invoice for BP to \$488.87, with the balance confirmed that morning, removing the \$300 deposit to avoid late fees from the pending bills report sent the previous day.
 - The total check to Alliant Energy is \$457.18, which includes all six of the electric bills this month.
 - There will be two separate checks to the Wisconsin LGIP, one for the balance of funds from Winnebago Communities Credit Union of \$251,343.27 and one for the approximate amount of funds from West Pointe Bank of \$260,000.00.
 - **Peter made a motion to approve the September pending bills and the August previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.** Peter apologized for the additional work involved for staff to obtain outstanding statement balances when the Commission reschedules the monthly meetings and stated they will try to take into consideration the due dates for the District's periodic and monthly invoices when doing so.
- 3) Public Forum. District resident Jason Ideus was in attendance from the public for agenda item 7b) and the Commission recommended the meeting continue with agenda item 7b).
- 4) Commissioner Statements.
 - Jim explained he contacted Kevin the previous Monday regarding vandalism that occurred the previous week in the Sheldon Nature Area. Some rocks were pushed into the stream, removing part of the trail and making it unsafe, and he hoped the District had the equipment to restore it. Staff completed the repair the same day, and Jim wanted to publicly commend Kevin and Ethan for completing this repair so quickly for the community.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District released 34 water permits and 33 sewer permits year-to-date, exceeding its annual goal of 30 water and 15 sewer permits.
 - The District's average daily sewer flow to the City of Omro Wastewater Treatment Plant (WWTP) was 45,000 gallons per day (gpd) for August. The annual goal is 52,000 gpd and the year-to-date average is 60,000 gpd. The District's average daily sewer flow to the City of Oshkosh WWTP was 534,000 gpd for August. There was four inches of rain the previous month, but as the ground begins to dry out, it has less of an impact on sanitary sewer flows. The Water Utility also pumped an average of 204,000 gpd of drinking water.
 - b) Correspondence.

- A property owner of a vacant lot on Springbrook Road near Reighmoor Road requested to be added to the District to connect to the sanitary sewermain installed past this property. Staff will submit the signed petition for addition from this property owner to the Town of Omro to act on at its September meeting.
 - The District also received another request from Town of Omro property owner, David Schultz, looking to divide his 40 acre parcel to sell a portion of it to a potential buyer who may want to connect to the municipal watermain and sanitary sewermain installed past this property. A portion of this parcel is currently in the District. Staff will submit the signed petition for addition from this property owner to the Town of Omro to also act on at its September meeting. Kevin will verify whether the property owner would like to add the entire parcel to the District or just the portion he plans to sell to match District boundaries with existing parcel lines.
 - District Operator, Mike Humbert, met with the Town of Omro Fire Department regarding the metering point locations in the water system. He explained how to use the bypass valves and provided a map with the water pressure for each fire hydrant in the Town.
 - Staff tested standing groundwater samples for nitrates at various points in the Town of Omro due to discovering corroded copper water services. The nitrate level on Samers Bay Road was 1.1 parts per million (ppm), the Sandhill Farms subdivision was 2.8 ppm, and on Notre Dame Drive in the Barony Country Estates was 9.1 ppm. Staff plans to test more sample locations to identify the source of these high nitrates, but observed the nitrate levels increase as the samples sites proceed south toward the direction of the farmland practicing land-spreading activity. The safe drinking water level for nitrates is 10 ppm and Kevin feels it is right for the District to notify residents with private drinking water wells in the area of the elevated nitrate levels and encourage them to test their water.
- c) Status of 2017 projects.
- The watermain extension to serve Mayberry Manor was completed and the bacteriological samples tested safe.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and act on Resolution 2017-9-1 to Amend the Special Assessment on Parcel #002-0160-02-01.
- Kevin presented a map showing the three parcels the homeowners are selling and the house that is currently built on or over one of the lot lines. The water special assessments on the two southern parcels, including the parcel with the house, are paid-in-full. The northern parcel currently contains a drainage swale used by the Town of Algoma. There is half of a special assessment on that parcel with the other half of the assessment on the parcel to the north. Since each lot contains 50 feet of road frontage, if the two lots were combined in the future, a house could be built on the combined lot if the drainage was routed to another area. Kevin stated the property owner would need to sell the lots they own together or combine them in order to conform to current codes for house side yard setbacks. Jim asked if the irregular boundaries of this parcel are an issue, and Kevin answered they are okay. Kevin proposed this resolution to waive the assessment be contingent upon receiving a CSM that combines this parcel with the parcel(s) to the south and includes the option of combining all three parcels with the same owners into one parcel.
- i) Acknowledge Receipt of the Waiver of Special Assessment Notices and Hearings in Accordance with Wisconsin Statutes 66.0703(7)(b).
- Kevin verified the receipt of the signed Waiver of Special Assessment Notices and Hearings from the property owner. **Jim made a motion to approve Resolution 2017-9-1 to Amend the Special Assessment on Parcel #002-0160-02-01 as presented/second-Chad/carried unanimously.** The meeting continued with agenda item 7c).
- b) Discuss and act on Resolution 2017-9-2 to Approve 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 service and sewer lateral extension and to levy Special Assessments upon Parcel #002-0135 in the Town of Algoma Sanitary District No. 1 benefitted by the improvements.
- The District received a proposal from Jason Ideus detailed in the new CSM Kevin presented to install municipal water and sanitary sewer service to Lot 2 and Lot 3 at the west end of Nelson Road on Parcel #002-0135. Kevin recommends approval of this assessment resolution, stating he received a signed Waiver of Special Assessment Notices and Hearings prior to the meeting and the owner approved the cost of installing water and sewer to serve these two residential lots. He also added the contractor he is proposing to use for this project, which is scheduled for approval under agenda item 7c), is not available until October 2; however, it is unlikely the District would receive water and sewer permit requests prior to that time. Ray stated he reviewed the resolution the District prepared for this parcel and the District just needs to formally approve the assessment included with this resolution.
 - Kevin mentioned he drafted this resolution based on the two parcels to receive water and sewer service still being a part of the main parcel. Once the CSM is approved and the new parcels are created, the District will transfer the assessments to the two new parcels. Kevin also stated this sewermain is not deep enough to provide sanitary sewer service to the rest of the parcel, so the District would need to run sewermain through the Jones family parcel from the north to serve this parcel. Jim mentioned and Kevin confirmed the cul-de-sac on the west end of Nelson Road would remain as part of the development of the two new lots on this parcel. Kevin also detailed the new water and sewer lateral locations to be installed. Peter asked the property owner what his plans were for the trees along the boundary with the Town's new park, and Mr. Ideus stated he plans to thin them out but to keep most of them as a buffer from the storage sheds proposed to be built on the remaining parcel.
- i) Acknowledge Receipt of the Waiver of Special Assessment Notices and Hearings in Accordance with Wisconsin Statutes 66.0703(7)(b).
- The Commission waived a reading of the entire resolution since it was sent to them previously and acknowledged receipt of the signed waiver. **Chad made a motion to approve Resolution 2017-9-2 to Approve a Final Resolution authorizing the construction of a water and sewer lateral extension and levying Special Assessments on Parcel #002-0135/second-Jim/approved unanimously.** The meeting continued with agenda item 4).
- c) Discuss and Act on the Proposal from Freedom Excavating to Install Water and Sewer Services at the end of Nelson Road.

- Kevin sent out multiple requests for quotes on this project and stated this quote was the best one he received in writing. He added staff has had success working with this company for water and sewer lateral installations on other District properties. Kevin requests the Commission approve this quote for \$3,050 for both water and sewer and have staff continue working on this project to install these laterals. **Chad made a motion to approve the Proposal from Freedom Excavating to Install Water and Sewer Services at the end of Nelson Road for \$3,050 as presented/second-Peter/carried unanimously.**
- d) Discuss and Act on the Long-Range Plan for Electric Generator Backup Power.
- i) Determine Timeline and Funding Limits for Installing Electric Generators at the District's Wastewater Lift Stations.
- Staff sent a report with a detailed long-range plan to the Commissioners the previous week, including an explanation of how the District currently handles power outages. Kevin stated there have been 14 occurrences year-to-date with the two different electric power providers. The Wisconsin Administrative Code (Code) states the District is required to have backup power generation, which can be stationary or portable, sufficient to run all electrical equipment on the site at every lift station.
 - The District currently only has three portable generators, however the 1997 Kohler inherited from the former Town of Omro Sanitary District only has enough power to operate one pump and does not meet the Code. If the District experiences heavy rainfall, the lift station will need two pumps running to pump down each station. The Magnum generator the District purchased in 2013 after consolidation to provide backup electric power to the Town of Omro lift stations is capable of running two pumps. The other portable diesel generator used at the Bellhaven and Brooks Lane Lift Stations is older than 1950 but runs really well and staff plans to continue using it.
 - The risk with relying on portable generators is that power outages often occur during inclement weather conditions which may make it difficult for the Operators to reach the lift stations. Some roads may be impassible due to flooding, fallen trees, or icy conditions and some lift stations have 1/4-1/2 mile long driveways to reach the site. That is why there is an onsite generator installed at the Honey Creek Lift Station, and there have been other times the Operators were unable to drive to other sites because the river can flood over the road.
 - It also can take a substantial amount of time to travel with a portable generator to each station. During non-business hours, the Operator on call has 20 minutes to respond to an alarm. By the time they arrive at the administrative building, determine what caused the alarm, hook up a portable generator to a truck, get to the site, plug it in and pump it down, it can take an additional 35 minutes for the Young Road Lift Station on the other side of Omro to be operational again. The District risks not having sufficient time to return to the administrative building to retrieve the next generator, arrive at the next lift station, and set it up before a backup occurs. If there is a system wide power failure, other homes would backup if there is only one Operator available and could result in claims for flooded basements.
 - After identifying these weaknesses versus the requirements of the Code and options for backup electric power generation, staff determined the minimum standards to install onsite generators at each lift station to prevent sewer backup claims. Jim mentioned a backed up basement not only incurs property damage but is also a health risk because it involves wastewater. Ray added the estimates provided by the District's insurance company of \$10,000-\$12,000 on average per backup seemed low. Kevin agreed, stating wastewater backups can be a substantial charge totaling closer to \$25,000 per basement to include cleaning and disinfection. He added the report included one incident in Racine that cost residents over \$120,000 when the City experienced several basement backups.
 - Jim noted there did not seem to be much cost difference between the different voltage generators. Kevin agreed stating most generators generally cost the same amount, regardless of voltage. The District has three lift stations that are 230 volts, three that are 460 volts, and all five in the Town of Omro are 208 volts. Jim asked if the stations could be changed to run on the same voltage, and Kevin answered the pumps and the power coming into the station would have to be changed, which would be a substantial expense and does not address the issue.
 - Jim also asked what type of fuel powers the current generators and what type of power the new onsite generators would require. Kevin answered the current onsite generators use natural gas, as would the new ones. He also mentioned the portable generators use diesel fuel, which deteriorates over time but can be stabilized.
 - Jim asked for the total amount budgeted for this backup generation project. Kevin explained the District budgeted funds for several years and accumulated a total of \$86,000 from 2013-2015 to install two generators. The District spent about \$35,000 on a portable generator in 2013 to make sure there was a generator to run the Town of Omro lift stations, prior to staff researching the cost to install onsite generators. Staff is also considering building some of the structures, pouring the concrete, and laying the electrical lines internally to save money whether an outdoor or indoor unit is chosen.
 - Kevin displayed the page in the report showing the quotes received for an indoor generator, with a cost of \$32,000 for a Kohler or Generac generator versus \$57,000 for a Cummins generator. The District currently has Cummins units onsite and has had great experience with them, but he would rather spend \$32,000 per site for an indoor Kohler or Generac model versus purchasing an outdoor unit. He further explained that, upon installation, the company performs a "load bank" where the generator is test-run to get proper amperage and verify it supplies sufficient power capacity.
 - Peter asked why this backup electric generation project seemed to be an urgent issue. Kevin stated the District has had a financing plan in place for this purchase and has budgeted \$40,000 each year since 2013, about \$35,000 of which was used to buy the Magnum generator after consolidation. There is currently \$86,000 available, but there is also cash on hand the District could use toward this project, and he would rather have generators onsite than cash in the bank to protect the District and its residents. If a backup were to occur, the District would be found negligent because it does not meet current Code. Municipalities make large item purchases as they can afford them, and the District is finally at that position. Jim also verified that funds for

the purchase of these generators have been included in the budget and added it came to the Commission's attention recently because they had to approve the purchase.

- The Commissioners asked what the District could be liable for if there is not backup power available at every lift station, considering the former Omro Sanitary District only had one backup and the Town of Algoma has not had any for such a long period of time. Kevin answered the District is liable because it is required to have backup electric generation available at each lift station. If a catastrophic event is not approved for government assistance, the funds to pay any claims would have to be paid locally. It comes down to whether it is worthwhile to use the \$86,000 previously budgeted plus other cash on hand to install onsite generators to prevent potential basement backups.
 - Peter mentioned the flood in 2008, for example, backed up sewers in the City of Oshkosh; however, he did not believe the City paid for any personal damage. Ray stated the City always denies claims and explained when a claim is denied or deemed denied by inaction, then a homeowner can decide if they want to file an action with the court. He was involved in a claim within the last five years that the City initially denied; however, they eventually settled it after a lot of time and expense.
 - Chad asked how this project would impact the District's sewer rates, and Kevin answered he initially planned on budgeting \$100,000 per year for this project over the next two and a half years to fund this purchase, without using any cash on hand, at an average cost of \$50,000 per generator for seven lift stations, for a total project cost of between about \$250,000 to \$350,000. This would equate to about \$29 of each resident's current annual sewer user fee, but since there is already \$86,000 in the capital budget, there would be no rate impact from the purchase of two generators this year. The current indoor onsite generators are lasting 20 years without any major issues, however the outdoor units would not last as long. The District could afford to replace 10 generators once every 20 years by budgeting \$20,000 each year for this purchase without raising rates. Peter asked if the District would purchase a maintenance plan for them, and Kevin stated staff would complete the maintenance internally and would add this annual replacement cost to the budget.
 - Peter stated that he would like to see this project completed over a longer period of time, suggesting a plan to install one or two generators per year and then to establish a rotation that would spread out the expense of replacing each of these generators in the future, much like the District's current budget to replace a vehicle every two years. Kevin stated he is asking the Commission to allow staff to install two generators this year, one at the Young Road Lift Station and one at the Springbrook Road Lift Station. Then, he would discuss an annual funding proposal at the budget workshop the following month, which would include budgeting about \$50,000 for the next onsite generator. After verifying the District has an easement and access, staff recommends purchasing two Kohler or Generac indoor units, building a structure internally to enclose them, and laying the concrete pad for about \$66,000 plus incidental costs, and keep the remaining amount to use toward the purchase of the next generator. Staff created a priority ranking for the remaining lift stations based on which ones could cause the most damage in an area without backup electric power generation.
 - Chad asked what staff plans to do with the portable generators once all the lift stations have onsite generators and Kevin answered staff would keep one generator for backup. He considered building a shed around a portable generator, but it would cost about the same to install a permanent one. Peter asked if the portable generators are worth anything, and Kevin answered the Kohler has little power and is only worth a few thousand dollars. Chad asked if these generators could be installed with buildings before winter, and Kevin answered the goal is to install them this year.
 - **Chad made a motion to authorize the purchase of on-site generators for Young Road and Springbrook Road Lift Stations/second-Peter/carried unanimously.** Peter thanked staff for the excellent work on the report, stating it will be worth referring to in the future. He also expressed interest in seeing these sites to get a better understanding of what staff needs, and Kevin said he would be happy to give all the Commissioners a tour of the District's infrastructure when they are available. Kevin also mentioned the District tries to retain top employees that respond to emergencies and prevent backups to any resident even when they are not required to.
- e) **Jim made a motion to go into closed session pursuant to Wisconsin Statute 19.85 (1)(c) to discuss matters in relation to annual employee evaluation, compensation, and benefits/second-Chad/carried unanimously.**
- i) **Peter made a motion to reconvene into open session to discuss and act on matters discussed during closed session regarding employee evaluations/second-Chad/carried unanimously. Jim made a motion to finalize the Director's review, rating all 10 performance matrices at 9 out of 10, and to increase the Director's compensation by 1.8%, along with a merit increase of \$1.97 per hour/second-Chad/carried unanimously.** Jim will print, sign, and return this document to the office the following day.
- 9) **Jim made a motion to adjourn the regular monthly meeting at 2:05 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
October 12, 2017

Budget Workshop.

- 1) The District Commission held a budget workshop at noon immediately prior to the regular monthly meeting.

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for October to order at 1:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and Utility Clerk Sara Gonzales. District Attorney Ray Edelstein was excused.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
 - b) Approve the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on September 7 as amended prior to the meeting/second-Chad/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike noted the Town of Omro paid the final tax roll payment for this year, resulting in the District receiving all funds due from the 2016 tax roll. **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. Mike thanked the Commission for their time with all of the investment changes the previous month and mentioned he may need to deposit \$5 from petty cash into a membership share account at Fox Communities Credit Union in October per the notice received with the September bank statement.
 - ii) Note any balance adjustments. Mike mentioned the following balance adjustments completed in September:
 - Remove an invoice that imposed a fine for the Sanitary Sewer Ordinance violation at 1227 Olde Apple Lane for \$202.00 due to the issuance of a municipal citation.
 - Record a sewermain cost of \$9,000 for 5580 Springbrook Road, Parcel #016-0307-06, which was paid upon permit application.
 - The September balance adjustments report totaled \$8,740.16. **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 following information regarding pending bills:
 - Wisconsin Department of Administration: payment of \$55,741.98 for interest on the Safe Drinking Water Loan due November 1.
 - DTCC: ACH interest payment of \$35,048.75 approved in September and processed on October 2 for the 2011 GO Bond.
 - City of Omro: payment of \$25,512.54 for third quarter treatment of 4.28 MGs for 406 users plus the partial quarter adjustments.
 - (a) Total wastewater flow for 2017 is 15.0 MGs for a total cost of \$80,426.54, or about \$5.34 per thousand gallons.
 - (b) City of Omro: \$4,000 for Connection fees received from eight new sewer connection permits issued this quarter.
 - Wally Schmid Excavating: payment of \$22,653.86 for a new sewer and water connection for Mayberry Manor.
 - Advanced Disposal: payment of \$259.69 for the revised total of the October invoice.
 - Cincinnati Insurance: payment of \$2,984.00 for legal fees from the PSC sewer rate case with the City of Omro.
 - **Chad made a motion to approve the October pending bills and the September previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.** The Commission decided to continue the meeting with agenda item 7b) since Peter had to leave upon completion of that agenda item.
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Chad commended staff on the organization and preparation involved in creating the annual budget binders. He also expressed his appreciation for receiving the information almost a week prior to the budget meeting and, when Kevin asked how long it took to review the binder, he stated he spent about an hour on it.
- 5) Director's Report.
 - a) Review of District statistics.
 - The District distributed 35 sewer permits and 35 water permits year-to-date.
 - The average September wastewater flow to the City of Oshkosh was 494,000 gallons per day (gpd) and to the City of Omro was down to 42,000 gpd, including the addition of many new connections. Kevin also discussed several leaks Great Lakes Televising and Sealing, Inc. found and repaired throughout the District's sanitary sewer mains and laterals recently, which has already reduced the amount of the District's daily wastewater flow to the City of Oshkosh.
 - b) Correspondence.
 - The petition for additions the District received for the Schultz and Aubrey properties have been successfully recorded with the Winnebago County Register of Deeds.
 - A property owner on Swallow Banks Lane recently informed the District that their septic system is failing and requested a quote to install municipal sewer service to their property. Kevin had the area surveyed to provide an accurate quote. The homeowner also requested the cost to connect to municipal water, which Kevin provided, and he encouraged the homeowner

to determine her neighbor's interest in receiving municipal sewer and/or water, explaining the price could decrease if additional residents are also interested to spread the cost of mobilization.

- An owner of vacant land on Young Road wants to build a house and connect to the District's sanitary sewer system. The owner was adamant that the property remain in the Town and not be annexed to the City of Omro. The owner currently lives in a home adjacent to this parcel on Hwy 116 that receives municipal sewer service from the District. The City's closest utility location is at the adjacent subdivision; however, the District also has a sewermain installed past this property and is willing to allow the future home to connect to it once the parcel is added to the Sanitary District. Kevin spoke with the City of Omro Mayor regarding a new connection for this parcel and was thanked for the communication and did not receive any resistance.
- Staff recently learned that the homeowner on Conrad Street about 100-150 feet away from a District watermain, who had previously inquired about municipal water due to concerns with water quantity from his private well, was able to install a new well pump and no longer needed municipal water. He does not currently drink the water, as they use bottled water, but stated that upon testing his well water it meets current drinking water standards.

c) Status of 2017 projects.

- Kevin presented a picture of the District's Water Utility Operator painting a fire hydrant and explained the process of sand blasting, priming, and finishing the hydrant with red paint.
- Kevin also presented a picture of the Young Road Lift Station and explained where the new permanent generator will be installed. The lift station was built 3.5 feet above the road elevation due to the flood plain. He explained the District will adjust the slope of the site when installing a driveway to make it more accessible and added he is working with the property owner to secure a new written easement, who verbally expressed a willingness to grant it.
- Staff will post a public notice prior to flushing the fire hydrants and exercising the water valves throughout the municipal water system during the week of November 13.
- The District plans to have some manholes repaired on Waldwic Lane before the end of the year.
- The Commission discussed in general the potential of the Water Utility becoming a wholesale water provider. In order to be considered, it would need to benefit all residents involved by reducing the cost per unit and allow for greater economy of scale to maximize the productivity of the existing infrastructure. The Commission instructed staff to continue analyzing the impact of how serving as a potential wholesale water provider could benefit the District's water customers.
- Kevin briefly discussed the requirement, impact, and importance of maintaining current employee training, such as competent person for excavation and trench safety and confined space certifications.

6) Old Business. None.

7) New Business.

a) Discuss and act on the purchase of two Generac generators for backup electric power at lift stations.

- Kevin stated the District received multiple quotes for indoor and outdoor generators and is only required to receive formal bids for items that exceed \$25,000.
- **Jim made a motion to authorize staff to order an enclosed outdoor generator for the Springbrook Road Lift Station for \$18,347 and to order an indoor generator for the Young Road Lift Station for \$16,207 upon receipt of a signed easement from the property owner as recommended by Kevin/second-Chad/carried unanimously.**
- Kevin added the generators will take 6-8 weeks to be delivered, depending on potential delays related to the hurricanes, and Generac will not ship them until the enclosure is completed and the District is ready to install them.

b) Discuss and act on reducing fluoride addition to the municipal drinking water system based on natural fluoride level test results.

- Kevin explained there are people on both sides of this very polarizing issue, with some wanting fluoride added to the water for cavity protection and others not wanting any fluoride added at all. Each national and state health agency has a different optimal fluoride level recommendation. The Department of Health and Human Services requires bottled water to contain a maximum fluoride level of 0.7 parts per million (ppm), and it's been determined that any level above that amount can cause fluorosis of the teeth. The Wisconsin Department of Natural Resources (DNR) currently recommends an optimal level range of 0.6-0.8 ppm, which was changed about four years ago when the optimum level used to be 1.1-1.4 ppm.
- Kevin spoke with some dental hygienists and reviewed various articles on this issue, concluding the maximum benefit is achieved at a fluoride level of 0.4 ppm, as far as the number of cavities produced, and no measureable benefit is received from a level higher than 0.4 to 0.6 ppm. The natural fluoride level of the District's raw water is between 0.46 to 0.68 ppm based on samples taken from each of the District's three wells that were analyzed by an independent lab. When the municipal water system was initially established, the fluoride level produced from Well #1 was 0.36 ppm and now is at 0.46 ppm. The DNR states that in order for a water utility to be naturally fluoridated, the fluoride level should be between 0.4-0.8 ppm, and the District is currently meeting that suggestion. The District's equipment is too large to add the small amount of fluoride needed to reach 0.7 ppm. Kevin recommended the District cease the addition of fluoride to the District's water supply as long as the level continues to be at or greater than 0.4 ppm, while continuing to test to monitor fluoride levels and will resume adding fluoride should the level fall below that range.

- **Jim made a motion to discontinue the addition of fluoride to the municipal drinking water based on the natural fluoride level meeting requirements, adding that he recommended the District maintain its current equipment and requested to have staff analyze fluoride sample results from the water and report the historical data a year from now/second-Peter/carried unanimously.** Jim also stated he would like the District to notify its residents that it has discontinued the addition of fluoride to the water due to natural fluoride levels in the raw water that meet minimum DNR requirements. Chad recommended having staff place this information on the District's website and include the date staff plans to initiate this change. Peter excused himself at 1:12 pm and the meeting continued with agenda item 3).
- c) Discuss and act on sewer user fee credit for the following parcels:
 - i) Vacant building at 2725 Omro Road, Parcel #002-0111. **Jim made a motion to proceed with the sewer user fee credit for this parcel/second-Chad/carried unanimously.**
 - ii) House removed and sewer temporarily capped prior to new home construction at 5450 East Reighmoor Road, Parcel #016-0882. **Jim made a motion to suspend the user fee for this property/second-Chad/carried unanimously.**
 - Mike mentioned the credit is 70% of the annual residential user fee, and Kevin added the remaining 30% covers fixed costs incurred regardless of whether wastewater from certain properties is transported for treatment.
- d) Discuss and act on proposed 2018 Annual Budget.
 - i) Approve proposed 2018 Annual Budget for publication. **Chad made a motion to approve the proposed 2018 Annual Budget for publication as discussed during the budget workshop/second-Jim/carried unanimously.**
 - ii) Schedule the public hearing for 2018 Annual Budget on November 9, 2017. **Jim made a motion to schedule the 2018 Annual Budget public hearing on November 9, 2017 at 12:00 p.m./second-Chad/carried unanimously.**
- e) Resolution #2017-10-1 to Set the 2017 Property Tax Levy at \$229,935. **Jim made a motion to approve Resolution #2017-10-1 to set the 2017 property tax levy at \$229,935 as presented/second-Chad/carried unanimously.**
- 8) **Chad made a motion to adjourn the regular monthly meeting at 1:50 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

Town of Algoma Sanitary District #1
November 9, 2017

Public Hearing for proposed 2018 Annual Budget.

- 1) Commission President Jim Savinski with Commissioner Peter Cernohous present opened the public hearing for the proposed 2018 Sanitary Sewer and Municipal Water Utility Annual Budget at 12:00 p.m. No public was in attendance.
- 2) **Jim made a motion to adjourn the 2018 Annual Budget Public Hearing at 12:01 p.m./second-Peter/carried unanimously.**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for November to order at 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 Chad Hayes was excused.
 - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
 - b) Approve the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on October 12 as amended prior to the meeting/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. **Peter made a motion to transfer \$100,000 of general sewer funds from Community First Credit Union to the Local Government Investment Pool to earn a higher interest rate as presented by Mike/second-Jim/carried unanimously.**
 - ii) Note any balance adjustments. Mike mentioned October balance adjustments completed the following:
 - Recorded water and sewer assessments for parcel #002-0135-02 and #002-0135-03 upon installation of the water and sewer laterals. The water assessments were \$12,937.50 per lot and the sewer assessments were \$2,525 per lot.
 - Removed a small late fee of \$1.18 that was incorrectly applied and re-categorized a fee resulting in no balance change.
 - The October balance adjustments report totaled \$30,923.82. **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 the following information regarding pending bills:
 - Petty Cash: request included the \$5 membership share requirement that was deposited at Fox Communities Credit Union, which was mentioned at the previous monthly meeting.
 - City of Oshkosh: payment of \$43,332.28 for the third quarter wastewater treatment invoice, bringing the total year-to-date expense to \$121,557.10. The Town of Algoma District flow of 173.5 million gallons is 4.7% of the City's total plant flow for a treatment cost of about \$0.70 per thousand gallons.
 - Freedom Excavating: payment of \$6,100 for installation of water and sewer laterals to two lots on Nelson Road that were assessed.
 - Great Lakes TV & Seal: payment of \$38,094.90 for manhole and lateral sealing throughout the sanitary sewer system.
 - Local Government Investment Pool: transfer of \$100,000 that was approved previously during the investment changes.
 - Jim asked what the business services bond from McClone covered, and Kevin answered small employee third party theft coverage up to \$25,000 of value.
 - **Jim 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. None. Jim stated everything is running along smoothly.
- 5) Director's Report.
 - Kevin stated his appreciation for all veterans as Veterans Day approached and explained the flag at the administrative building was at half-mast for the tragedy in Texas earlier that week and will be raised by the end of the day. District Operations staff will recognize Friday, November 10, for the Veteran's Day holiday, however the office would remain open.
 - The City of Oshkosh approved the sale of 35 acres to Oshkosh Corporation earlier that week which is currently pending the company's acceptance.
 - A co-op student started with the District the previous week and is doing well with the project he is involved in.
 - The District may create a new full time position being a fourth operator, which may start sometime next June.
 - a) Review of District statistics. No discussion was had on this agenda item.
 - b) Correspondence. No discussion was had on this agenda item.
 - c) Status of 2017 projects.
 - As mentioned previously, the water and sewer laterals at the west end of Nelson Road had been successfully installed.
 - The District's preliminary annual financial audit on-site fieldwork with Schenck is scheduled for December 4 and 5.
 - The District completed the annual exercising of watermain valves throughout the municipal water system that week.

- Next week the District will begin the annual flushing of the watermain through the fire hydrants. With the near-freezing conditions approaching, the Operators will make sure to not allow water on the roadways and will use salt if any roads or walking surfaces get wet.
 - The permanent generator installation project is well underway. The District received a copy of the official recording of the larger easement from the property owner on Young Road. Kevin presented a picture showing the area that will hold the generator had been raised three to four feet above the road surface, and staff has begun laying concrete for the floating slab. He explained the indoor generator will need to be connected to electric and gas. The District plans to build a structure over the Young Road generator that would include a three foot walking area on both sides for oil changes and other maintenance. The District is creating a driveway on the back of the site within the easement.
 - District staff is building a concrete pad for the outdoor generator to be installed by the lake at the Springbrook Road Lift Station next to the wet well. Kevin explained there is about an inch of black dirt on top of the solid gravel that goes all the way down to the sewermain. This area was well compacted years ago, and before the frames were laid staff used a compactor on the fresh gravel to prevent settling.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and Act on Resolution #2017-11-1 to approve the 2018 annual sanitary sewer user fee for Town of Algoma Sanitary District residents per equivalent unit.
 - i) Set the user fee for properties discharging to the Oshkosh Wastewater Treatment Facility at \$297.
 - ii) Set the user fee for properties discharging to the Omro Wastewater Treatment Facility at \$511.
 - **Jim made a motion to approve Resolution #2017-11-1 as presented/second-Peter/carried unanimously**
 - b) Discuss and Act on Resolution #2017-11-2 to increase the 2018 Contribution in Aid of Construction (CAC) by 3%. **Peter made a motion to approve Resolution #2017-11-2 to increase the 2018 Contribution in Aid of Construction by 3%/second-Jim/carried unanimously.**
 - c) Discuss and Approve the 2018 Annual Budget for the Water and Sanitary Sewer Utilities. Mike mentioned the proposed annual budget was published in the Oshkosh Northwestern on October 19. **Jim made a motion to approve the 2018 Annual Budget as submitted/second-Peter/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 12:15 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President

**Town of Algoma Sanitary District #1
December 14, 2017**

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 December to order at 4:00 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.
 - b) Approve the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on November 9 as submitted/second-Jim/carried unanimously.**
 - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the monthly sewer report included some assessment account transfers within the same bank to the general funds totaling \$26,711.59. **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. **Jim made a motion to transfer \$50,000 of general sewer funds from Community First Credit Union (CFCU) to the general sewer funds account at the Local Government Investment Pool to earn a higher interest rate as presented by Mike/second-Peter/carried unanimously.** Mike also mentioned he is working with CFCU on negotiating better interest rates while renewing the collateral agreement for 2018.
 - ii) Note any balance adjustments. Mike mentioned November balance adjustments removed a small late fee, transferred a payment to another account, wrote off one month of Public Fire Protection late fees for 41 customers, wrote off two tax roll late fee penalties, and wrote off an overpayment on a final water bill, for a total of -\$52.21. **Chad 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 following information regarding pending bills:
 - Fox Graphics: District logo clothing for \$1,618.
 - Edelstein Law: legal services through December 13, 2017 for \$1,940.
 - Ferguson Waterworks: total November and December invoices of \$2,307.56, some of which were partially included in the packet emailed to the Commission the previous week and the rest were on the pending bills sheet emailed the previous day.
 - Fabick Cat: frost hammer attachment for the skid steer for \$9,850.
 - McClone Insurance: the annual 2018 policy of \$31,230 less the credit for liability insurance of \$4,024 totaling \$27,206. Mike explained this policy includes the primary liability and auto insurance policies. The District also pays a Property Insurance policy for about \$6,500 with a September renewal term and an Equipment Insurance policy for about \$9,000-\$10,000 with a May renewal term. When Jim asked if the District could consolidate those timeframes, Mike answered the insurance agent stated it was impractical, explaining the only way to do that is to cancel and reissue them on the same term.
 - Wolter Power Systems: two permanent generators for \$34,552.47, to be installed at two lift stations in the Town of Omro. Kevin mentioned the generators are scheduled to be delivered on a flatbed trailer Thursday of the following week. Staff scheduled a crane to arrive at the same time to lift the generators from the flatbed and set them onto the concrete pads for the Springbrook Road Lift Station, and within the walls of the building at the Young Road Lift Station. The roof of the building is in administrative building garage and will be hauled to and set on the building to enclose the generator that same day.
 - When Chad asked what the invoice to Wally Schmid Excavating was for, Kevin answered to repair the two water service leaks found in the Barony Subdivision and another leak in the Town of Algoma that developed next to a water valve, and included the asphalt associated with the repairs.
 - Kevin followed up on a note he sent to the Commissioners previously that explained the District would need to hire an excavator to repair a half a gallon per minute leak staff found on a fire hydrant on Horseshoe Road and Witzel Avenue. He stated the Operators located the leak when they began replacing all the parts inside the hydrant and were able to repair the leak without excavating the area, which saved thousands of dollars.
 - **Chad made a motion to approve the December pending bills and the November previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
 - Chad thanked the Commissioners and staff for postponing the time of the meeting that day so he could attend.
 - Jim thanked Mike for putting forth the effort to transfer the District's investments to receive the highest return on investment as possible. Mike stated he noticed that even though sewer assessment payments received have decreased this year, the District will earn more in interest because of the higher rates.
- 5) Director's Report.
 - a) Review of District statistics. No discussion was had on this agenda item.
 - b) Correspondence. No discussion was had on this agenda item.
 - c) Status of 2017 projects.
 - Kevin presented a map of the Barony Subdivision area showing there are currently 79 lots that still have copper water services. About a dozen water services have been replaced so far, with the two most recent pipes that were removed and on display at

the meeting showing substantial deterioration. There are no leaks in the Town of Omro at this time. While some water services in the Barony were replaced previously, the rest appear to be in very good condition, including the copper water service at the vacant lot on Marquart Lane that required rock blasting last spring. Staff will continue to replace copper water services with plastic laterals as leaks are found, but it will only be a matter of time before the District ends up replacing all of the remaining copper services in the Barony within the next five to ten years. Kevin believes it may be the high nitrates found in the groundwater in this area that are reacting with the copper and causing the deterioration.

- Kevin mentioned the District has some funds budgeted for a new 61" zero-turn Scag lawn mower, receiving quotes for around \$12,000. This mower would be a little larger than the District's current model and would help reduce staff time required to mow grass. He intends to pick it up before the end of the year, so it will be available to use in spring.
 - Chad asked if the District mows the grass at Our Park and Kevin answered yes, stating staff uses the current 52" Skag lawn mower in addition to a smaller lawn mower for the ditches. He also mentioned it used to take over seven hours to mow the lawn at the administrative building before the District purchased its current Skag mower, after which it now takes less than three hours.

d) Upcoming 2018 projects.

6) Old Business.

a) Discuss and Act on the Renewal of the Wastewater Treatment Agreement with the City of Oshkosh.

- Kevin viewed online the discussion the City of Oshkosh had at their meeting the previous night. City Manager, Mark Rohloff, agreed that a 10 year extension to the existing contract for wastewater treatment services would be reasonable. However, the Council also wants to verify the City is compensated for its capital investment, which was already built into the contract that has been in place for 40 years. In speaking with the City's attorney, Ray was under the impression that, with all that has been going on with the City and Oshkosh Corporation, the Council has simply neglected to review the contract agreement proposal and would like a one year extension to do so.
- The Commissioners mentioned the City's Director of Public Works, James Rabe, is relatively new to the position and thought this could be one of the first major contract renewals he is handling. Ray mentioned in Mr. Rabe's memo to the City Council dated December 7 that the City would like consider all Sanitary District contracts collectively, where he writes, "Over the course of the next four to five years, all of the agreements that the City of Oshkosh has with the adjacent township sanitary districts will (be) expiring or seeking extensions. This provides an excellent time for us to revisit all of these agreements..."
- Kevin explained the existing contract provides the District an allocated capacity of 10.4% (2,080,000 gallons per day) of the Waste Water Treatment Plant (WWTP) design flow of 20 million gallons per day. When the District initially invested in the WWTP, it paid 10.4% of all construction expenses for the City's Clean Water Fund Loans. When the City performed a \$20 million plant upgrade in 1997, the District paid 10.4% of that 20 year loan, or over \$2 million, for that project. Since the beginning of the contract, the District has invested over \$3 million in capital cost for the WWTP. The District's current average daily wastewater flow for 2017 was 587,600 gallons per day which equates to 2.8% of its 10.4% allocated capacity. Based on the District's current flow of 587,600 gallons, if the District were to fully develop the remaining acreage of the protected area of the Town of Algoma, the District's wastewater flow should not exceed its allocated capacity of 2,080,000 (10.4%) gallons per day.
- The District also pays the City of Oshkosh a quarterly treatment cost for operation and maintenance based on its actual wastewater flow. For billing purposes, the District's flow cost for operations and maintenance is based on the 587,600 gallons per day, which is 4.6% of the total flow entering the WWTP. The District paid \$175,045.70 to the City of Oshkosh in 2017 for its 4.6% proportion of the total operation and maintenance cost of the WWTP to treat its wastewater.
- The Commission believes the City Council members are unaware of or do not fully understand that the District is contractually allocated 10.4% capacity of the WWTP. The one year extension will allow the District to explain that once the City makes time to meet and discuss the contract. Both entities understand that rates change with operating expenses. However, it is important for the District to know it has that 10.4% allocated capacity available to assure future subdivision planners and allow continued growth.
- Kevin explained the City can charge its customers for capital costs based on actual bond payments or depreciation, but not both. The other Sanitary Districts served by the City pay for capital costs based on their sewerage usage. If the City charged the District for capital costs based on depreciation, the District would pay about \$85,000 in 2018 on the City's \$1.7 million of depreciation budgeted for next year. However, if the City charged this way from the beginning, the District would not have had to pay the over \$3 million in previous loan payments for capital expenses.
- Chad asked how the City was handling their issues with phosphorus. Kevin stated that while he is unaware of any large capital projects planned, the City has \$400,000 of annual capital costs budgeted indefinitely for either a bond or some other type of treatment cost. If the City were to install some type of treatment at the WWTP and pay for it by issuing debt, the District's cost would increase by \$40,000 annually since the District pays 10.4% of construction costs. However, if the City included this cost as an operating expense and charged for it based on flow, the District would only pay about 5% of it.

- Ray stated that this contract extension does not modify the terms under which the two entities are operating, it would merely extend the end date of the contract, which was December 15, 2017, by one year. He stated the council is directing City officials and authorizing them to take the steps necessary to enter into a one year renewal. Although this could result in different terms, he thought the terms probably would not change.
- Ray also explained that as long as this contract exists, the District has the right to use *up to* 10.4% of the plant capacity. Kevin agreed, reading from the 1977 Agreement Between the City of Oshkosh and the Town of Algoma Sanitary District #1 beginning at line #10: “It is understood and agreed that the design capacity of Plant allocable to District’s use thereof is 2,080,000 gallons per day (g.p.d.) which is 10.4% of the total design capacity of Plant.” He further stated the District does not have the right to *exceed* 2.08 million g.p.d.
 - Kevin further explained that, according to the contract, when the District’s quarterly flow exceeded an average of 500,000 g.p.d., it began paying 5% of the demand WWTP expenses on its quarterly sewerage treatment invoice. If it reaches 1 million g.p.d., it would pay 7.5% percent, and if it reaches 1.5 million g.p.d., it would pay 10.4% for the demand cost.
- Peter suggested staff proceed with gathering information and continue to share it with the Commission. Kevin stated the City did not give the District a formal resolution or anything to act on at this time. Ray stated the District should acknowledge what the City decided and be prepared to meet with them when they are ready to review where each entity desires to be in this agreement. Chad added the relationship will continue under the terms of the existing contract.

7) New Business.

-None-

8) **Chad made a motion to adjourn the regular monthly meeting at 4:37 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

Michael Claffey, Accounting Manager

Approved:

James Savinski, President