

**Town of Algoma Sanitary District #1**  
**January 11, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes 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, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales. Commissioner Peter Cernohous 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 December 14 with the changes as sent out previously/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. Mike noted the CDs the District holds at Choice Bank and Fox Communities Credit Union will come due on February 16. Since the current 1-year CD interest rates of 0.7% and 1.1% respectively are less than the rate for the Wisconsin Local Government Investment Pool (LGIP), Mike would recommend transferring those account balances to the LGIP which is currently earning a rate of 1.21%, but no action can be taken until the next monthly meeting.
    - ii) Note any balance adjustments. Mike mentioned December balance adjustments posted the \$52.07 refund check for a duplicate water payment received the previous month and the other was the 2017 annual cost of money adjustments of \$129,285.09 added to the 374 deferred assessments, for total December balance adjustments of \$129,337.16. **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:
    - City of Omro: one payment for \$2,000 for 4 new connections at \$500 each, adjusted by \$500 from the original report. The other payment is the total for fourth quarter wastewater treatment charges of \$25,365.74, which includes \$16,945.30 in fixed charges for 410 users plus \$8,569.80 in flow charges for 4.140 million gallons (MG), with a proration credit of \$-149.36.
    - Associated Trust Company: interest payment of \$1,900 for one of the District's outstanding GO bonds.
    - Joe's Power Center: new SCAG lawn mower for \$12,169.
    - Fabick Cat: reissuing the voided check from the previous month for a frost hammer for the skid steer of \$9,850.
    - Mike stated there will be a \$170,000 principal payment wire for the 2016A GO Bonds due February 1 at Community First Credit Union, which should be ready for signatures that day. The DTCC will initiate an ACH payment for \$23,100 of interest for that bond on February 1.
    - Jim asked for information regarding the iPads that were purchased. Kevin answered the Operators can use Team Viewer to access the SCADA system remotely to view alarms, which saves response time and allows staff superior communication.
    - **Jim made a motion to approve the January pending bills and the December previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Jim stated Kevin's presentation to the Town of Omro Planning Commission regarding the potential of providing wholesale water service to the City of Omro the previous week went very well, it seemed well received, and he was glad Chad attended the meeting. Kevin agreed and added that a reporter for the Omro Herald was in attendance for the meeting; however, the paper released that day did not contain an article regarding the discussion had at that meeting. Jim stated he was surprised there was no mention of it and thought maybe the reporter planned to save it for later date. Chad echoed that it was a really good meeting and the presentation was well received by the Planning Commission, adding that Kevin provided a lot of beneficial information to the Committee. He also stated the Parks Committee was really appreciative of Our Park, created and maintained by the District, and they were surprised how quickly the District was able to put it together.
- 5) Director's Report.
  - a) Review of District statistics. No discussion was had on this agenda item.
  - b) Correspondence.
    - The meeting with the Town of Omro Planning Commission was discussed during the Commissioner Statements.
    - Staff also had a phone conference with City of Oshkosh staff members which will be discussed during Old Business.
  - c) Status of 2018 projects.
    - Staff has been testing the effects of water pressure in the Town of Omro should the District provide wholesale water to the City of Omro in the future, with the goal of having current residents not notice a decrease in their water pressure. Staff will continue to work through those details.
    - Staff sent a Developers Agreement to the owners of the Sandhill Farms Subdivision to add municipal water and sewer service to 18 additional lots, expecting to receive it back within the next month. Kevin anticipates letting bids and beginning the construction project late spring or early summer. The District will pay the project costs up front, however, the

Developers Agreement requires the owner to pay for all engineering and construction costs related to the project within 30 days of receipt of the invoice from the District.

- The Omro Rushford Fire Department used one of the District’s fire hydrants to battle a fire in the Town of Omro the previous day. Fire departments are free to use water for firefighting and training purposes as the District does not generate a bill for water consumption.
- The District installed two permanent generators at the Springbrook Road and Young Road lift stations last month. Staff hired a crane company to lift the generators off the semi-truck, place them onto the concrete pads, and also place the roof staff built onto the existing structure to fully enclose the generator at the Young Road Lift Station. It was a very efficient operation completed in an hour and a half, which included travel time between the two lift stations.

6) Old Business.

a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.

- Kevin provided the Commissioners a copy of the 2016 fourth quarter invoice for wastewater treatment from the City of Oshkosh. He explained the invoice is made up of two charges: the demand cost and the flow cost.
  - o **Demand Cost:** consists of 15% of the District’s total annual charge for operational and maintenance (O&M) costs of the wastewater treatment plant (WWTP) less depreciation. This charge is based on the District’s use of plant capacity and is calculated using the average quarterly flow per day, with the amount of flow resulting in the percentage of cost brackets included in the terms of the treatment contract and detailed as follows:

Average Quarterly Flow (in gallons)	% Paid of the Total O&M Costs of the WWTP
0-500,000	2.5%
500,000-1,000,000*	5%*
1,000,000-1,500,000	7.5%
1,500,000-2,040,000	10.4% (the District’s allocated capacity)

\* The District’s current average daily flow and corresponding rate charged.

- o **Flow Cost:** consists of the remaining 85% of the District’s total annual charge for O&M costs of the WWTP less depreciation and is based on the District’s actual flow compared to the total influent flow of the WWTP. During the fourth quarter of 2016, the District’s total annual flow was 4.52% of the total annual influent of the WWTP.
- o For 2016, the District paid 15% of the annual O&M costs of the WWTP for demand costs at a rate of 5% and 85% of the annual O&M costs at the WWTP for flow costs based on the District comprising 4.52% of the total flow entering the WWTP, resulting in a total annual cost of \$172,922. Kevin also noted the City of Oshkosh invoices the District for fourth quarter’s treatment costs in April or May of the following year after their annual audit is completed, which allows the City to use audited O&M costs for the year.
- o Jim asked why the City charges 15% for demand costs and 85% for flow costs, and Kevin answered it was decided in 1977 when the contract was signed. City officials probably figured 15% of O&M costs were fixed, or indirect, and the rest of the O&M costs were direct and based on the actual proportion of flow entering the plant.
- Kevin explained staff had a conference call with the Public Works Director, James Rabe, the Financial Utility Manager, Ken Gabrielson, and the Finance Manager, Trena Larson. Their main concern was how to handle funding for capital improvement costs. Kevin explained to them that over the years the District has always paid 10.4% of the City’s Clean Water Fund Loans. When the District initially entered the agreement with the City, it paid \$300,000 in capital investment. The City completed about \$20 million in WWTP projects in 1994, and the District paid 10.4% of that, which concluded in 2014. The District has paid over \$3 million total in capital investment of the WWTP for two million gallons per day of allocated capacity.
- The City mentioned they began taking draws on a loan from 2014 to 2017 for a total of \$5.6 million to complete various projects at their WWTP. Kevin presented a copy of the loan document to the Commission which shows the City is to make annual principal and interest payments of \$378,000 on \$5.1 million of remaining principal through 2034. With the City’s current staff turnover, they may not have realized they should bill the District for 10.4% of the loan payment. If the District is charged 10.4% of the cost, it would pay \$39,300 annually. The District has 3,100 equivalent sewer users in the Town of Algoma and the City of Oshkosh, equating to \$12.68 added to the annual sewer user fee. The 2018 sewer user fee decreased from \$309 to \$297 and would likely return to \$309 for 2019.
- Kevin also brought up his concern regarding \$400,000 the City has budgeted annually for phosphorus treatment under capital improvements. The City explained if they build a plant to treat phosphorus, the project would cost about \$100 million. However, they may be able to find other nonpoint source methods as alternatives to that.
- Kevin told the City the District desires to maintain its allocated capacity and to enter into a long-term contract. If the District is going to pay for these types of capital improvements, it does not make sense to have a contract that is shorter than the length of the bond it is paying on. The District would need an agreement that is going to justify spending that amount of money over the duration of the 20 year bond. No follow-up meeting was scheduled, as the District is waiting to receive something back from the City. Kevin thinks the City wants to review all of the contracts for the Districts that flow wastewater to the WWTP and treat all of them the same. However, the other Districts are

being charged depreciation rather than paying the upfront allocated capacity cost like the District. At some point, he may reach out to the other Districts as well to see how they are looking to have their contracts set up.

- No decision or suggestions were made by either party, City staff was simply researching the contract wording, how it is meant to work, and how to potentially set it up in the future. The District has always worked really well with the City and is confident they will work out the capital funding aspect.

7) New Business.

a) Discuss and Act on Resolution 2018-1-1 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 levy a Special Assessment upon Parcel #016-1110 in the Town of Algoma Sanitary District No. 1 benefitted by the improvements.

- Kevin explained this resolution relates to a Town of Omro lot that sold recently and the new owner wants to build a house on it. Municipal water and sewer are available; however, when the former Omro Sanitary District's engineer drafted the estimated costs of the project, and watermains were installed down Harbor Village Drive, not every property was assessed. Therefore, upon consolidation, staff analyzed the properties with water available that did not have an assessment and internally assigned a "water cost" for those homeowners to pay the same exact amount as the properties that were assessed if or when they decide to connect to municipal water, which would match the total cost of the project. Since this property owner opted to pay the assessment on the tax roll at 6% interest, which is the same interest rate as the other properties that were assessed, the District must formally assess the property.
- The District received the signed Waiver of Special Assessment Notices and Hearings as well as the participation form stating the owner's intent to pay the assessment on the tax roll over 20 years, which the property owner received along with a 20-year payment schedule listing the assessment principal of \$10,235. The resolution, in Exhibit A, includes the parcel number of the property that is being assessed. The owner previously paid a water supply charge of \$3,962.96 for the water tower and well facilities upon water permit application. Strand's original engineering report that is on file contains all of the maps, estimates, and assessments used for the project. This is how the District is covering the outstanding bond amounts that were not assessed.
- Ray asked how the bonds went through without assessing all of the benefitted properties, and Kevin stated he is unaware why the former District did that, adding the bonds are also backed by the taxing authority of the District and water rates. He also estimated there are about 50-100 Town of Omro properties with municipal water available that were not previously assessed. Jim asked whether the dollar amount of the assessment needed to be included in the text of resolution, and Kevin stated it does not need to be included in this resolution.

i) Acknowledge Receipt of the Waiver of Special Assessment Notices and Public Hearings in Accordance with Wisconsin Statute 66.0703(7)(b).

- Kevin stated, Mike displayed, and the Commissioners acknowledged the District received the signed Waiver of Special Assessment Notices and Hearings from the property owner. **Chad made a motion to approve Resolution 2018-1-1 to approve a final resolution declaring the Sanitary District's intent to levy a Special Assessment upon Parcel #016-1110, also known as 4372 Harbor Village, as presented, adding the amount of the assessment was \$10,235/second-Jim/carried unanimously.**

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

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**February 8, 2018**

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.
  - b) Approve the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on January 11 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes.
      - Mike stated the certificate of deposit (CD) the District holds at Choice Bank is due for renewal on February 16. Their current interest rates are 0.7% for a 12 month CD and 0.3% for a money market account. Community First Credit Union (CFCU) offers 0.5% on their money market accounts and the Local Government Investment Pool currently offers 1.35% interest. Mike recommended transferring the funds to CFCU until after making several large bond payments over the next few months. **Chad made a motion to close the CD at Choice Bank and deposit the \$251,062.09 estimated balance in the sewer general funds account at CFCU as suggested by Mike/second-Peter/carried unanimously.**
      - Mike stated the CD at Fox Communities Credit Union (FCCU) is also due for renewal on February 16. Their current rates are 1.1% for a CD and 0.55% for a money market account. He also recommended transferring the balance of \$251,781.93 to CFCU, proposing to transfer the funds to a money market account at FCCU temporarily after the CD comes due. He explained two Commissioners will need to go to the FCCU branch after February 16 to sign a document to close the money market account and move the funds to CFCU. He will send an email reminder once the paperwork is ready for signers. **Peter made a motion to close the CD at FCCU on Feb 16 and deposit the \$251,781.93 estimated balance into a money market account temporarily until the District is able to close that account and transfer the funds to CFCU as suggested by Mike/second-Chad/carried unanimously.**
      - Mike mentioned the District is waiting for a collateral letter of credit from CFCU, which is due February 13. Jim asked if it will provide coverage for the additional funds the Commission just motioned to transfer to CFCU, and Mike explained it covers up to \$3.15 million including FDIC insurance and the state deposit guarantee fund. The District's total balance at CFCU as of January 31, 2018 is about \$4 million, however, there is about \$300,000 to be approved for bond payments and bills for February and approximately \$900,000 in bond payments due by May 1. Kevin mentioned the Commission could transfer funds to the LGIP temporarily and return them after the bond payments are made by May 1. The Commission decided to move funds now to where they would be insured. **Chad amended the previous motions, making the motion to transfer the CDs at Choice Bank and FCCU to money market accounts at their respective banks until after May 1/second-Jim/carried unanimously. Chad made a motion to transfer \$550,000 from Community First CU to the LGIP/second-Jim/carried unanimously.** Mike will edit the two documents for the Commission to sign reflecting these changes and destroyed the old documents based on the amended motion.
    - ii) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - **Water Utility:** transfer \$7,450.19 from the Sewer Utility to allow the Sewer Utility to fully own the playground equipment the District installed at Our Park, which was previously paid 50/50 by both entities.
    - **Bond Trust Services:** A bond payment of \$232,478.13 that is due on March 1.
    - The District will need to sign a \$100,000 wire in March for the bond principal payment that is due on April 1, with the ACH interest payment of \$35,048.75 being paid by the DTCC.
    - **Jim made a motion to approve the February pending bills and the January previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 5) Public Forum. No one was in attendance from the public.
- 6) Commissioner Statements.
  - Jim stated he met with a group of Cub Scouts as a government official and talked highly of the District's municipal water system. In doing his research for the meeting, he reviewed the District's new website and suggested a few items be added, including a map of the District's boundaries, or made more easily accessible. Kevin and Sara stated they would take care of his requests.
  - Chad mentioned some emails Kevin sent regarding the ground water issues on Harbor Village Drive. He stated it has been an issue for years and that it never flowed correctly since the subdivision was built. A majority of residents allow the cattails to grow in their drainage ditches which blocks the flow of ground water, especially in an area just north of his house.
    - o Kevin presented a picture of severe flooding of the road that Chad was referencing and stated the Town is responsible for stormwater. He explained the cattails are an indicator of high groundwater and Chad agreed stating there are springs under that whole area. Kevin explained as sump pumps continue to discharge into the ditch, the water freezes and the ditches fill until they cascade over the road. Chad asked where the ground is pitched to and if the water is to flow north towards the lake. Kevin said ultimately, it flows to the lake, however, the District does not handle stormwater. Chad said he explained that to everyone who

asked him about this and also assured them the condition is not due to a watermain break. Kevin agreed because the water level goes up and down, and if it were a watermain break, the condition would continue to get worse.

- Kevin said he spoke with the Town of Omro Chairman, Brian Noe, about the situation. He explained that, rather than discharging sump pumps into the ditch, he could show homeowners how to disconnect the underground drain tile and shift it to the back of their yards to flow back toward the drainage near the farm field, which may alleviate some of the groundwater issues temporarily since the ditches are not flowing water as they should be. He also said the culverts would continue to freeze. Chad stated the culverts usually stay pretty well open; however, the cattails prevent the water from flowing.
- Kevin stated when the road floods and turns to ice, it creates an unsafe condition. He thought Winnebago County attempted to remove some of the ice recently, and Chad clarified that they dug out some of the cattails. He was not sure if the property owner or the Town was responsible for maintaining ditches. Kevin was also not sure and added he did not know if the road had been dedicated to the Town since it initially was not a Town road.
- Kevin also mentioned the District performed a water pressure test in that area and noted sometimes the dial in the meter at the meter vault at the town line by Bellhaven Lane would stop spinning, meaning less than an eighth of a gallon of water is passing through the meter at that time. He also stated the District received about eight inches more rain annually than normal over the last five to six years, which causes the ground water level to rise.
- Jim stated these are Town-related issues that are not being taken care of and, in winter, they become hazardous. He believes residents should not be allowed to discharge their sump pumps straight into the ditches and there are certain areas that should not be allowed to build a house with a basement. Kevin added the District sees the same ground water issues in the Town of Algoma, even in areas where water utility infrastructure is not installed.

8) Director's Report.

- d) Review of District statistics. The District released one water permit for an existing house on Sheppard Drive that connected to municipal water the previous week.
- e) Correspondence.
  - Kevin presented a map of the Sandhill Farms Subdivision and explained which areas currently have sanitary sewer and municipal water available. He mentioned that Bob Albright, Jr, of ASA Development Corp., signed the Authorization to Design portion of the developer's agreement to install water and sewer services in the remaining areas of the development, stating that Jim will need to sign it as well. The District forwarded the quotes received from the engineers to design the project to the developers to inform them of the estimated costs of their project. The next portion of the developer's agreement would be the Authorization to Let Bids, and the remaining document is the Authorization to Proceed, which would be signed when the developer is ready to proceed with constructing the project. The District has used these developer's agreements that Ray previously drafted for many years and they work well. Kevin expects construction to begin in early spring.
    - Jim asked for clarification on which areas have existing utilities and/or roads. Kevin explained the former Omro Sanitary District installed about \$500,000 of sewer and water infrastructure that ASA Development Corp. paid for and is ready to be used. He also showed which roads exist and which still need to be constructed. He explained the existence of fire hydrants indicates the presence of the municipal water system, and the sewer system is currently operational with the existing lift station serving the Barony Subdivision. The District pressure tested this area after replacing several copper water services with plastic HDPE pipe the previous summer and will turn on the water once the roads are closer to being completed.
- f) Status of 2018 projects.
  - The backup generators at the Springbrook Road and Young Road Lift Stations were installed last week and are fully operational.
  - Staff will pick up a frost pick for the skid steer to be used for breaking through frost. Although the District has not experienced any watermain breaks, it is important to have the ability to break through frost to access the watermain if one were to occur. The Commission approved this purchase at a previous meeting.

9) Old Business.

- b) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.
  - Kevin stated the District did not receive correspondence from the City of Oshkosh this month. He plans to contact them within the next month and also proposes to speak with the other five sanitary districts that discharge to the Oshkosh Regional Wastewater Treatment Plant, who would likely be going through the same process so they can all work together.

10) New Business.

- a) Discuss and act on proposal to provide municipal drinking water to the City of Omro as a wholesale customer.
  - Kevin presented a PowerPoint slideshow for use at a potential future workshop with the City of Omro (City) discussing the details of how this project would impact the City, the District, and water utility users of both entities. In order to provide wholesale water to the City, the District would need to install about three miles of watermain from Harbor Village Drive down Springbrook Road to the City limits. The proposal includes new fire hydrants which would provide public fire protection in this area.
  - **Project Benefits:** Kevin highlighted benefits to the City and the District of providing wholesale water to the City of Omro:
    - Save City and District residents money.
    - Provide the City of Omro additional water quantity.
    - Utilize a greater proportion of the District's available water capacity.
    - Provide public fire protection from hydrants along the water main route.
  - **City Alternative Project Costs:** Kevin noted the City's Water Utility is similar in size to the District's Water Utility, as they both sell about 65 million gallons to their residents. The District received information from several sources on water utility project costs the City is proposing:

- 1) Construct New Well Facility #3: cost estimate of \$1.3 million, plus about \$400,000 in watermain necessary to connect the new well to the existing watermain.
  - 2) Construct Elevated Tower #2: cost estimate of \$1.9 million.
  - 3) Other Watermain Replacement Projects: cost estimate of \$2.1 million.
  - 4) Payment in Lieu of Taxes (PILOT): estimated additional annual cost of about \$62,000 paid to the City by the Water Utility.
- **Project Timeline - City Projects:** Kevin thought the City’s approximate schedule would be about 12-18 months for their projects. Their first step for the City would be to contact the PSC for a construction authorization for the well and tower construction, which they have not done yet, and they also would need to receive DNR approval at the same time. If the City experiences a catastrophic failure, such as a watermain break, and they do not have an adequate volume of water for their residents, or if they have to issue a “boil water” notice because of a water quality issue, the City could probably condense the project timeline down to six months. In this case, approvals are usually received faster and with less delay prior to beginning this lengthy process, which would allow the City to begin drilling and construction sooner.
  - **Project Timeline - District Project:** Kevin explained the timeline he would anticipate:
    - o First, staff would offer the wholesale rate to the City, then host several workshops in which they would either approve or decline the offer.
    - o If approved by both utilities, the two entities would have the PSC set exact water rates, which would then be presented to the District Commission and to the City Council.
    - o Ray suggested that, at that time, the two entities should enter into an agreement, much like a developer’s agreement, since the City is the primary beneficiary of this project. Kevin agreed and stated that, since the District is considering a 20 year bond to pay for the watermain extension, the terms of the agreement would likely also be 20 years.
    - o Then, the District would sign the design agreement with the engineers for a cost of up to roughly \$75,000 to design the project, receive the permits, and bid the project. Prior to the awarding the contract, staff would verify all agreements are solidified in writing, including the 20 year term and the bids are at or below estimates.
    - o Kevin anticipates construction would begin in the spring of 2019. This project would require a contractor install about 15,000 feet of watermain, and construction crews can usually install about 400 feet of pipe per day. It would only take approximately 40 business days to install, or about two months of field work, which would allow the District to turn on the water valve to the City by the fall of 2019 at the earliest.
  - **Project Financing Costs:** Ray asked what the City’s bond rating is compared to the District’s rating of AA- and Kevin answered he did not believe the City is rated. Ray added this may increase the City’s bonding costs and should be considered when determining how much their water utility projects would cost in the long run. Kevin agreed and added this is the first year their well facility was eligible for Safe Drinking Water funding, which has an interest rate of 3.2%. When Jim asked what other debts the City’s Water Utility has outstanding, Kevin answered he did not think the Water Utility has any outstanding loans.
  - Jim asked if the District received any contact from the City after the numerous articles regarding this potential project were included in the Omro Herald. Kevin answered the District did not receive any comments or feedback from City staff or Council members in response to the newspaper articles. Chad asked when Kevin intends to send the proposal to the City and Kevin answered as long as the Commission approves moving forward, he plans to send the proposal to the City within the next month.
  - **Jim made a motion to have staff continue the proposal for providing drinking water to the City of Omro and to make the appropriate contacts as needed/second-Chad/carried unanimously.**
- 9) **Jim made a motion to adjourn the regular monthly meeting at 1:25 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**March 8, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes 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. Ben Krumenauer, Administrator for the Town of Algoma, was also in attendance for the discussion on agenda item 6b). Commissioner Peter Cernohous 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 February 8 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
    - Mike noted the District received the February tax roll payments from the Town of Omro and the Town of Algoma. A majority of the tax roll funds levied have been received, with the small outstanding balance to be received in September.
    - i) Note any investment changes. None.
      - Mike mentioned the District received the collateral renewal agreement from Community First Credit Union (CFCU), which was increased to \$3.1 million and covers all District funds currently held there. He also noted the District completed the \$550,000 transfer last month to the Local Government Investment Pool, which is currently earning 1.4% interest.
    - ii) Note any balance adjustments.
      - Mike explained Zillges Pines Development recently split their five acre parcel on Leonard Point Road into three parcels. Staff transferred two deferred sewer assessments to their perspective individual parcels. One of the lots sold recently, and the seller paid the amount due plus the outstanding watermain cost of \$10,235 plus interest at closing.
      - The property owner of parcel #002-0160-02-01 on Leonard Point Road submitted an approved CSM the previous week that combined their three parcels into one. The Commission approved a resolution last year that allowed staff to write off the deferred partial water assessment upon receipt of the CSM due to the parcel no longer existing, which was \$6,383.15.
      - The final balance adjustment added a \$25 non-sufficient funds fee to a customer's water account for a bounced check.
      - **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:
    - Water Utility: transfer \$152,800 from the Sewer Utility for the 2018 rent of the administrative building and garage.
    - Schenck SC: interim bill of \$9,900 for the annual financial audit.
    - Witzke Electric: wiring the permanent generators at two lift stations and the related building for \$9,151.06.
    - Alliant Energy: total of \$620.23 split between the packet sent to the Commission the previous week and the final pending bills sheet sent the previous day.
    - Mike will notify the Commissioners when the \$100,000 principal bond wire is ready for two signatures at CFCU, which is due on April 1. He noted the ACH interest payment of \$35,048.75 will be paid by the DTCC on April 2.
    - Water Utility: borrow \$500,000 from the Sewer Utility to be discussed under agenda item 7b).
    - **Chad made a motion to approve the March pending bills and the February previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
    - Jim asked if District staff still uses pagers and Kevin explained each Operator has a cell phone in addition to the pager that is held by whomever is on-call. Although the technology is becoming obsolete, the pager number is on all of the District's water meters as the emergency contact. The pagers have to be replaced when the components wear out so staff currently has two additional pagers on hand. A secondary cell phone in place of the pager would require staff to insert a new phone number every week for the emergency dialer on the SCADA System and to change the answering machine message every week. Staff has found the pager to be the best method to switch the person serving as the on-call operator at this time.
- 3) Public Forum. Ben Krumenauer, Town of Algoma Administrator, spoke during agenda item 6b).
- 4) Commissioner Statements.
  - Chad stated he would be out of town the following week, however the April meeting date will be fine for him.
  - Jim showed Kevin and Mr. Krumenauer a recent picture of the deteriorating road condition on Oakwood Circle. He explained it is more of a Town issue, and Ben stated he would look into it.
- 5) Director's Report.
  - a) Review of District statistics. Kevin sent out the District's wastewater flow data to the Commission previously, which were well below the average annual flow targets for the year. He stated the flows are looking excellent for the beginning of the year, and staff will continue to monitor them as spring flooding and additional snow melt occurs.
  - b) Correspondence.
    - The District completed a report of its annual water flow data for the Great Lakes Basin Compact, in which each municipality is required to report how much water it uses from the Great Lakes Basin each year.
    - Kevin explained FoxConn, a company that is planning to locate within the same Great Lakes Basin, is proposing to use 7 million gallons per day (gpd) of water from the Racine Water Utility but will not return about 30% of it. This could be a substantial issue, much like when the City of Waukesha wanted to use water from the Great Lakes Basin but send it to the Mississippi River, rather than the Great Lakes Basin. The request was held up for over a decade and they received approval after they agreed to send the

treated wastewater back. Racine has sufficient capacity to supply FoxConn with 7 million gpd; however, the question is whether or not they would receive approval for not returning 30% of the water back into the Great Lakes Basin, which would be used in generating plastics.

- Kevin was contacted by the board members of the Wisconsin Rural Water Association regarding their open position for National Director. It is an unpaid, volunteer position that only requires a few hours per year and maybe one trip. Kevin would need approval from the Commission authorizing staff to take this position, and Jim stated he certainly is in favor of supporting that. Kevin expressed his appreciation and added he would submit the document for the Commissioners to sign and submit it to the WRWA so they know he is eligible. **Jim made a motion to authorize Kevin to apply for the National Director position for the Wisconsin Rural Water Association/second-Chad/carried unanimously.**
- Kevin stated he will be gone the last week in March and the first week in April, but he will return for the monthly meeting, and will confirm there is a quorum. Chad and Jim stated they both will be in attendance.

c) Status of 2018 projects.

#### 6) Old Business.

a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.

- Kevin stated he did not receive a response from the email he sent James Rabe, Director of Public Works, on February 27. When he receives additional communication, he will inform the Commission. Jim asked if Kevin had verification that Mr. Rabe was receiving his emails and Kevin stated he replied to the same email conversation that was used in January and added he can call or stop by to see him to discuss the status of the contract renewal.
- At the District's December meeting, Ray mentioned in Mr. Rabe's memo to the City Council dated December 7 that the City would like to 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 has the contact information for the other five sanitary districts that discharge to the Oshkosh Regional Wastewater Treatment Plant and plans to contact them in the near future so they can all work through the same process together. He noted, however, that the District is a larger customer and the only municipality that is charged for wastewater treatment based on allocated capacity of 10.4% of the plant rather than paying depreciation. Jim suggested Kevin notify Mr. Rabe that the District plans to contact the other Sanitary Districts, and Kevin agreed. No action was taken.

b) Discuss and act on the proposal to provide municipal drinking water to the City of Omro as a wholesale customer.

- Kevin emailed the District's proposal to the City Council members and City staff the previous Friday. Chad expressed his hope that the City would consider this proposal from a business perspective, understanding it can save money for both entities, and that their constituents need to be placed ahead of everything else. If the District can help another neighboring community, the Commission feels that is the appropriate thing to do. The Commission tasked Kevin with looking into the possibility of supplying wholesale water to the City, and he did. When they all agreed it would benefit both entities, staff put together the formal proposal and, with the Commission's support, sent it to the City. Chad stated the District is not out to make a profit as the District's primary purpose is provide a service. The District is simply trying to utilize its excess capacity to keep rates down for everyone by providing the necessary water to the City without increasing the cost to District residents, which is what government is supposed to do.
- Kevin also mentioned he left a voicemail for City Councilmember Kari Vonderloh-Havrilla, who is the liaison for Public Works and Utilities, to alert her to the proposal ahead of time. Chad suggested all correspondence from the District should be addressed to all of the City's elected officials and requested the Commission draft a document to send to the Mayor and the Council highlighting the savings of this proposal. He added the Council members rely on people to give them the proper information, and he wants to make sure the proper information is getting to them. He also added he has a vested interest in the City since his son goes to school there, and partnering together to save money and reduce rates is a good thing. Ray supported the plan to communicate through the elected officials.
- At the City's last Council meeting, they stated the District's proposal would be on the agenda to discuss at their March 20 meeting. Kevin planned to allow the City the opportunity to review the proposal and would wait to attend a scheduled workshop unless he received an invitation to attend the meeting to answer questions and Chad added he is willing to attend as well. Kevin also stated that District staff is willing to put in extensive time in pursuing this potential project because it would benefit the customers they work for. He added when a municipality is considering a \$3.9 million project, spending some additional money on engineering is a relatively small percentage of the overall project and worth the additional investment if it prevents proceeding with a poor decision. He explained the City is considering whether to drill another test well within the same aquifer, stating there is a 99% chance of receiving the same water quality. A new well in an alternate location is not going to serve their purpose. The water utility can remove the unwanted contaminants found in the water of the first test well.
- Kevin also explained there is security in having the two entities work together. Based on the District's water tower and well facilities, while also considering the City's two existing wells, the District's internal engineering calculations indicate the water system can handle adding another 800 new single family connections based on using 17,000 gallons of water per quarter per connection. Last year, the District added 40 new water connections and, at that growth rate, there would be sufficient capacity available to continue for another 20 years. The District also has a site designated for Well #4, as well as a quote for future wellhead protection and well site planning for that location which could allow roughly another 1,000 connections. This proposed connection to the City would not inhibit growth for the Town of Algoma, the Town of Omro, or the City of Omro, it is simply utilizing existing capacity.



- Kevin explained his next step is to wait for the City to determine if the proposal is beneficial. If a workshop is scheduled, he proposes to send the proposal to the Wisconsin Department of Natural Resources (DNR) and invite them to also attend the workshop to discuss the pros and cons. The PSC also looks very closely at stranded capacity to make sure all municipalities are using what they have available. They would strongly support a project like this that uses existing infrastructure to address deficiencies in other local water systems.
- Chad asked Mr. Krumenauer for the Town of Algoma's perspective on the District's proposal. Ben stated his primary concern is for Town of Algoma residents and having available capacity for the Town's potential growth. He stated if there is a cost savings for town residents, he sees the benefit of pursuing this potential project while verifying they do not lose water capacity or quality. He added the Town has more than 100 acres of developable land and there are multiple developers considering multiple business parcels. Kevin explained the District is currently only using 47% of its pumping capacity, which is based on current infrastructure and leaves ample capacity available for future growth. If an industry, commercial entity, or other high water user built within the District's water availability area, the District would charge the water supply cost that customer pays according to the demand of corresponding single family residential equivalent units to address their greater demand for water.
- Jim mentioned the potential for the District and the City to have a bi-lateral relationship, with the District being capable of helping by providing the City some of the District's excess water just as the City is capable of providing the District with wastewater treatment for its customers in the Town of Omro. Jim stated he would draft a letter briefly summarizing that inter-governmental relationship between the District and the City. It would be from government elected official to government elected official and explain the District has excess capacity, the City has a need for water, and the two entities can have an exchange of water just as there is an exchange of wastewater. He stated he would address it to the mayor and send it to the City Council and staff.

## 7) New Business.

- a) Discuss and act on the purchase of a 2018 skid steer, including the trade in of the existing 2007 skid steer.
  - Kevin explained the District received quotes for Caterpillar, Kubota, and Case skid steers for the additional cost of \$43,000-\$44,000 after the trade-in of the District's existing skid steer, which has a value of about \$17,000-\$18,000. Staff may also need to purchase a new double axle trailer for about \$6,000 to transport the skid steer. Kevin recommends having the Commission authorize staff to spend up to \$50,000 for the new skid steer and trailer. The District's current dump trailer has a weight limit of 10,000 pounds and is 78-81" wide, and the new skid steer weighs about 9,900 pounds and is about 81" wide. The District's trucks have the towing capacity to haul the trailer with the new skid steer, and staff will only purchase a new trailer if the new skid steer would not fit on the current trailer. Kevin estimates the tracks for the new skid steer would last 10-15 years, and regular maintenance costs are expected to be around the same amount as the current skid steer. Staff has also considered whether to purchase a used skid steer with 500-1,000 hours on it; however, there is a substantial government discount of about \$18,000 when buying a new machine. A skid steer usually requires track replacement every 1,000-1,500 hours, which costs close to \$1,000 and would last approximately 10 years based on the District's current usage. The District's current 2007 model skid steer was purchased in 2010 with about 650 hours and now has about 990 hours.
  - The District has many upcoming projects where the new skid steer would be useful. The current one has forks and other equipment to lift pumps at the lift stations, move watermain and hydrant parts, remove snow, mow lawns, remove brush, and dig postholes to replace damaged mail boxes. There are also several projects this summer involving driveway preparations, and it would be useful when constructing the two new generator buildings. The new skid steer would have tracks instead of wheels because wheels tend to get stuck more often since this area is pretty wet, and tires are often punctured when driving through the scrap yard by the water tower, which cost several hundred dollars each to replace.
  - Jim asked how much the District budgets each year for heavy machinery, and Kevin answered the Sewer Utility budgeted \$35,000 this year, with additional funds available from previous years, and the Water Utility also has funds available in its capital improvements budget. Staff will allocate this purchase based on the total miles of watermain and sewermain the District has throughout its system. This year's annual budget also included the purchase of a skid steer. Staff will verify the model purchased has the appropriate height available to lift equipment onto the mezzanine in the garage.
  - **Jim made a motion to authorize staff to purchase a 2018 skid steer, including the trade in of the existing 2007 skid steer, not to exceed \$50,000/second-Chad/carried unanimously.**
- b) Discuss and act on a 10-Year loan of \$500,000 to the Water Utility at an interest rate of 2.65%.
  - Kevin explained, based on a review by staff and the cash flow schedule analyzed at budget workshops, he recommends the Commission approve a \$500,000 loan from the Sewer Utility to the Water Utility at 2.65% based on the current interest rate for AA-rated 10 year bonds. Jim asked about the current \$1 million outstanding startup loan from the Sewer Utility to the Water Utility. Kevin explained since the Water Utility is a voluntary water system, watermain was installed past some properties that deferred payment on their water special assessment and chose not to connect. The threshold to extend a watermain through an area required at least a 70% participation rate from the impacted property owners, with the remaining 30% needing to be covered by other funds. The Water Utility anticipated the need to start borrowing funds about four years ago but has been able to delay additional loans until this year.
  - Operationally, the Water Utility is doing excellent, receiving an approximately 6% rate of return and generating an estimated \$429,000 of operating income before depreciation last year. However, this income and assessment receipts do not cover the annual bond payments, and there is a bond payment of approximately \$725,000 due on May 1. Sewer Utility customers would benefit from the 2.65% interest earned versus the 1.4% currently received from accounts at financial institutions. The Water Utility would initially only make annual interest payments over the ten year term of the loan.

- **Jim made a motion to authorize the 10 year loan of \$500,000 to the Water Utility at an interest rate of 2.65%/second-Chad/carried unanimously.**

c) Discuss and review the City of Oshkosh Comprehensive Future Land Use Plan map.

- Kevin explained the City of Oshkosh hosted a meeting that Mr. Krumenauer also attended regarding the protected area agreement between the Town of Algoma and the City of Oshkosh. The City does not review the portion of zoning that is within the protected area of the town; however, the City will review the extraterritorial zoning area in quarter-mile sections along 9<sup>th</sup> Avenue. The rest of the comprehensive plan and future plan use acreage is left to the discretion of the Town of Algoma. The City is allowed a three mile zoning radius from their City limits, which contains mostly low density residential housing. This may be reviewed again in ten years, however, the Sewer Service Area will renew prior to that. In order to change what the City approves, the City would be required to hold public hearings.
- Kevin could foresee water and sewer mains being installed from the administrative building west down Witzel Avenue, then continuing north down Sand Pit Road to the Barony County Estates, within the next 10-20 years. The Town of Omro currently has that acreage zoned as agricultural on their future land use map, and Kevin proposes to inform the Town of Omro they may want to change that on the City's map to avoid the expensive process of changing it in the future. However, it is completely up to Town of Omro, and if they do not want that area to develop, that is the Town's decision. The City typically works very well with the towns in matching these areas, and it is relatively easy to change as long as the Town tells the City before they approve it. Jim mentioned the Town of Omro tends to keep its land designated as rural and allow for larger lot sizes, with Chad clarifying the Town's policy is to allow maximum lot sizes of only 0.5 acre.
- Chad asked what development is planned for the west side of Oshkosh, including the area around Sand Pit Road. Kevin answered the Wisconsin Department of Transportation (DOT) has several proposals, and one idea showed Sand Pit Road as one of the junction points to the south. Another idea is to extend Leonard Point Road south from Highway 21, and a new roadway is proposed a quarter-mile west rather than lining up with Clairville Road.
- Chad agreed with Kevin's recommendation to contact Tom Tuschl, the Town of Omro Planning Commission Chairman, to let the Town know they may want to look at development in that area and the required zoning needed to do so. Chad also added as the Highway 21 project begins, it is going to drive more development, and it is important the District has the ability to take advantage of that. Kevin added since the District currently has utilities out as far west as the administrative building, a possible extension to the Barony Country Estates would make a beneficial loop for the Water Utility providing an additional watermain connection in the Town of Omro. With a future fourth well facility potentially on the District-owned parcel on Reighmoor Road, it is important to keep these plans on the District's radar.
- Chad asked if Kevin was aware of the status of the Highway 21 project. Kevin answered there seems to be a lack of local funding support and it depends on if all entities involved decide to complete it. The Clairville Road extension to Leonard Point Road could be a stand-alone project; however, he believes the entire project will all go at one time closer to 8-10 years from now. The DOT has officially mapped and secured the road right-of-way in this area, so they already own the extra width. The District has been receiving informational letters from the DOT for utility coordination projects that are proposed for 2024, meaning this project is not scheduled prior to 2024.
- Chad also asked if the new Oshkosh Corporation headquarters building is expected to bring any additional commercial development to the west side of the City off of Highway 41 and Highway 21 where the District provides sewer service. Kevin stated there are three proposed buildings on commercial land by Dicks Sporting Goods just south of Panera Bread that have begun, which would pretty much complete development in that area. The former Mueller car dealership could also be redeveloped, which has substantial acreage and the potential for something of higher value.
- Kevin concluded he would make Mr. Tuschl aware of the District's thoughts on that agriculturally zoned area since it would be easier to make these changes now instead of going through comprehensive plan amendments later.

8) **Chad made a motion to adjourn the regular monthly meeting at 1:15 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

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

Approved:

\_\_\_\_\_  
James Savinski, President

**Town of Algoma Sanitary District #1**  
**April 12, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Chad Hayes 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. Ben Krumenauer, Administrator for the Town of Algoma, was also in attendance. Commissioner Peter Cernohous arrived during the investment changes discussion for agenda item 2ci).
  - 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 March 8 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Chad made a motion to approve the cash receipts for sanitary and water as submitted/second-Peter/carried unanimously.**
    - i) Note any investment changes. Mike proposed two investment changes:
      - Close the money market account at Fox Communities Credit Union and transfer the \$251,950.78 balance to the Wisconsin Local Government Investment Pool (LGIP) earning 1.55% interest.
      - Transfer the \$251,142.57 balance of the money market account at Choice Bank to a 14 month CD earning 2.0% interest. Kevin stated this transaction would comply with the District's investment policy requirement for CD terms not to exceed 18 months.
      - **Jim made a motion to approve both investment changes as presented/second-Chad/motion carried 2-0 with Peter abstaining since he arrived during the discussion.**
    - ii) Note any balance adjustments.
      - Mike explained March balance adjustments posted a \$206.98 refund check for a duplicate annual sewer user fee payment received and the other wrote off a \$0.01 late fee on a customer's water account for a total of \$206.97.
      - **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:
    - City of Omro: 1<sup>st</sup> Quarter 2018 invoice for sewage treatment of \$26,338.39. Mike noted the invoice included fixed and variable charges and reflects a cost of \$5.81 per 1,000 gallons, adding the District paid an average of \$5.51 per 1,000 gallons for 2017.
    - Wisconsin Environment Improvement Fund: SDWL payment of \$724,683.72 due May 1.
    - McClone Insurance: E&O Insurance Renewal of \$9,658.00 for May 2018-2019, the same amount as last year.
    - Wisconsin LGIP: Transfer funds by check from Fox Communities Credit Union to the LGIP for \$252,000, rounded for interest.
    - Verizon Wireless: Jim asked why the \$689.09 phone bill was higher than usual this month, and Kevin stated it was due to replacing a cell phone and expects it to return to normal next month.
    - **Chad made a motion to approve the April pending bills and the March previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
- 3) Public Forum.
- 4) Commissioner Statements.
  - Peter thanked the Commission and staff for the continued communication while he was away and Kevin thanked him for staying in touch electronically.
  - Jim thanked Ben for immediately completing the road repair he mentioned at the previous meeting.
- 5) Director's Report.
  - a) Review of District statistics.
    - Staff released three water and sewer permits for new houses the previous month.
    - The District's sewer flows to the City of Oshkosh and the City of Omro are on target and doing excellent, staying below the annual goal for each.
  - b) Correspondence.
    - Staff had an excellent teleconference with staff from the Wisconsin Department of Natural Resources (DNR) in Madison the previous day, which Kevin discussed in further detail during agenda item 6a).
    - The owner of a property on Scarlet Oak Trail contacted the District recently regarding high arsenic in their private well and is considering alternatives to get safe drinking water to the home. As a tenant-occupied property there are specific rules he has to follow. The District provided the homeowner with a quote of \$15,000 to get municipal drinking water to his property.
      - Since there is significant rock underground in this area, staff came up with a creative opportunity to install water service to this property. They met with a boring company to determine if the water lateral could be installed in the same trench that was blasted for the sewer lateral to the property. The homeowner also met with this contractor to discuss how to get the water lateral to his house. The District is currently awaiting the homeowner's response. If he decides to continue with the project, the District will assess the property and extend a water lateral to the property line. The arsenic level is over 200 parts per billion (ppb), and the safe contact level is 100 ppb while the safe drinking water level is 10 ppb.
      - Ray asked if there were other homeowners in this area that were interested in receiving municipal water. Kevin asked the homeowner to contact the 11 other property owners in this area because the District would rather serve all of them. He received an adamant no from the seven he contacted, one of which recently re-drilled a well. Therefore, there was no reason

for the District to continue surveying the other homeowners. Although this project would only serve one home, there would be additional work required to serve the rest of the street because the property frontages are longer than the typical 100 feet. When these homeowners were surveyed in the past, they were told it would cost more to get municipal water service to their homes in the future because of the large property frontages and the immense amount of rock near the surface.

- The homeowner also received estimates of \$14,000-\$18,000 to drill a new well, which still required water treatment in the house, and there were many other variables to consider, such as well depth. The District's price is competitive with the homeowner's other options, and staff would rather serve the property municipal water than have the owner drill a new well.
  - Jim asked if there were water and sewer separation requirements the District would have to follow if serving this property through the existing sewer trench. Kevin stated since this would be a water service rather than a watermain, it would fall under different requirements and could be in the same trench as the sewer lateral and it would still remain above the elevation of the sewer. He added the water service is pressurized, so there is no possibility for contamination from the sewer lateral to the water service.
  - Kevin also added the District is responsible for a resident's water to their tap, and that is why staff verifies all water service laterals are installed at least six feet deep to prevent freezing.
- There is another property on Westbreeze Drive with an arsenic level of 27 ppb that sold recently. The property has an in-house treatment system installed for one tap so the homeowner has safe drinking water. However, she has since paid the water special assessment and is in the process of planning to connect to municipal water, which is another example of the arsenic levels in this area.
  - The District also received a request for sanitary sewer and water service from an owner of a 40 acre parcel on Leonard Point Road. The District has a watermain installed past this property, and a sanitary sewermain is located about 145 feet away from the property corner. The homeowner wants to build a pole shed with sewer and water service for a single bathroom. Kevin presented the Sewer Service Area map from East Central Wisconsin Regional Planning Commission showing this parcel is currently not included in the District's Sewer Service Area. However, East Central would rather allow the District to serve this parcel than permit the homeowner to install a private onsite wastewater treatment system. Kevin received an email confirmation from East Central, however, he is still waiting for a more formal confirmation that states the parcel can be added to the District's Sewer Service Area. The homeowner will also have to petition the Town of Omro to add the parcel to the Sanitary District. Once both requirements are completed, the District can serve this parcel municipal sanitary sewer and drinking water. The owner is currently not proposing to complete a CSM to split the parcel and intends to keep the entire 40 acre parcel zoned as agricultural since he does not propose to develop it within the next five years. If East Central allows the District to add all 40 acres to the Sewer Service Area, staff will continue that process.
- c) Status of 2018 projects.
- Hydrant Painting: Kevin presented a map that showed the area staff plans to sandblast and paint fire hydrants, which includes from the town line to Leonard Point Road. This project is weather dependent, as staff needs a couple days of dry weather and low humidity levels, and late summer or early fall usually provide the best opportunities for this project.
  - Sanitary Sewer Jetting: Each section of the District's sewermain is jetted on a 5-year cycle, with staff focusing on a different section of the District each year.
  - Town of Algoma Road Maintenance: Kevin presented a map of the streets the Town is planning to repave this year, which include Leonard Point Road, Greenbriar Trail, Scarlet Oak Trail, Welsh Haven Drive, Valley Road, and some others by the Oak Crest subdivision. District staff will spot-check its existing sewer manholes, fire hydrants, and water service valves to verify no repairs are necessary prior to construction beginning. Town Administrator, Ben Krumenauer, explained to the Commission the Town plans to chip seal the roads, including some patch work and edging, with the exception of Creek Side Drive, which will be repaved entirely. He stated all roads will return to the same elevation. He added Town staff verified every manhole appeared to be in good condition, and the Town plans to patch around a few of them.
    - Jim asked if the Town planned to widen Leonard Point Road in the future. Ben answered the Town intends to complete repairs on Omro Road first, stating Leonard Point Road is a much larger, more expensive project. When the time comes, the Town would level the road, chip seal it, widen the right-of-way, and brush cut around all the fire hydrants. Jim also asked what the Town's plans were for North Oakwood Road and Ben explained they are the same as Leonard Point Road. The Town spent \$200,000 removing poison ivy, invasive species, and dead trees, and opening the road right-of-way.
- 6) Old Business.
- a) Discuss and act on the proposal to provide municipal drinking water to the City of Omro as a wholesale customer.
- Kevin explained the City of Omro held a meeting on March 20 that included a six minute discussion on the District's proposal, which the Commissioners watched later in the meeting. Chad stated he would like to go on record to say it was the most disappointing thing he has seen. He does not believe the Council even properly reviewed the proposal and stated the Council is not even considering other options. Jim and Peter both agreed, and Peter added the City stated it already invested \$80,000 in pursuing their own well. Chad said the City would spend three or four times that if they continue to pursue drilling their own well.
  - Chad also said he found it very interesting that the City accepted the resignation from the Director of Public Works, Mark Van Pelt, during that meeting. Kevin added whoever is hired may change some of the City's viewpoints. Jim added he did not receive any response to the email he sent to every City council member as discussed at the previous monthly meeting.
  - Kevin explained District staff had an excellent teleconference the previous day with Cathy Wunderlich, Section Chief for the DNR's Public Water Engineering Section for Drinking Water and Groundwater. Their staff is really looking forward to

this project and even looked into grant opportunities. Unfortunately, she found the District's median income is too high to obtain principal forgiveness. However, for a wholesale water project, the City of Omro would be eligible to receive a principal forgiveness grant if the City took ownership of the meter vault and part of the watermain after the meter vault, which could further reduce the District's cost of this project. She also mentioned the PSC is the entity that would review the City's cost effective alternatives. Kevin added Ms. Wunderlich knows the area well as she was the engineer for the former Town of Omro Sanitary District. She reviewed the PSC files and did not find a construction authorization submittal from the City of Omro, which concerned her.

- Kevin stated in addition to the City of Omro's regular council meeting on March 20, they also held a workshop on April 3 with a 50 minute presentation from their engineer. At the workshop, the City's engineer increased the opinion of probable cost of the well facility from \$1.3 million to \$2 million because the original estimate did not include any treatment cost to remove iron, manganese, or radium. Chad stated any well the City drills would produce water that would require additional treatment. Kevin agreed and added the water the City obtained from its test well is the quality he would expect, which generally matches the District's raw water quality since both entities are drilling down to the same aquifer. The City's engineer recommended the City drill another test well in an attempt to find water without iron, manganese or radium. Kevin finds the advice concerning since the water would be from the same zone of influence and within the same cone of depression. The City is considering two additional well sites, and the DNR would have to approve them prior to the City pursuing them.
- Kevin played the video of the City's March 20 meeting where the City discussed the District's proposal. At this meeting, the City formally declined the District's offer to hold a joint workshop, citing the unknown quality of the District's water and mixing of the two municipality's water together, differing pressures of each water system, and annexation as their main concerns. Kevin and Ray both noted there was no formal engineering report or engineer onsite to advise the Council whether or not to consider the District's proposal, and Kevin added the engineer did not mention or discuss the District's proposal during the April workshop either. Kevin also stated the City did not discuss the cost effectiveness of the proposal nor the potential impact on water rates for either project. He added it is unfortunate the public has not been made aware of this beneficial opportunity since the proposal has not been published in the Omro Herald.
- Chad stated residents do not attend City meetings and they likely would not until their rates are increased, and by then it would be too late. He also mentioned that, if the City continues with its project, their water rates would be so high that no one would want to build there. He stated the District was simply asking the City for a workshop to discuss how each entity could help the other, and the City decided they did not even want to consider it. He added the Commission is not pursuing this wholesale water proposal for the Sanitary District's benefit because the Water Utility is fine with or without the City accepting it; however, this project would help everyone involved.
- Chad believes the City's biggest concern is their border around the City, reiterating the Council did not discuss how much money the proposal could save their residents. Kevin added if the City was proactive and embraced the future Highway 21 bypass, the District could install water utility infrastructure where the frontage road is proposed. Then, once construction begins in 10-15 years, the City would be ready to flourish in that entire area. He said he gave the City options for connecting with their other subdivisions to accommodate this future frontage road. There are many positive aspects and opportunities to embrace what happens in the future; however the City declined a workshop.
- Kevin noted hearing the City Administrator state her biggest concern is that if the City allows water from another source to be installed so close to the City limits without some kind of boundary agreement, there is absolutely no reason anybody would annex into the City. Kevin stated that this viewpoint is concerning, rather than focusing on the many positive attributes the City has to offer to bring in additional growth.
- Kevin added the local DNR representative, Chris Linskens, was also very excited to learn about this potential project to serve the City of Omro wholesale water and contacted the District to discuss potentially addressing the municipal water needs of the Village of Winneconne, which has very similar issues in providing water service to its residents. If the District installs a watermain to the City of Omro, it would be a few miles closer to the Village of Winneconne, allowing the ability to create a more regional water utility and keep costs down for every utility involved.
- Kevin formally thanked District staff for putting together an excellent win-win proposal. The steps involved were outside of staff's normal scope of duties, and he also put heavy workloads and tight timelines on them and they were able to complete the proposal efficiently. Jim added he appreciates the way the District responds to the City and encourages staff and the Commissioners to continue to maintain the same level of professionalism. He added we need to realize the District can only do so much and have done what we can up to this point, and now we just have to step back and wait to see what happens.

7) New Business.

a) None.

8) **Chad made a motion to adjourn the regular monthly meeting at 12:58 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

\_\_\_\_\_  
James Savinski, President

**Town of Algoma Sanitary District #1**  
**May 10, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
  - 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for May to order at 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. Also in attendance were representatives for the District's auditor, Bryan Grunewald and David Minch of Schenck SC, for discussion on agenda item 7a) as well as Town of Algoma Administrator, Ben Krumenauer, and Town of Algoma Chairman, Joel Rasmussen.
    - 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 April 12 as submitted/second-Chad/carried unanimously.**
    - c) Approve cash receipts and investments for sanitary and water.
      - Jim noted several Public Fire Protection (PFP) Fees were received this month. Mike explained the office bills Town of Omro water customers their PFP fee on their quarterly water bills, and when staff interfaces the receipts into the accounting software, they are listed on the receipts report. Kevin added they are listed on multiple days depending on when staff receives the payments. Town of Omro residents that are not connected to municipal water receive a separate annual bill in June because the District charges all Sanitary District customers, including vacant lots, not merely water customers.
        - Jim asked if collection of the PFP allows the fire department to use water at no charge and Kevin said yes, stating the fire department even recently used one of the District's hydrants to extinguish a fire on Rivermoor Road.
        - Mike mentioned the Local Government Investment Pool released their April interest rate of 1.73% the previous day.
      - **Jim made a motion to approve the cash receipts for sanitary and water as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes. None.
      - Mike noted all investment changes approved at the April meeting are complete.
      - The next investment change will be related to a CD that comes due on July 28 and will be discussed at the July meeting.
    - ii) Note any balance adjustments.
      - Mike explained April balance adjustments recorded a \$10,235 watermain cost for parcel #016-0330-03-03, owned by Zillges Pines Development, which sold recently and was paid at closing. This is the second lot that has sold, leaving one remaining.
      - **Peter 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:
    - City of Oshkosh: sewage treatment invoice for fourth quarter of 2017 for \$68,052.19. The total cost for sewage treatment to the City of Oshkosh was \$189,609.29 for 2017, which amounts to \$0.88 per thousand gallons.
    - Sewer Utility: annual loan interest payment of \$38,000 for 2018 by the Water Utility.
    - OMNNI Associates: partial engineering bill for the Sandhill Farms sanitary sewer and municipal water project of \$5,250.
    - **Peter made a motion to approve the May pending bills and the April previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
- 3) Public Forum.
  - Ben stated he appreciated having Kevin attend the workshop held by the Town of Algoma for a new subdivision and answer the sewer and water-related questions. He also mentioned the District would be involved in a small water service extension for Jones Park, stating he would keep the District informed as that project progresses. Kevin added he would address the water service for Jones Park under the Correspondence portion of his Director's Report. The Commission decided to continue the meeting with agenda item 7a).
- 4) Commissioner Statements.
  - Chad stated he would not be present on June 14, the scheduled date of the June meeting, but could be available via Skype if necessary.
  - Peter stated he appreciates the updates received throughout the month as projects progress.
  - Jim acknowledged a thankful response from a resident on Danbe Road who recently had a water leak occur at the valve by the water meter in their basement. The Operator on-call arrived within minutes of receiving notification to turn off the water at the curb stop. District staff takes pride in trying to respond within 20 minutes, and Jim stated it is nice to receive recognition of that customer service.
  - Jim asked if staff received any additional correspondence from the resident on Scarlet Oak Trail that requested a water connection, and Kevin answered that no further correspondence had been received from that property owner.
- 5) Director's Report.
  - a) Review of District statistics.
    - The District released 10 water permits and 7 sewer permits so far this year as the building season is getting underway. Staff set an annual goal to release 30 water permits and 20 sewer permits, which is expected to be met this year.
    - The District received six inches of rain so far in May, which drastically impacts sewer flows. Illegally discharging sump pumps, as well as cracked sewer laterals under basements, can cause flows to increase by allowing rainfall to enter the sewer system.
    - The average daily flow for April in the Town of Algoma was 648,000 gallons and, while this amount is above staff's monthly goal, the annual averages are still below the goals to both wastewater treatment facilities.
  - b) Correspondence.

- Kevin received a call from Ayres Associates requesting a water service at Jones Park in the Town of Algoma. He asked the caller where the Town would like the water valve on the property and informed him that the District would need water calcs for the future use of the water service to determine what size pipe needs to be installed. He learned the intended use is for a drinking fountain that would not have a sewer connection; this would also include a hose fixture to water the landscaping planned for the park. Ben stated the future intent for the water service is for a bathroom facility as sewer becomes available. He added the current usage would be for a drinking fountain and limited landscaping, and the Town would lock the hose fixture so residents would not have access to it. Kevin stated the Town would be responsible to prevent freezing and damage to the water fixtures, and should have a maintenance plan.
  - o Kevin explained the current cost to connect a single family residential unit to an available water valve is around \$11,500, and when the Water Utility extends a watermain down a street, it can usually charge homeowners on both sides of the road that receive the benefit of a municipal water valve. He is proposing to bring a water service at a diagonal across the street and to the park. In the future, he is looking to have the developer pay for the watermain past the substantial frontage of the park.
  - o Kevin stated District staff is capable of renting an excavator and using District equipment and inventory to tap the watermain and install a water service across the street to the property line for an estimated cost of \$1,000-\$1,500. He asked the Commission to consider waiving the \$11,500 cost for municipal water since it is for the public benefit. Ray stated, while he did not disagree, and stated the Commission has the authority to waive the cost if it chooses, the park was part of what was required in order to have that area developed and approved according to the public space rule, making it a cost of doing business. He believed the developer should have to pay that cost, and Chad agreed, stating when a new subdivision is developed in the Town of Omro, a certain amount of park land must be dedicated. He stated if the park was part of the developer's responsibility, he believes the developer should pay for the water service. Kevin added if the cost is waived, it would be one less house the District is able to connect in the future and collect the cost of supplying water, which is for the well houses and the elevated tower. Jim provided his support for waiving the cost due to it being for the public good, adding if the park was not required as part of the development, the developer would pay impact fees in lieu of providing additional park space.
- Kevin presented a map of the area to be developed around Jones Park off Leonard Point Road, which was presented at the Town of Algoma Planning Commission meeting the previous night. The developers are Randy Schmiedel of Excel Properties and Eric Hoffman of Walnut Heights, LLC. They are currently proposing 40 lots for single family housing, 18 lots for two-unit duplexes, and a section of smaller lots for smaller, individual, cluster houses that would be treated like condos, where the yards and snow-shoveling would be taken care of. He added some of these type of houses can be seen in the Edgewood Village Subdivision in the City of Oshkosh by Zillges Materials, stating they look very nice and are well maintained, which is positive. The developer proposes to use the remaining five acre parcel for two 40-unit apartment buildings.
  - o Residents at the meeting were concerned about having apartments included in the development and asked whether there is a need for them in the Town. It certainly will be a hot button issue as more people find out about what the developers are proposing. The developers stated they have an almost identical property in the City of Oshkosh on the Fox River.
  - o As far as municipal water and sewer are concerned, the District has the necessary infrastructure already installed adjacent to the property and is able to serve any type of structure that is approved after completing the public hearings with the public, town, and developer for that site. Kevin informed the developers that they would be required to loop the two existing watermains together. He also showed the preferred discharge manhole locations so the wastewater would not have to be pumped twice, adding there is sufficient depth to allow the wastewater to flow to the Leonard Point Lane Lift Station, over to Lake Breeze Road, and on to the Shorehaven Lane Lift Station. He also stated the wet well is appropriately sized to handle the wastewater generated from this project, including the peak flows in the morning, although staff may have to increase the pump size. At 1.7-2.2 homes per acre, Kevin estimates this development would increase wastewater flows by 22,000-28,000 gallons per day (gpd), depending on how many homes per acre are built. He believes the layout will change and be revised throughout the approval process.
    - Kevin mentioned in order to serve this development municipal water, the watermain would need to be extended from Lake Breeze Road, which would require digging through private property on the District's easement, and any property the District disturbs would need to be reseeded. If any roadways are destroyed, the developers would have to repave the damaged area.
  - o The quarry across the street poses the issue of whether rock will be a hindrance to this project. Staff did not have rock where the watermain would be tapped; however, there could be some deeper underground. The developer is going to do some exploratory excavation to see if there is rock in that farm field and, if found, could change the entire concept or even the purchase of the land. The Water Utility requires at least six feet of depth for a watermain. If there is rock, it may create some challenges to provide adequate sewer depth, which may require the contractor to do additional cuts and fills to verify there is sufficient coverage to provide basement service.
  - o Kevin noted the proposed layout includes a pond, which has not been engineered or a drainage study completed. He is also aware of the current drainage to the lake through a couple of culverts along Leonard Point Lane. There was a lot of conversation regarding drainage at the Town meeting, and current residents are aware of the drainage issue in this area and are very concerned about what impact this development would have on drainage and whether the culverts are undersized.
    - Ben added the State of Wisconsin requires that water does not cross from this development into theirs. He stated the developer seems to be a team player, but there are a lot of storm water questions that will need to be addressed.

- Jim stated if he recalls correctly, when Ron Jones was looking to develop this area 15-20 years ago, the primary drainage lines were found to cross on private property and there is no easement to reroute those pipes. Kevin clarified the District has some water and sewer easements there, but he is unsure of the storm sewer easements and their sizes.
  - Jim asked what current building structures would remain, and Kevin answered Jay Jones' house would remain, but the barn and the sheds would be removed.
- c) Status of 2018 projects.
- Staff is in the process of writing articles for the annual Consumer Confidence Report (CCR) which will be sent to all District residents in late June. Staff is contemplating whether to include a small article regarding the proposal the District sent to the City of Omro to provide them wholesale drinking water. While the City is still planning to drill a new well, staff is proposing to discuss this win/win opportunity in the CCR should the City decide to accept it. Kevin asked the Commissioners to notify him of any other articles they would like to write or have included in the report.
  - Staff is also working on the Compliance Maintenance Annual Report (CMAR) which will be on the agenda at the June meeting for the Commission to approve. Once approved, staff will submit the report to the DNR.
  - Kevin previously informed the Commissioners the District did not have to bypass any lift stations during the heavy rainstorm the previous week, stating this event did not cause a single sanitary sewer backup even though the town ditches were full and water was flowing over several roads.
    - The Operators performed numerous sump pump inspections recently, especially in the Sheldon Drive area where several sump pumps were found illegally discharging into the sewer system. Staff was able to locate which properties are in violation because the sewer camera can detect recurring inflow of water at certain timed intervals. Often, when the resident sees an Operator in the area, the discharge would stop momentarily and flow is suddenly pumped into the ditch at the same flow rate.
      - Kevin concluded if staff finds these same residents in violation of the District's sump pump ordinance in the future, a forfeiture will be levied. It is necessary to be more adamant with these residents because these sump pumps are discharging into the sewer system throughout the entire year, and when storms hit, they pump a much higher volume of water into the sewer system. Staff anticipates about 200-250 gallons of wastewater flow per day per house, and the sewer system is not designed to handle the 30 gallons per minute (gpm) from each sump pump connection.
    - Kevin showed a chart of flows from the Shorehaven Lift Station. He explained when the area experiences rainstorms, it takes longer to pump down the wet well. The Commissioners could see at 8:00 a.m. there were high inflows, measuring 11.5 feet in the wet well, with all three pumps running. Around 10:00 a.m., the flows came back down once the normal morning influx of flows diminished. The flows continued to decrease until they returned to normal that afternoon. If the wet well reaches 15.6 feet, the District risks a basement backing up. The third pump increases the pumping capacity of the lift station by about 100 gpm. Staff anticipated the possibility of a high wet well and had a bypass pump onsite as a backup, ready to pump through the forcemain or onto the ground if necessary. Staff was very proactive, coming in at 6:00 a.m. to put the pump on the truck and head to the lift station. In 2016, staff received a proposal to increase pumping capacity at the Shorehaven Lift Station by changing the motors from 25 HP to 35-40 HP and installing larger impellers for a cost of about \$86,000, which will be added to next year's budget.
    - Kevin stated that, according to the Wisconsin Department of Natural Resources, many other communities had major problems throughout that storm, and Kevin complimented District staff for their diligence in removing sump pumps, eliminating leaks in the sewer system, and upgrading the impellers at this and other lift stations over the last four years. This storm did not cause an issue because District staff is very proactive, and if the numerous illegal sump pumps had not been removed from the system previously, there likely could have been major problems.
    - Jim asked if the District has any manholes that go underwater, and Kevin answered even though Sheldon Drive had water going over the road, the top rim of all the manholes stayed about two inches above the water. The District also has flood-proof manholes that are bolted down, and the few manholes that are in the ditch line are generally raised above the level of the road. Staff surveyed this area previously and determined it would take a much larger storm for those manholes to go under water; however, they are still bolted down.
    - Jim asked if any of the District's manholes are leaking since there is an incredible amount of water entering the sewer system. Kevin answered staff inspects a vast majority of its manholes every year and are certain they are not leaking. He explained that flows can increase from 600 gpm to 1,800 gpm during these heavy rain events, with the water table in the Town of Algoma readily surfacing during these events. Staff recently found two houses with leaking sewer laterals that are cracked underneath their basement, which can allow an increase in flows of 30-40 gpm during a storm. It is an ongoing issue because leaks above the normal water table are harder to locate.
      - Kevin had staff research methods to measure the amount of flow in manholes. He plans to perform a study next year which would allow staff to insert a measuring device into a manhole, measure the flow after a storm, and move it around the sewer system to find where the greatest inflow is coming from and narrow down which private laterals are leaking.
      - Kevin also showed a graph of flows measured at the Washburn Flow Station showing the rainfall's impact, with the highest spike during and immediately following a rainstorm and how the flow decreases every day after that. When staff locates a leak in the public system, staff injects grout into it to stop the leak.
    - Jim stated staff has included articles regarding illegally discharging sump pumps in the CCR in the past, but he believes staff needs to be tougher with those in violation. Staff must impress on residents that the District has to pay to pump and treat this additional clear water, which is unnecessary, and this additional flow increases the risk of backing up sewage into basements.



- The District is designing a 180' sewermain extension to serve a 40 acre parcel on the south side of Leonard Point Road in the Town of Omro owned by Bobby Balda. Staff is awaiting a quote to extend a lateral across the road and would charge that cost to the property owner. The District previously received approval from the East Central Wisconsin Regional Planning Commission to add the entire 40 acre parcel to the District's Sewer Service Area since the zoning will not change, eliminating the need to install a Private Onsite Wastewater Treatment System (POWTS). Once the parcel is added to the Sanitary District, which is expected to be at the Town of Omro meeting on Monday, May 14, the District can serve drinking water and sanitary sewer to this property.
  - The District is also working to install a grinder pump using the existing grinder pump basin to serve a shed with a bathroom on the north side of Leonard Point Road, west of Sand Pit Road near the Samers Bay Boat Landing, for the current owner David Stubbs. It will drain to the grinder pump basin that was installed to serve the previous farm house. The District will cover the cost to install the pump, and the owner would need to install electric service to operate the pump as well as a four inch sewer lateral to the shed.
  - Kevin will attend the Town of Omro meeting on May 14 when the final items for the Sandhill Farms development are discussed.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and act on the 2017 financial audit completed and presented by Schenck SC. Bryan Grunewald introduced himself and David Minch and began a presentation of the Water and Sewer Utilities. He explained the audit includes an unmodified opinion, which states everything included in the District's audit report is complete, accurate, and up to professional standards.
- Water Utility:
    - o Operating Results: Operating revenues and expenses both increased slightly in 2017 over 2016, resulting in a Net Operating Loss of \$67,472. Non-operating items, which include interest income as well as interest and financing expenses, showed a net expense of \$200,409. Bryan explained this decreased in 2017 because 2016 included costs from a debt issuance. Capital Contributions increased to \$245,059, resulting in a decrease in the overall Net Position of \$22,822.
    - o Rate of Return (ROR): Bryan explained the Public Service Commission (PSC) previously authorized a 1.4% ROR for the Water Utility, and the actual ROR received was 4.4% in 2014 and has consistently been about 6% for the last three years.
      - Kevin explained in order to qualify for a Simplified Rate Case (SRC) and apply for a 3% increase in water rates with the PSC, the Water Utility's ROR would need to be less than 4.9%, and the Water Utility's 6% ROR this year shows it is doing exceptionally well operationally. However, Jim added the ROR calculation does not take into account the Water Utility's bond payments, with Kevin stating bond payments are considered a non-operational expense. Staff's goal is to increase rates by 3% annually to help offset bond payments, but the PSC excludes bond payments from its ROR analysis.
      - Bryan stated, from a cash flow and debt payment perspective, it is positive to see how much principal the Water Utility is able to pay off, however, it is a challenge to generate sufficient cash to fund those debt payments.
    - o Other Statistics: The volume of water sold increased from 55 million gallons (MG) in 2014 to 62 MG in 2017, and the percentage of water loss, which the PSC also benchmarks, was 5% in 2017. The Water Utility utilized the SRC and increased rates by 3% annually in 2014 and 2015, but has been unable to apply for a rate increase over the last two years.
      - Jim noted staff has been highly successful at locating leaks within the municipal water system and believes water loss percentages of 2%-6% are incredible. Kevin explained, after consolidation with the former Omro Sanitary District, staff discovered many leaks in the copper water services in the Sandhill Farms subdivision, reportedly due to the highly corrosive soils in the area. When staff replaced those water services with HDPE pipe, water loss dropped dramatically from 14% in 2014. Bryan agreed that 2% water loss is exceptional and 6% is also very strong. He noted the PSC requires a water utility to provide an additional explanation if it has a water loss of greater than 15%.
    - o Cash & Investments: Cash balances have decreased due to the amount of cash generated from operations and assessment receipts being less than the Water Utility's annual debt principal and interest payments.
    - o Net Position: There is an overall shift between Unrestricted Cash and Net Investment in Capital Assets, which tells the cost of capital assets, how they are being depreciated, and the amount of equity and outstanding debt. The Water Utility is paying off debt, increasing the Net Investment in Capital Assets. Overall, the Net Position is very consistent, totaling \$11.3 million in 2015 and \$11.1 million in 2017, which is a tribute to the Water Utility's efficient operations.
    - o Long Term Debt: The Water Utility's long term debt has decreased from \$13 million in 2014 to \$9.9 million in 2017, which is quite notable. The Water Utility is projected to pay \$1.1-\$1.3 million per year between 2018 and 2022, paying off about 60% of its remaining outstanding debt over the next five years. Operations only generate about \$430,000 in cash annually and total debt service payments are about \$1.4 million per year. Special assessment receipts for 2017 including interest were about \$625,000, leaving staff to determine out how to fund the difference.
      - Kevin explained over the next five to six years the Water Utility proposes to borrow \$500,000 annually and pay it back within 10-11 years. Bryan stated the formula the PSC uses to calculate the ROR is only based on utility-financed assets and does not consider contributed assets. The Water Utility only has \$5.9 million of utility-financed capital assets compared to \$18.7 million that are contributed, with its annual ROR calculated on only approximately 25% of its capital assets.
      - Kevin also explained how the Water Utility is able to install a watermain down a street with only 70% of the residents actively paying for it through their assessment, generating the remaining 30% from operating revenues. The Water Utility anticipated needing to borrow up to \$1 million per year about five or six years ago, and staff is very satisfied it was able to delay any additional borrowing until this year.

- Sewer Utility: David Minch presented the information on the Sewer Utility.
    - o Operating Results: Operating revenues and expenses were very consistent in 2017, with the Net Operating Loss decreasing slightly from the previous year. The tax levy increased by about \$9,000 and Capital Contributions increased by about \$50,000, bringing a positive change in net position of almost \$200,000, which is an increase of close to \$120,000.
    - o Cash & Investments: The Sewer Utility has a very strong cash balance, which increased by about \$500,000 each year over the past three years.
    - o Net Position: The Sewer Utility's total balances are very consistent. The Net Investment in Capital Assets has been decreasing slightly due to depreciation on those investments being greater than the debt being paid off. The Unrestricted Cash Balance continues to increase, which is very positive.
    - o Long Term Debt: The balance of long term debt is steadily decreasing. Last year, the Sewer Utility paid off its 2007 debt issuance, and its remaining debt will continue to decrease until it is fully paid off around 2023.
      - Jim added the Water Utility should also be debt free in about 15 years, and Kevin agreed, stating not including any other large projects that may be added to the cash flow schedule before that time.
  - Bryan thanked Mike for being prepared and helping the auditors throughout the audit process, which ran very smoothly.
  - Jim mentioned since the District has such few staff members, a deficiency regarding the separation of duties is frequently discussed at these audit presentations. Bryan explained that deficiency is disclosed in the communication letter, and he expects that to continue given the size of the District's staff. The auditors are always focused on segregation of duties, which is why having board oversight is important, but it is the only deficiency noted in the District's audit.
    - o No action was taken. The Commission resumed the meeting with agenda item 4).
  - b) Discuss and act on purchasing two 50 KW natural gas generators from Wolter Power Systems for emergency backup electrical power production at the Samers Bay and Sandhill Farms Lift Stations.
    - Kevin explained staff is proposing to install both generators this summer, with this purchase to be included in the current budget. He presented a picture of the small structure that houses the District's backup generator at the Young Road Lift Station, which has louvers for the air intake and exhaust. The quote received from Wolter Power Systems for two 50 KW, 208 volt, 3-phase generators, which will power the lift stations in the Town of Omro, is \$33,552. The previous building for the Young Road Lift Station cost about \$3,700 in materials plus about \$800 in concrete. Staff completed the work internally with normal staff time. Kevin recommends having the commission approve this purchase.
    - Jim asked if the cost of the generators included installation, and Kevin answered it includes delivery to the site, explaining staff rented a crane to be onsite when the District took shipment of the previous generators. The crane lifted the generators off the flatbed, placed them inside the building on the concrete pad, and placed the roof on top of the building to enclose the generator in one day, which would likely follow the same process. District staff will hook up the generators, Wolter will test them, and an electrician will do the final wiring onsite, with District staff doing the maintenance of them going forward.
    - **Chad made a motion to approve the purchase of two 50 KW natural gas generators from Wolter Power Systems for emergency backup electrical power production for Samers Bay and Sandhill Farms Lift Stations/second-Jim/carried unanimously.**
  - c) Discuss and act on awarding the bid for the Sandhill Farms water and sewer utility construction project to Robert J. Immel Excavating, Inc. for \$161,762.50.
    - Kevin stated the District received five sealed bids for this project, with Robert J Immel the lowest bidder at \$161,762.50. He recommended the Commission approve the bid with the following contingencies: the District will wait to award the contract until it receives the final part of the signed Developers Agreement, the Notice to Proceed, from RJ Albright. The developer is waiting for the Town of Omro to approve the final plat, which is expected to occur at the Town's meeting on May 14. The plat then goes to Winnebago County for final approval, with construction likely to begin in early to mid-June.
    - **Jim made a motion to award the bid for the Sandhill Farms water and sewer utility construction project to Robert J Immel Excavating, Inc. for \$161,762.50, contingent upon the District receiving the signed Notice to Proceed from the developer, RJ Albright/second-Peter/carried unanimously.**
  - d) Discuss and act on approving the task order with OMNNI Associates, Inc. for field-related services, including surveying, for Sandhill Farms for \$6,200.
    - Kevin explained this cost is passed through to the developer as is the construction cost approved under agenda item 7c). The District hires the engineering firm and then charges the cost back to the developer, RJ Albright, as part of their project. Kevin recommends the Commission approve the task order, but he will not sign it until the District receives the signed Notice to Proceed. The contractor will not begin work until the plat is approved.
    - **Peter made a motion to approve the task order with OMNNI Associates, Inc. for field-related services, including surveying, for Sandhill Farms for \$6,200/second-Chad/carried unanimously.**
- 9) **Jim made a motion to adjourn the regular monthly meeting at 1:14 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**June 7, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioner Peter Cernohous present called the regular monthly meeting for June to order at 3:30 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 May 10 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water as submitted/second-Peter/carried unanimously.**
    - iii) Note any investment changes. None.
    - iv) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - Fabick Cat: purchase of a new skid steer for \$65,800 less a \$17,000 trade in allowance, for a balance due of \$48,800.
    - City of Oshkosh: sewage treatment invoice for first quarter of 2018 for \$45,053.74. The District's flow was 5.44% of the total wastewater flow at the City's wastewater plant, bringing the treatment cost to \$1.14 per thousand gallons.
    - I-41 Trailers: purchase a new trailer to haul the skid steer for \$8,150.
    - Oshkosh Postmaster: postage for mailing the 2017 Consumer Confidence Report (CCR) for \$470.
    - Xylem: invoice for a 3-phase monitor at the Fenzl Flow Station for \$341.
    - **Peter made a motion to approve the June pending bills and the May previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Jim asked how the Town Planning meeting went that Kevin attended.
    - o Kevin stated there were two members from the East Central Wisconsin Regional Planning Commission, one engineer, and the Town of Algoma Chairman, Joel Rasmussen, at the meeting. He explained to the Town of Algoma (Town) that the District has adequate drinking water supply and wastewater treatment capacity available to serve the entire protected boundary area of the Town. The District has water and sanitary sewer mains located west of Honey Creek Road to serve the newly proposed "Clairville Road" extension located north of Witzel Avenue and south of Highway 21.
    - o Kevin recommended the Town consider expanding their plan to include two lanes in each direction for the proposed Clairville Road extension. He added Ben Krumenauer, the Town Administrator, currently only projects 1,300 to 3,300 vehicles per day on this new road by the year 2045. Kevin feels traffic counts would be much higher based on the existing businesses and homes south and east of the proposed road, and the low traffic estimates would not suit many commercial ventures. Peter added the Town should consider the expansion capabilities this area has to offer and build for greater potential. Kevin agreed, adding the Town estimates about 800 additional vehicles per day upon completion of the 40 acre development by Jones Park. Kevin also explained to the Town that these commercial areas near Highway 21 will have major traffic congestion issues for vehicles that are turning left if only one lane is installed according to the Town's proposal. The Town responded that the current proposal only includes 66' right-of-way (ROW) with a single lane in each direction, and the engineer stated he could look into expanding the ROW to an estimated 80' to allow double lanes.
    - o He additionally explained to the Town the future plans for commercial development for the land in this area. This type of commercial development, which already exists in the City of Oshkosh (City) south and east of the 20th Street and Clairville Road intersection, along with expected residential growth in the Town and City south of the proposed road, would generate a huge increase in traffic counts accessing Highway 21. There are many residents that work at other commercial businesses south of this road and live in this area that would use the new road as a corridor route instead of Oakwood Road or North Westhaven Drive.
    - o Kevin also recommended that the Town offset the proposed Clairville Road approximately 1/4 mile west of the existing Clairville Road from the Witzel Avenue intersection to prevent driveway access on this future busy road and avoid having the Town to acquire additional land from existing residents to allow for construction of the new road. He mentioned to the Town that the intersection of Highway 21 would need to be revised from the current plan and asked whether a raised intersection or a roundabout was proposed for the area. The Town stated they wanted a roundabout for aesthetics and to help slow down traffic on Highway 21.
    - o Jim asked if the proposed Clairville Road extension would be the financial responsibility of Winnebago County or the State of Wisconsin. Kevin answered the engineer presented it as being funded by either state and local funds or all local funds. If it is all local funds, the project would be cheaper, however, it would cost local residents more money, but it would also depend on whether the Town receives a grant for this project.
  - Jim asked if the Town is planning to just overlay Leonard Point Road like they did North Oakwood Road, and Peter said that is what it sounded like Ben explained when he attended one of the District's recent meetings.
  - Kevin also mentioned public access to Jones Park is currently through Leonard Point Road and suggested putting in a trail from the Olde Apple Acres Subdivision north to the south edge of the quarry and then cross to the park. He also mentioned, as alternatives,

building a cattle crossing such as a tunnel under Leonard Point Road, or a bridge over the road to allow pedestrians and bicyclists to cross safely.

- The Town is currently proposing trails on Leonard Point Road, but Kevin would prefer to see pedestrians use backroads rather than place them right next to the traffic of that busy and fast-paced road.
- Kevin also stated he has seen proposals that connect Twilight Court just west of the salvage yard to Highway 21, adding another access point near the town line, to ease some of the traffic since Sand Pit Road is being used more now also. Peter added there are a lot of houses recently built in that area that have to use Leonard Point Road to reach Highway 21. Jim added he would be surprised if the DOT allowed another access point on Highway 21.
- Kevin stated he spoke with the developers of the Jones Farm parcels north of Jones Park, Eric Hoffman and Randy Schmiedel, at a Westside Association meeting that morning. Kevin explained Eric and Randy have been holding individual meetings, including one with the residents on Leonard Point Lane, to address stormwater plans and to reassure them the new residents of this development would not drive on their street. There also was a group meeting with residents on Leonard Point Road to address some of their individual concerns about how this development would potentially affect them.
- Jim stated he received a phone call that morning from a resident on Timberline Drive who told Jim what a great job Kevin did handling a recent inquiry he had. He said that Kevin is valuable to this District, he went above and beyond what was expected, and the resident was surprised how much Kevin did that did not even involve the District, including providing helpful advice and maps.
  - Kevin thanked Jim for relaying the compliment and explained this resident stopped in the office because of a sulfur smell in his hot water. He explained to the resident how to turn up his hot water heater for a period of time and asked that he let the office know if he was still having issues.
  - While talking with Kevin, the resident also mentioned the stormwater pond in his subdivision on Leonard Point Road that was constantly full and was under the impression it was supposed to dry out. Kevin explained to the resident the District is not in charge of stormwater and suggested he contact the Town of Algoma for the drainage plan. The resident told Kevin he had been trying to obtain that information for over a year, as he discovered Winnebago County does not oversee that pond, and neither the Town nor the developer could locate the drainage plan. Kevin located the design plan for this area in the District's files which show the pond was designed with a safety shelf to hold about six feet of water, and he stopped by that day with another staff member to show him the plan. The resident was thankful for Kevin's help in clarifying his misunderstanding.

5) Director's Report.

a) Review of District statistics.

- The District released 7 sewer permits and 13 water permits so far this year. Kevin noted the District has made several more water connections recently because property sales drive residents to test their water, identifying elevated levels of arsenic. When one property owner on Scarlet Oak Trail with a water valve available decided to connect to municipal water recently, the excavator had to dig through some rock, insulate the water lateral, and fill it with dirt because it was only four feet deep in one area.

b) Correspondence.

- Kevin sent a letter to the Town of Algoma (Town) explaining the water connection costs for Jones Park, which include a water supply charge of \$4,059.65 due upon permit application and a watermain assessment due when it is installed along the property line in the future. Once watermain is extended from Addie Parkway past the park property, Kevin proposes to divide the cost between the Town and the developer to the east unless the Town has an agreement with the developer that addresses how this cost would be paid. The developers were informed previously that they would need to connect the existing watermains when developing those parcels. He is proposing to charge the Town the water supply charge, which helps cover the cost for the District's water treatment facilities and water tower, now that this connection has been installed. Kevin had numerous meetings with the Town in the past and has disclosed the cost to connect to water with their previous engineers and Town Administrators.
  - Kevin mentioned the District would no longer need to absorb the cost to install the water service to the property line of the park since staff learned the park's water service installation was included in the construction contract.
  - Peter asked where the watermain on Leonard Point Road is located, and Kevin stated it ends at Duchess Lane by the new storage sheds. Kevin also mentioned the owner of the storage sheds filled in the ditch at the front of the property, which must be considered the high area of the parcel, and stormwater drains toward the pond at the back of the property.
- Kevin presented a map and stated a parcel of land on Egg Harbor Lane by Skipper Buds has been officially donated to the District by the DOT. It is a rectangular parcel by Highway 41 that contains a gravel pad and has a green fence to the tree line with 90 feet of frontage on the lake. Kevin is open to ideas for naming this parcel of public land and provided suggestions following the example of Our Park. Kevin plans to meet with the Wisconsin Department of Natural Resources to find out what requirements exist for installing a wooden pier, but he does not want to install a flagpole that the Operators would have to raise and lower and verify has sufficient lighting. Other ideas include a bench, fountain, or a selfie station, allowing the public to take pictures by the lake. Ray added this access would be good for fishing in the springtime, kayak launching in the fall, and Jim added maybe access for snowmobiles in the winter. Peter suggested the District advertise the area in the future as a public release point for kayaks.
  - Kevin explained the primary reason he wanted the District to secure this shoreline parcel is to provide a viable alternative for a surface water intake and additional capacity if needed in the future. Some possible reasons for that include experiencing groundwater contamination or if the Great Lakes Basin begins to charge a certain price per gallon of water used from the basin. Surface water is still regulated and requires greater treatment and maintenance costs than groundwater. As another alternative, this parcel could also be a discharge point for treated wastewater effluent in the future.
- The water was turned on and the outside meters reinstalled at the Bellhaven Subdivision to water the grass in their medians the previous day, which they remove and turn off every fall and reinstall and turn on every spring to prevent freezing.

c) Status of 2018 projects.

- The contractor for the Sandhill Farms Subdivision expects to begin construction next month, which will make 50 new residential lots available in the Town of Omro. Kevin stated the District plans to begin installing municipal water and sewer services the following month, and houses could begin construction while this project is ongoing. Since a house takes about four or five months to build, the sewer and water would be installed well before that time, and staff may release permits prior to construction being completed so homeowners can obtain their building permits. He added most of the parcels already have water and sewer services installed, except for some on the cul-de-sacs. The lots in this subdivision will range in size from 21,000-35,000 square feet.
  - Two permanent generators that will be installed at two lift stations in the Town of Omro are ordered and will take six to nine weeks to be delivered.
  - Staff is obtaining a quote for three pressure transducers, which will be approved later this year prior to installation.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and act on Resolution 2018-6-1 to approve the submission of the 2017 Compliance Maintenance Annual Report for the Wastewater Utility to the Wisconsin Department of Natural Resources. Jim stated the CMAR looks excellent and the resolution was submitted previously. **Peter made a motion to approve Resolution 2018-6-1 to approve the submission of the 2017 Compliance Maintenance Annual Report for the Wastewater Utility to the Wisconsin Department of Natural Resources/second-Jim/carried unanimously.**
- b) Discuss and act on policy requiring developers of all new sewer and water extensions to install an eight foot radius asphalt crown around the manholes and valve boxes to protect utilities from damage.
- Kevin sent a draft version of the policy to the Commissioners previously. He explained when new subdivisions are developed, gravel is installed until the road is asphalted. Some of the District's manholes are in the middle of the road, and as gravel is washed away over time by snow plows and other traffic, manholes become visible and get hit by snow plows. In order to prevent damage to snow plows and manholes, the District proposes to require developers to install asphalt 8' around and slightly above the manholes so snowplows can glide over them. If manholes are less than 8' from the edge of the road, asphalt would only be required to the road edge. Once approved, this policy would take effect in both towns.
  - Peter asked who is responsible for damaged utilities now when snow plows hit them, and Kevin answered the District has billed the owner/developer in the past or required them to fix the damaged utilities until the municipality accepts ownership of the road. Kevin also sent this draft policy to Town of Omro Chairman, Brian Noe, to see if he had specific language to add for holding developers responsible for the utilities in the road until it is paved, and Kevin asked the Commission to provide leeway for the finalization of the policy.
  - Ray suggested the District add grading requirement language to the Developers Agreement since it is a signed contract which would state that the developer is responsible for repairing the District's infrastructure when damage occurs. Peter added it probably is difficult to collect for such a bill if something does get damaged because the developer often thinks their responsibility ends once the work is completed. Ray also suggested the District have both towns state they will not accept responsibility for the roads until everything is completed, including any outstanding bills to the town and/or the utilities, adding the developers are going to want the town to take over the responsibility for the road(s).
  - **Jim made a motion to adopt the policy as stated with revisions at the Director's discretion/second-Peter/carried unanimously.**
- c) Discuss and act on 2017 Consumer Confidence Report prior to publishing.
- Staff presented a final copy of the CCR from the publisher to the Commission at the meeting. Jim stated it was a great report, and Peter added it was well done, with a lot of information, and he liked the District statistics it included. **Jim made a motion to approve publishing of the 2017 Consumer Confidence Report as submitted/second-Peter/carried unanimously.**
  - Jim also asked if staff receives questions on the CCR after it is delivered. Sara answered the most common request received is to lower the water valve in their yard to grade, which the District offers to do at no charge. Kevin stated since the District receives about a dozen phone calls for that every year, staff keeps that article in the CCR. Peter added he believes the article requesting residents keep fire hydrants clear of snow and weeds is also important to keep in the CCR.
  - Peter verified this newsletter is only sent one time per year and mentioned using a system that emails everyone at once to notify residents of upcoming events, changes, and news, much like how schools notify all parents of everything, which is quite easy and efficient. The challenge with having a Facebook page for information like that is continuously maintaining it.
  - Jim mentioned he likes the District's new website, but he has a hard time finding things such as the previous year's CCR and the District's Meeting Minutes, and Sara stated she would make some changes to make navigation easier.
  - Kevin mentioned the CCR removed any mention of the pager number as staff plans for it to become obsolete within six months. Staff will send out new stickers with the quarterly water bills that contain the District's emergency contact information to replace the previous sticker on the water meters.
- 8) **Jim made a motion to adjourn the regular monthly meeting at 4:20 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**July 12, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
  - 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for July to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and 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. **Chad made a motion to approve the amended version of the minutes of the regular monthly meeting on June 7 as submitted/second-Peter/carried unanimously.**
    - c) Approve cash receipts and investments for sanitary and water. **Peter made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
      - i) Note any investment changes.
        - Mike explained the CD the District holds at Bank First National will come due on July 28. Their current interest rate for a CD is not competitive, however, they offered to transfer the funds to a money market (MM) account and match the rate of the Local Government Investment Pool (LGIP), which earned 1.88% the previous month. A representative from Bank First National also verified this account would be covered by FDIC Insurance.
        - Mike also explained he had some correspondence with Community First Credit Union (CFCU) in effort to increase the District's interest rates earned at its primary financial institution. They offered a 12 month CD at 1.9% interest or a 16 month CD at 2.15% interest, and offered to increase the District's money market accounts to 0.83%. Mike proposed the District transfer \$250,000 of sewer general funds from CFCU to the LGIP.
        - **Jim made a motion to transfer the funds at Bank First National from a CD to a Money Market account that will match the LGIP rate and transfer \$250,000 from CFCU to the LGIP/second-Chad/carried unanimously.**
      - ii) Note any balance adjustments.
        - Mike explained the single balance adjustment removed a late fee from May of \$5.20 from a previous tenant's water account that is now closed. **Peter made a motion to approve the balance adjustments report 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:
    - City of Omro: two new sewer connections for \$1,000 in the Town of Omro during the second quarter, along with the second quarter wastewater treatment invoice for 5.531 million gallons and 414 fixed charges plus a quarterly adjustment for a total treatment invoice of \$28,533.15.
    - Spok: actual amount due of \$46.70, with the pending bills sheet sent the previous day including an estimated bill.
    - LGIP: transfer of \$250,000 as approved earlier under investment changes.
    - Winnebago County: a revised check total of \$46, which includes an additional invoice of \$39 for the fee to record the Petition for Addition for 4903 Leonard Point Road.
    - Associated Bank: check for bond principal and interest payment of \$51,900 for the 2009 GO bonds due on August 1.
    - DTCC: interest payment of \$21,400 for GO Bond Series 2016A to be automatically withdrawn by ACH scheduled on August 1.
    - **Jim made a motion to approve the July pending bills and the June previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
  - 4) Commissioner Statements. None.
  - 5) Director's Report.
    - a) Review of District statistics.
      - The District released 11 sewer permits and 19 water permits during the first half of this year.
      - The Water Utility has been pumping record-setting volumes of water due to the dry weather so far in July. On July 8, the Water Utility pumped 570,000 gallons, and there have been several additional days in July that it pumped over 500,000 gallons. The Water Utility is capable of pumping two million gallons of water in one day, and even if the District were to supply 100,000 gallons per day to the City of Omro, there would still be more than an adequate supply of water available.
    - b) Correspondence.
    - c) Status of 2018 projects.
      - The contractor is scheduled to begin installing watermains and sewer mains for the Sandhill Farms Subdivision in the Town of Omro on July 16 and July 17. They began stripping the topsoil for the area roads that day.
      - There has been no update on the Jones Farm development.
      - Kevin plans to stop by the City of Oshkosh the following week to speak with their Public Works Director or their attorney regarding the wastewater treatment agreement since no correspondence has been received.
      - The Town of Omro is scheduled to act on a Petition for Addition for some properties on Springbrook Road owned by Penny Wilz, Sherry Houle, and Roxann Tritt to be added to the Sanitary District the following week. Kevin presented a

map and explained a Certified Survey Map (CSM) is going to create four lots that would split their farm parcels between family members.

- On July 25, the District will bore water and sewer laterals under the road to 4903 Leonard Point Road which is located near the town line to serve a parcel owned by Bobby Balda. He plans to build a shed and has informed the District he will apply for the permits the following week. Once he receives the building permit from Winnebago County, the District would complete the project.
- A new property owner on Highland Shore Lane, which is a private lane, recently requested municipal water service. Kevin presented a map and explained the District has an easement at the end of Carlton Road and quoted the resident a cost of \$12,500 to bore a 220 foot water lateral to serve that property. There is currently no watermain installed for about 817 feet on Highland Shore Lane between Crestwood Drive and Carlton Road. This property has a shared well with the neighbor that tested at 19 parts per billion (ppb) of arsenic, which exceeds the safe drinking water level of 10 ppb. No action will be taken until a formal request for water has been received and the necessary paperwork is signed by the property owner.
- Permanent generators for two Town of Omro lift stations have been ordered, shipped, and are ready to be delivered. District staff will pour the concrete pads to place the generators on and will prepare to install them within the next month and a half.
- The Operators plan to paint all of the fire hydrants in the area north of Highway 21, west of Leonard Point Road, and all the way to the Bellhaven Subdivision this summer and fall, along with touching up some others in the District that need it.
- The Wisconsin Department of Natural Resources (WDNR) recently implemented a priority ranking with principal forgiveness points for public water system partnerships, placing a higher emphasis on public water systems that work together. They are actively seeking projects similar to what the District proposed to the City of Omro for providing wholesale water service.
- The WDNR followed up with the District's engineer to offer to complete a wetlands determination study along the watermain route to the City of Omro. Kevin told the engineer the project is on hold and thanked the WDNR for this generous cost savings offer.
- The City of Omro council approved drilling test wells on up to two additional sites, one in the industrial park and one close to the high school.
- Kevin thanked the Commission for their support and announced he was awarded the National Director position with the Rural Water Association, with orientation starting on August 1. The Commissioners congratulated him, with Kevin stating it was a huge honor for him to be offered this position and accept it.
- The recent monthly bacteriological test results the District submitted were safe.

6) Old Business. None.

7) New Business.

- a) Discuss and act on the purchase and installation of three submersible level transducers for Springbrook, Sandhill Farms, and Brooks Lane Lift Stations.
  - Chad stated Kevin has explained this purchase in the past and that it was included in the District's annual budget. He added anything that can be monitored remotely saves the District time and money. Kevin agreed, stating this purchase would prevent having the Operators clean grease off the lift station floats. LW Allen does the District's telemetry work, and they would perform the installation of the transducers for this project. Once connected to the SCADA system, the Operators can monitor these transducers remotely from their phones.
  - **Chad made a motion to approve the purchase and installation of three submersible level transducers for the Springbrook, Sandhill Farms, and Brooks Lane Lift Stations as quoted/second-Peter/carried unanimously.**

8) **Chad made a motion to adjourn the regular monthly meeting at 12:26 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**August 9, 2018**

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. Town of Omro Chairman, Brian Noe, and Town of Algoma Administrator, Ben Krumenauer, were also in attendance.
  - 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 July 12 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. Jim mentioned he appreciates the work staff has done to maximize the District's interest earned and Mike added he has seen interest rates increase from 0.5% up to 2.5%, allowing the District to begin receiving some additional revenue on its fund balances. Mike projects the District will earn about \$110,000 this year in interest from the Sewer Utility's financial institutions, assessments, and loans. **Chad made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes.
      - Mike mentioned Community First Credit Union (CFCU) offered to lower the District's cost of collateral from 0.3% to 0.15% and started a new tier of accounts with a minimum balance of \$150,000, which would raise the District's rates to 1.19% after factoring in the cost of collateral. The current type of account the District holds has a \$75,000 minimum balance requirement and would earn 0.94%. Mike proposes to change the primary sewer account at CFCU to the \$150,000 minimum balance account to receive a higher interest rate, and the other accounts should increase to 0.94%, yielding an increase of either 0.24% or 0.49% on all District accounts at CFCU.
      - Mike also stated the District's CD at Verve, a Credit Union, will come due on September 7. The District's representative from Verve has offered a promotional 15 month CD at the interest rate of 2.52%. **Peter made a motion to transfer the CD the District currently holds at Verve, a Credit Union, to a 15 month CD earning 2.52% upon expiration of the current CD on September 7/second-Jim/carried unanimously.**
    - ii) Note any balance adjustments.
      - Mike explained one balance adjustment removed a \$0.01 interest overpayment for a deferred water assessment that was paid-in-full for parcel #002-3068 and the other two recorded a water cost of \$10,235 and a sewer cost of \$9,242 for parcel #016-0354. **Jim made a motion to approve the balance adjustments report 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:
    - City of Oshkosh: second quarter wastewater treatment invoice of \$43,317.67. The total amount paid for the first half of 2018 was \$88,371.41 to treat a total wastewater flow of 100.5 million gallons.
    - Bond Trust Services: interest payment of \$24,403.13 due September 1 for the 2015A GO Bond.
    - Precision Drilling: bore sewer and water laterals for parcel #016-0354, for a combined total of \$8,600.
    - Freedom Excavating: replace three water laterals on Pasture Lane for a total cost of \$5,025.67.
    - **Jim made a motion to approve the August pending bills and the July previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.** Kevin requested to move to agenda item 7a).
- 3) Public Forum.
  - In regard to the discussion had under agenda item 7a), Brian Noe, Town of Omro Chairman, stated he does not believe his board members would object to adding parcel #016-0233 to the Sanitary District since sanitary sewermain was previously installed past this property. They also would not want to have a private system built there.
  - Ben stated he would forward a map of the streets that are proposed to be paved next year, totaling about 9/10 of a mile, once the Town Board approves them at its next meeting the following Wednesday.
- 4) Commissioner Statements.
  - Jim asked how the search for an additional Water/Wastewater Operator was going and Kevin stated it is going well, adding he is actively seeking qualified applicants.
- 5) Director's Report.
  - a) Review of District statistics.
    - The District released 15 sewer permits and 24 water permits so far this year.
    - Average monthly sewer flows were 54,414 gallons per day (gpd) to the Omro Wastewater Treatment Plant (WWTP) and 530,000 gpd to the Oshkosh Regional WWTP, both of which are below the District's annual goals of 55,000 gpd and 600,000 gpd respectively. The District's 10.4% of allocated capacity at the Oshkosh Regional WWTP is limited to just over 2 million gpd based on a quarterly average and the highest daily flow so far this year was closer to 1 million gallons. The highest daily flow during the month of July was about 779,000 gpd, but the months of April through June usually generate the highest flows due to the spring thaws and heavy rainfall.



- The Water Utility pumped over 600,000 gallons in one day last month, which is the highest daily amount this year.
  - b) Correspondence. No discussion was had on this agenda item.
  - c) Status of 2018 projects. Construction of water and sewer infrastructure at the Sandhill Farms Subdivision is in progress.
- 6) Old Business. None.
- 7) New Business.
- a) Discuss and act on request for sanitary sewer service from the owners of parcel #016-0233 located in the Town of Omro.
- Kevin explained Eric Hoffmann of Walnut Heights contacted him regarding the house he is planning to build for the owner of this 36+ acre parcel. The owner is a current District resident that owns and lives at 1132 Willow Street, which is adjacent to this parcel and is connected to the District's sanitary sewer system. He recently accepted an offer to purchase his current house and wants to begin construction of a new house as soon as possible. He thought that since his current house is connected to the District's municipal sewer system, he would also be able to connect his new house on the adjacent parcel.
  - This parcel is not currently in the District but has road frontage by the District's forcemains on Young Road and on Willow Street. The District could easily allow the new house to pump into the existing forcemain a couple hundred feet away with the installation of a grinder pump. Kevin noted that when the former Omro Sanitary District was created around 1996, it received funding from the Wisconsin Department of Natural Resources Clean Water Fund in the amount of \$3,124,776 to address removing existing Private Onsite Wastewater Treatment Systems (POWTS) that served properties including Cleve Street, Vande Street, and Clark Street, and Highway 116 which are near this parcel and were notorious for failing thereby causing environmental pollution of untreated waste. The District currently has a lift station on Young Road and gravity sewer is installed under the river, down Springbrook Road to Ormand Beach Court, with additional lift stations along the way.
  - Kevin went on to explain that the City of Omro (City) has stated the District is not allowed to connect this property to its existing sanitary sewer system per their Ordinance, based on an email he received from City Administrator, Linda Kutchenriter, earlier this year. Kevin informed Eric it may take some time to receive approvals and a variance to serve this property. Eric spoke with Linda, who stated the City Council would not allow this property to be served by the District and the homeowners would be required to annex to the City or obtain a variance if they want municipal sewer service. The City stated that its Ordinance limits the service area of the District by identifying only the specific parcels it is allowed to serve, with the City Administrator interpreting that as meaning the District is *not allowed* to serve any properties that are *not* specifically listed.
  - Kevin stated, however, that Wisconsin State Code 66.0813 is worded slightly different, stating, in (3)(a): "...a city, village, or town may by ordinance fix the limits of utility service in unincorporated areas. The ordinance shall delineate the area within which service will be provided and the municipal utility has *no obligation* to serve beyond the delineated area. The delineated area may be enlarged by a subsequent ordinance. No ordinance under this paragraph is effective to limit any obligation to serve that existed at the time that the ordinance was adopted." Kevin continued by stating it was his opinion that the City cannot limit this area. Each municipality may state the area it is obligated to serve, however, they cannot limit the area outside of that that a municipality may *desire* to serve. Whereas, the City's Ordinance does the opposite and only identifies which properties the District is required to serve and enforces that the District cannot serve any additional properties outside of that.
  - Jim asked if the East Central Wisconsin Regional Planning Commission (East Central) has a role in disagreements between the two entities. Kevin stated yes and explained East Central has several different maps, one of which includes about half of this parcel in the 2030 Sewer Service Area allocations while the other half is not identified, probably due to being wetlands, but is included in the 2050 Sewer Service Planning Area. The purpose of East Central is to ensure properties within a sewer service area receive municipal sewer service rather than be allowed to install a POWTS.
  - In order for the District to serve this parcel, the homeowner would first need to petition the Town of Omro to be added to the Sanitary District. The City would have the opportunity to contest the District providing sewer service to this property at the public hearing. Then, the Town of Omro board would act on the petition and decide whether or not to add the parcel to the District. Unfortunately, the owner wants to get started on his new house and does not want to wait to obtain City approval to connect to the District's municipal sewer system.
  - Chad summarized the homeowner can either build a POWTS or annex to the City to receive municipal sewer service. Ray agreed, reiterating that Kevin stated the homeowner does not want to annex to the City. However, if he does, the long-term expense to the homeowner would be the increased property taxes, assuming the connection costs are about the same whether he receives municipal sewer service through the District or the City. Jim added he believed this appeared to be an expensive sewermain extension for the City to provide municipal sewer to this parcel.
  - Chad asked if the City's Ordinance addresses whether a homeowner is allowed to connect to a municipal sewer system that already exists rather than install a POWTS within such close proximity to the river. Kevin explained if the owner does not receive a sanitary sewer permit from the District, the owner would go to Winnebago County to request a POWTS permit in order to receive a building permit from the Town. Kevin called the County, who informed him

that, since this property is adjacent to the District and he assumed municipal sewer is available, the County would require a letter from the District waiving the requirement of the homeowner to connect to the District's sewer system.

- The District's Ordinance, which only impacts properties within the District, states that properties with municipal sewer service available must connect to it at the homeowner's expense within six months. However, the Ordinance does not apply to this property because it is currently not in the District, and if it is added, the District cannot provide the homeowner with a waiver.
- Jim thought the Commission should decide at that meeting whether it would sign a waiver for a POWTS, stating it was his opinion not to issue a waiver. He also believes staff should inform the homeowner of his options to annex to the City or petition to be added to District. He said the homeowner should connect to whichever municipality's sewer system works best for his property, adding the Commission simply does not want a private system installed.
- Ray added since the previous wastewater treatment contract between the District and the City expired, the two entities are governed by the last order from the Public Service Commission (PSC), and all the PSC did was set rates. The City's Ordinance was premised upon the language in the contract, which is now expired.
- Peter asked if the homeowner has made a formal request for municipal sewer service for this property and Kevin stated not yet. Jim concluded, in the meantime, to have Kevin discuss this further with East Central. If the homeowner requests a waiver from the District, the Commissioners are willing to hold a special meeting to discuss this with the homeowner in attendance.
- Ray offered to contact the City's attorney regarding this which would bring it to the Council's attention, but he believed it would be premature for the Commission to say it would not provide a waiver to this homeowner. Peter added the District would need to advertise the petition for addition to give public a chance to have input one way or the other. Ray said staff could inform the homeowner that, upon the discussion had at the District's meeting, it does not look likely that the homeowner would receive a waiver from the Commission.
- No action was taken. The meeting continued with agenda item 3).

8) **Jim made a motion to adjourn the regular monthly meeting at 1:05 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**September 13, 2018**

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.
  - 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 August 9 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the following information regarding cash receipts:
    - The District renewed its 15 month CD with Verve, a Credit Union, on September 7 earning 2.52%, as approved at the previous monthly meeting.
    - The Town of Algoma sent the District the August Settlement for the 2017 Tax Roll the previous month. The Town also paid its bill for the 2018 Public Fire Protection Fee the previous week, which will be on next month's cash receipts report. Once the District receives the final payment from the Town of Omro, the tax roll from last year will be paid-in-full.
    - **Peter made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. **Peter made a motion to transfer \$500,000 of Sewer Utility money market funds at Community First Credit Union into a 1 year CD earning 2.72% interest, as recommended by Mike/second-Jim/carried unanimously.**
    - ii) Note any balance adjustments. Mike explained one balance adjustment recorded a \$13,500 watermain cost for parcel #016-0312-02, owned by Gerald and Kathleen Hitchcock, who requested municipal water service and elected to pay the balance in full by November 1. The District installed their water service prior to the road being paved for the new construction of the Sandhill Farms Subdivision in the Town of Omro. **Jim made a motion to approve the balance adjustments report as submitted/second-Peter/carried unanimously.**
  - d) Approve pending bills and previous disbursements for sanitary and water.
    - Jim asked for an explanation for the \$26,422.49 invoice from Freedom Excavating, and Kevin stated the District hired this company to adjust the depths of the previously installed water services for the vacant lots in the Sandhill Farms Subdivision to verify they are at least six feet deep under the future ditches to prevent freezing. They installed insulation above the services that were about 5-1/2 feet deep, which cost about \$500 each, and re-laid the services that were only about 3 feet deep, which cost about \$1,000 each.
    - Mike mentioned the following information regarding pending bills:
      - DTCC: interest payment of \$33,548.75 for the 2011 GO Bond scheduled to be withdrawn by ACH on October 1.
      - Alliant Energy: revised total for August utility bills of \$533.01.
      - McClone Insurance: annual property insurance for \$6,342. This is a separate cost from the annual insurance invoice expected to be received later this year.
      - Precision Drilling: bore water lateral for \$3,000 for parcel #016-0312-02, as mentioned under balance adjustments.
      - Robert J Immel Excavating: installation of sewer and water infrastructure for the new phase of Sandhill Farms for \$170,583.85, which will be invoiced to the developer.
    - **Chad made a motion to approve the September pending bills and the August previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Jim asked if Kevin planned to discuss the potential watermain extension from Service Oil to Mueller Auto on Omro Road that he sent the Commissioners previously. Kevin stated there currently is no project proposed for that area, and the quote was more of a placeholder should a developer come to discuss the cost to extend water from the existing watermain to Highway 41.
    - o Kevin explained the City of Oshkosh plans to extend their watermain on the south side of Omro Road from the hydrant by the Department of Motor Vehicles building west to North Westhaven Avenue (previously known as Emmers Lane) to create a watermain loop. If the Mueller Auto property develops and the Town of Algoma wants it to remain in the town, the Algoma Water Utility would be responsible for installing a watermain to serve that property which would result in a District watermain on the north side and a City of Oshkosh watermain on the south side of Omro Road. Jim said he would like this property to remain in the town, and Kevin agreed, stating whatever is developed there would be a large increase in property value for the Town, which is why this property was designated to remain in the protected area. Without municipal water service, the owners would have a hard time developing that lot, which is currently being serviced by a well, along with the strip mall, dental, real estate, and chiropractic offices in that area.
    - o Jim asked for verification that all the houses in the Willow Springs Subdivision did not have municipal water available, and Kevin stated those properties are all served by private wells. He further explained if the District extends watermain to

Mueller Auto, the properties on the north side of Omro Road could be assessed, with the cost potentially defrayed further by servicing other properties in that subdivision to the north. Since Water Utility funds are limited, the District would likely utilize a bond to pay for that project, but the developer may have to pay the largest portion of it. Jim thought the Arsenic Study the District performed in 2013 revealed that these properties typically did not have arsenic issues, and Kevin stated most are pretty lucky to have safe drinking water with very few private wells containing arsenic. Jim concluded he would expect a lot of resistance from those homeowners to participate in a water special assessment until their wells fail.

- Jim asked for more information regarding the wetland request the District received from the Department of Natural Resources (DNR) and the Environmental Protection Agency (EPA) for the Sandhill Farms Subdivision. Kevin explained when developers create new roadways, they strip the topsoil, which allows water to accumulate, making them appear to be wetlands; however, they are merely temporary wetlands created by development. The DNR has to verify that no Private Onsite Wastewater Treatment Systems (POWTS) are installed in wetland areas. Kevin emailed the owner of the development stating every lot would be served by the District's sanitary sewer and identified a lateral connection for each one. He also confirmed with the DNR that this subdivision is in the District's sewer service area, explaining there is sanitary sewer installed on Hayfield Drive, and the District also plans to install sanitary sewer on Fenceline Lane during a future phase of this subdivision.
- Chad asked for an update on the discussion at the previous meeting regarding municipal sanitary sewer service for a non-District parcel in the Town of Omro on Young Road owned by Joseph Schilling. Kevin mentioned the sale of his house on Highway 116 that is served by the District's forcemain was completed recently. Kevin spoke with the builder Mr. Schilling hired to build a house on the adjacent vacant lot he owns, who told him the plans were not approved yet, the owner did not apply for a sanitary sewer permit with Winnebago County yet, nor had the owner petitioned to be added to the District at that time.
  - o Kevin noted the District received a tax letter for the parcel the District has an easement on for its Young Road Lift Station, as well as the road right-of-way. The builder explained to Kevin he is purchasing these parcels to provide Mr. Schilling an easement on Young Road to access his property. Kevin reminded the Commission this parcel has some road frontage on Highway 116 and also has about half a mile of road frontage on Young Road by the District's sewermain, and it would be a much shorter distance to install a driveway to the house from Young Road than from Highway 116.
  - o Kevin informed the builder that it is unlikely the District would provide this owner a variance to not connect to its municipal sewer system, explaining the former Omro Sanitary District received a grant to remove POWTS along the river that were notorious for leaking during flooding, which is the same type of system that this owner is seeking a permit from Winnebago County to install.
  - o Ray added he spoke with the City's Attorney, Lud Wurtz, who sent him a copy of the latest version of the City's Ordinance from 2016. Ray also reviewed part of the last order from the Public Service Commission (PSC), which stated it would not rule on anything related to the "buffer zone" issue, but noted the City agreed to lift its moratorium on new connections within the District and outside the "buffer zone". Kevin explained the City's Ordinance references a large area located in the Town of Omro that the City unilaterally designated for future annexations, and Ray added the Ordinance states the City agrees to provide wastewater treatment service to the District for properties in the eligible sewer service area, except in the "buffer zone". Ray also stated Attorney Wurtz made it pretty clear the City is not interested in meeting with the District to try to work this out. The Commissioners stated they prefer the District be proactive rather than waiting to receive another request for sewer service before pursuing a resolution.
  - o Ray added the court system can rule to determine the rights of the parties, however, they are loath to issue a ruling without a real party's interest involved, stating a speculative individual who might build a house currently does not exist, as Mr. Schilling's parcel is not in the District. Ray also stated there is past precedence, however, as the City's Ordinance exempts some properties in this area and previously allowed them to connect, along with the former Gold Cross Ambulance parcel.
- The Commission rescheduled the next regular monthly meeting for October 4 immediately following the annual Budget Workshop beginning at 11:00 a.m.

#### 5) Director's Report.

- Kevin presented a slideshow depicting the numerous District-owned infrastructure, equipment, and sites that staff maintains, such as lift stations, flow stations, grinder pumps, meter vaults, wells and water treatment facilities, the water tower, Our Park, and Our Pier. He also explained which ones require confined space training, how the Operators can bypass a lift station, where the permanent generators are located, and what responsibilities staff has for lawn mowing and snow blowing to maintain the District's approximately 45 acres of property.
- In Kevin's newly elected role as National Director of the Wisconsin Rural Water Association, he was scheduled to go to Fort Worth, Texas the following day for numerous meetings and a conference for about a week.
- Staff provided the Commissioners with their individual budget binders for 2019. As discussed under Old Business a), Town of Algoma residents will have to absorb a substantial capital cost increase of \$62,000 annually from the City of Oshkosh. Kevin explained the Sewer Utility budget summary shows anticipated 2019 operating revenues less operating expenses result in a net operating loss of \$42,500. Due to previous reductions of wastewater flows and expenses, an analysis of user fees shows Town of Algoma residents have overpaid around \$127,000 toward Oshkosh sewage treatment expenses since 2016. Staff proposes to use \$48,000 of those excess funds toward the first \$62,000 annual cost increase and only raise the annual sewer user fee from \$297 to \$310 for 2019. Then, the user fee is projected to increase by \$10 per year to \$320 for 2020 and \$330 for 2021. Without

utilizing those excess funds, the projected 2019 annual sewer user fee would need to be \$325, a nearly 10% increase. Also, the District will need to determine how to pay the City of Oshkosh the additional capital cost of the previous plant upgrades.

- a) Review of District statistics.
    - The District released 16 sewer permits and 27 water permits so far this year.
    - Average monthly sewer flows have successfully fallen below 50,000 gallons per day (gpd) to the Omro Wastewater Treatment Plant (WWTP). However, the highest daily flow after the storms the previous week reached about 130,000 gpd due to the greater than seven inches of rain received. Unfortunately, the groundwater level receded the following day prior to finding the source of the higher flows. The District experienced no sewer backups as a result of these storms.
  - b) Correspondence. No discussion was had on this agenda item.
  - c) Status of 2018 projects. No discussion was had on this agenda item.
- 6) Old Business.
- a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.
    - Kevin stated he and Mike recently met with Trena Larson, the Finance Director, and James Rabe, the Public Works Director from the City of Oshkosh. They stated the final contract would also need to be approved by the City Manager, Mark Rohloff, and the City Council. Their biggest concerns were the capital improvement projects the City completed in 2004 for \$3.4 million for emergency generators at the Regional WWTP as well as \$5.6 million in 2014 to upgrade equipment at the WWTP. Kevin told them the District has always paid 10.4% of the City's capital costs in order to be allocated 10.4% of the plant capacity. The City neglected to bill the District 10.4% for these additional capital costs; however, Kevin acknowledged the District owes the City about \$430,000, and about \$62,000 per year going forward, in capital expenditures. The City also has other projects included in their 5-year capital improvement program ranging from \$150,000 to \$300,000 per year, so the District may owe up to an additional \$30,000 per year.
    - Kevin explained to the Commission that the District's 10.4% of plant capacity allows up to 2.08 million gpd of wastewater flow, but the District is currently only using about 500,000 gpd. Even if the entire protected area of the Town of Algoma develops, which is about 1,600 acres, Kevin estimates the District's total flow would only be about 1 million gpd. Therefore, based on these calculations, the District is currently unable to fully utilize the capacity it is paying for.
    - Kevin explained the Town of Algoma and the City of Oshkosh entered into a Cooperative Boundary Agreement in 2004 to prevent future annexations, which limited the extent of the Town's full growth potential and the District's potential service area. The boundary agreement includes having the area of Town that extends south of 9<sup>th</sup> Street scheduled for future annexation. Therefore, the District informed the City it would like more available service area to help maximize its allocated capacity and efficiency of the Regional WWTP.
    - Ray suggested the contract include the verbiage: "Any property in the District", explaining that, while municipal boundaries can change with annexation, the District's boundaries are pretty limited by those geographical markers, which might preclude the City from serving property in the Town of Omro. Kevin stated the contract should include the District's Designated Management Area, and once the District knows it can use its available capacity, staff would try to work out a long term agreement.
    - The City also told staff at that meeting the contract was never changed to memorialize the removal of depreciation. Kevin explained the City can charge the District based on the upfront capital cost or depreciation, but not both. The City wants the contract to correctly reflect that charge, and District staff is willing to adjust that formula but also wants to change the territory in the service area. The next meeting between the two entities is scheduled on October 4.
- 7) New Business.
- a) None.
- 8) **Peter made a motion to adjourn the regular monthly meeting at 1:24 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**October 4, 2018**

**Open Budget Workshop.**

- 1) Open Workshop for the 2019 Sanitary Sewer and Municipal Water Utility Annual Budgets.
- 2) Adjourn 2019 Budget Workshop.

**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 upon completion of the budget workshop at 12:30 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and District Attorney Ray Edelstein.
    - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
    - b) Approve the minutes of the previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on September 13 as amended/second-Peter/carried unanimously.**
    - c) Approve cash receipts and investments for sanitary and water. Mike mentioned the following information regarding cash receipts:
      - The Town of Algoma payment for the 2018 Public Fire Protection Fee was included on the previous monthly cash receipts report. Jim asked about the schedule for receiving payment of the annual Fire Protection Fee, and Mike answered the District worked out the billing cycle with the Town, to be received in August and due in September, to correspond with the Town receiving its entire tax roll payment.
      - The final payment received on Monday from the Town of Omro for last year's tax roll will be included on the October report.
      - Kevin also noted that the District should receive payment shortly for the bill to the developer for the costs related to the Sandhill Farms water and sewer extension.
      - **Chad made a motion to approve the cash receipts for sanitary and water as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. Mike stated he is working with Community First Credit Union (CFCU) to open the CD approved at the previous monthly meeting. The District's contact at CFCU mentioned they will meet to review rates the following week and will contact the District afterward to discuss any interest rate changes. Then, he will open the 1-year CD. Mike also mentioned he is working to have the District's interest earned on its money market accounts adjusted to match the rates quoted of 0.94% for balances greater than \$75,000 and 1.19% for balances greater than \$150,000.
    - ii) Note any balance adjustments. Mike explained late fees were removed for 18 customers who were charged late fees on their Public Fire Protection Fee account and made payments without including the late charge. Jim asked why some customers were listed multiple times, and Mike stated customers could be charged multiple Fire Protection Fees if they own separate non-contiguous parcels. The balance adjustments removed approximately \$0.86 of late fees per customer, for total balance adjustments for September of -\$15.46. **Peter made a motion to approve the balance adjustments report 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:
      - WI Environmental Improvement Fund: interest payment of \$47,831.75 for the SDW Loan payment due November 1.
      - City of Omro: \$1,500 payment for three new connections of \$500 each and another payment of \$27,265.85 to treat 4.846 million gallons of wastewater at \$2.07 per thousand gallons plus fixed charges for 417 connections at \$41.33 each.
      - NTD: actual invoice for October of \$322.39 for telephone, email, website hosting, and internet service.
      - Spok: final invoice for pager service of \$7.44. The District canceled its pager service the previous month and returned the rented pager.
      - Winnebago County: printed copy of the 2018 tax roll for \$271.85.
      - Wisconsin Department of Natural Resources (DNR): four checks of \$25 each to register the operators and Kevin for the new basic sanitary sewer collection system license exam on November 7.
    - **Jim made a motion to approve the October pending bills and the September previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
  - 4) Commissioner Statements.
    - Jim asked if Sara had her baby, and Kevin stated she had her baby girl earlier that week on Tuesday. Jim wanted to pass along his congratulations, as well as to commend her for the changes she made to the website that he requested. He also requested Chad write a small bio for the website since his current one is out of date.
    - Jim asked if there was any new information on the Schilling property. Kevin spoke with the County and the builder for this property and told them they would not receive a variance from the District waiving the requirement to connect to the municipal

sewer installed past this property. The District previously received funding to remove private systems along the river in the area and he could not approve a variance when everyone else in the area had to connect. They are not currently in the District, but they could be served upon petitioning to be added to the District. This parcel is included in the District's sewer service area and is designated to receive municipal sewer service, and if the property owner or his builder have any questions about their sewer service, they should contact the City of Omro. Kevin stated they also did a PERC test for the property which indicated an additional 18 inches of sand would need to be added to the mound system to make it work.

- 5) Director's Report.
  - a) Review of District statistics.
    - The District released 16 sewer permits and 28 water permits so far this year.
    - Average monthly sewer flows have risen due to the recent rainfall, with rainfall in this area topping 5 inches this past month and 40 inches for the year. Due to the heavy rainfall, the District's phone service has been intermittent and the phone company was working to repair the issue. The District forwarded phone calls to Kevin or the on-call operator to verify no phone calls were missed.
    - Kevin attended a recent meeting for the Great Lakes compact, which involves eight states and two Canadian provinces, the previous month. There is sufficient capacity in the Great Lakes basin to meet current water needs. The diversions that have been approved, including for the City of Chicago and as part of the operation of the new Foxconn plant being constructed, were topics of debate.
  - b) Correspondence. No discussion was had on this agenda item.
  - c) Status of 2018 projects. Sandhill Farms. The contractor began installing the gravel roads and verifying sufficient compaction. Kevin stated he hoped they would be able to begin constructing homes in the next couple of months.
- 6) Old Business.
  - a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.
    - Kevin stated he and Mike have a meeting scheduled with Trena Larson, the Finance Director, and James Rabe, the Public Works Director, with the City of Oshkosh that day and has nothing new to report until then.
- 7) New Business.
  - a) Discuss and act on 70% sewer user fee credit for the following parcel:
    - i) Vacant building at 2725 Omro Road, Parcel #002-0111. This property is connected to sewer but is uninhabitable since there is no water connected to this house, and there is no sewer usage. **Jim made a motion to approve the 70% user fee credit to 2725 Omro Road, parcel #002-0111/second-Chad/carried unanimously.**
  - b) Discuss and act on proposed 2019 Annual Budget.
    - i) Approve proposed 2019 Annual Budget for publication. **Jim made a motion to approve the preliminary 2019 Annual Budget for publication/second-Chad/carried unanimously.**
    - ii) Schedule the public hearing for the 2019 Annual Budget on November 8, 2018. **Jim made a motion to schedule the Public Hearing for the 2019 Budget on November 8 at Noon/second-Chad/carried unanimously.**
  - c) Resolution #2018-10-1 to set the 2018 Property Tax Levy at \$241,350. **Jim made a motion to approve Resolution #2018-10-1 to set the 2018 Property Tax Levy at \$241,350/second-Chad/carried unanimously.**
- 8) **Peter made a motion to adjourn the regular monthly meeting at 12:52 p.m./second-Jim/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1**  
**November 8, 2018**

**Public Hearing for Proposed 2019 Annual Budget.**

- 1) Open Public Forum. Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present opened the Public Forum at 12:00 p.m. to take comments from the public regarding the 2019 Water & Sewer Utility Budgets. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, Steve Kluesner from Strand Associates, and Ben Krumenauer, the Town of Algoma Administrator. No one from the public in attendance had any comments related to the budgets.
- 2) Adjourn. **Peter made a motion to adjourn the public hearing for the 2019 Water & Sewer Utility Budgets at 12:01 p.m./second-Jim/carried unanimously.**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski called the regular monthly meeting for November to order upon completion of the public hearing for the proposed 2019 Budgets at 12:01 p.m.
  - a) Jim noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve minutes of previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on October 4 as presented/second-Jim/carried unanimously.**
  - c) Approve cash receipts & investments for sanitary and water. **Jim made a motion to approve the cash receipts for sanitary and water for October as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes. None. Mike stated he is still working with Community First Credit Union (CFCU) to negotiate a better rate for the CD approved at the September meeting. The last proposed rate he received from CFCU was 2.6% for a 1-year CD, which was lower than the previous proposal of 2.72% approved in September. He was unwilling to recommend opening a CD at this rate since he anticipates the Wisconsin LGIP account would earn 2.5% by the end of this year after the Fed increases rates in December. If a favorable proposal is not received, he will recommend moving additional funds to the LGIP account upon receipt of the January tax roll payments.
    - ii) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - Pingry-Caswell: void check #13663 and re-issue payment for \$281.17, as this check was lost in the mail, and stated he would do a stop payment on the previous check issued in October.
    - Alliant Energy: \$598.82, the updated total of lift station electric and natural gas invoices for October.
    - Verizon Wireless: \$294.04 for the October cell phone invoice, leaving a \$400 credit on account for the November invoice to be received after the meeting.
    - Wally Schmid Excavating: \$8,782.41 to repair two water services plus two additional road repairs.
    - Wolter Power: \$33,552.00, purchase of two lift station permanent stand-by generators, one for the Sandhill Farms Lift Station and one for the Samers Bay Lift Station.
    - Spok: Mike mentioned the District would not pay this invoice for \$69 for an unreturned equipment fee unless he is unable to receive a credit for the pager the District previously owned.
    - Jim asked about the reimbursement of expenses from the NRWA related to Kevin's new position as their National Director, and Kevin stated the organization reimbursed him up to \$1,200 for a new computer along with other travel expenses to attend meetings related to his position.
    - **Peter made a motion to approve the November pending bills and the October previous disbursements for sanitary and water as submitted/second-Jim/carried unanimously.**
- 3) Public Forum. There were no comments from the public in attendance at this time. The meeting moved to Agenda Item 7a).
- 4) Commissioner Statements.
  - Jim asked about the vacant lot next to DC Dynamics. Kevin stated he had nothing new to report, and Ben added the current plan is to develop an office building on this parcel.
  - Jim also asked about the status of a new operator, and Kevin stated he is still actively pursuing qualified candidates for the position.
- 5) Director's Report.
  - a) Review of District statistics. Flow rates to the City of Oshkosh and the City of Omro wastewater treatment plants (WWTP) are doing well.
  - b) Correspondence.
    - The District received a thank you from the Poygan Sanitary District for assisting them with finding some leaks in their system and for showing them how to find them in the future. They appreciated the assistance with removing some of the high flows entering their plant and offered their assistance if anything came up in the future.



- The District was mentioned in an article in the paper regarding the groundwater contamination issue in Chippewa County, mentioning how we removed contaminants from our water system.
  - The DNR contacted the District previously about radionuclides in the Village of Winneconne's water system. Kevin contacted the Village of Winneconne administrator, who sent an email back stating they have no interest in receiving wholesale water. Jim explained there may be politics involved in the response, and Kevin sent a reply stating that we are available if any questions arise. Kevin stated, strictly from a cost issue, becoming wholesale water customer of the District would make sense.
  - Schilling Property – Kevin stated he told both the property owner and the County that he would not provide them a variance from connecting to the sewer system because the District received funding for removing failing private systems in this area from contaminating Lake Butte des Morts. Kevin noted the property owner had stripped the lot and he was checking into whether the County granted a waiver from the requirement to connect to municipal sewer and granted them a permit that allowed them to build a private sewer system, as the East Central Wisconsin Regional Planning Commission (ECWRPC) identifies this parcel in the 2030 Sewer Service Area (SSA).
- c) Status of 2018 projects.
- A minor drip on a 4" pipe underneath the ball of the water tower was repaired. A new cap was welded over the pipe and the patch was repainted to match the existing exterior paint color.
  - The Operators performed the annual flushing of the District's watermains this past week.
  - Staff is working to install three new lift station pressure level transducers to monitor and operate pumps.
  - Staff is also working to install the Samers Bay lift station generator and construct a building around it.
  - District staff located I&I coming in from holes in the resident's portion of the sewer laterals on Sheboygan Street and Sherrin Street. Staff had the property owners hire a contractor to perform the necessary repairs.
  - Ben stated McMahon & Associates is performing a study for the Town of Algoma and is looking to have storm sewer main extended in 2019 to the Sheldon Drive area along with a couple of other areas.
  - Lake Vista Estates has a zoning meeting with the Town of Algoma Planning Commission on November 14.
- 6) Old Business. Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.
- Kevin stated he and Mike met with the City previously, and the City is looking to switch back to the original formula of charging the District 5% of plant depreciation instead of 10.4% of the City's loan payments for capital projects at the City's WWTP. The District estimates it has paid the City more by funding 10.4% of these loan payments rather than paying 5% of the depreciation cost. The District and the City need to work out which formula to implement and how to address any past shortfalls or overpayments related to previous projects.
  - The other issue that needs to be addressed is the amount of capacity the District requires and would need to pay for at the Oshkosh WWTP. The District projects it would use approximately 880,000 gallons per day, including the complete buildout of the remaining 1,200 acres of the protected area of the Town of Algoma, which is well short of the District's current capacity of 2.080 million gallons, or 10.4% of the plant. This would leave available capacity of 1,200,000 gallons, which would be enough to serve a projected minimum of 5,000 acres up to a maximum of 7,800 additional acres. This projected flow is a conservative estimate using 1.2 homes per acre based on the Town of Omro's ordinance of a minimum lot size of 15,000 square feet per lot.
  - In order to make full use of this allocated capacity and reduce stranded capacity, Kevin proposed to include the entire area of the Town of Omro SSA and have it flow to the Oshkosh WWTP instead of the City of Omro WWTP. ECWRPC designated 4,533 acres of the Town of Omro to the Omro SD#1, and Kevin displayed this area on a map and projected the District would have enough capacity available at the Oshkosh WWTP to serve the flow from this area. Much of the topography of the area in the Town of Omro flows naturally to the City of Oshkosh, and the EPA has lifted its restrictions on the City of Oshkosh for accepting additional flow into the Oshkosh WWTP. As part of this, the City of Oshkosh would like to know how much additional wastewater would flow into each connection point with its collection system. There were some maps included in the previous contract. However, the City of Oshkosh's cooperative agreement with the Town of Algoma allocated the territory south of 9<sup>th</sup> Avenue to the City for its future growth, protecting the remaining boundary area of the Town for future growth, but this agreement reduced the amount of acreage available for the District to serve.
- 7) New Business.
- a) Discuss and Act on a Proposal from Strand Associates to perform a Well Siting Study for the District-owned property on Reighmoor Road in the Town of Omro for a future Well #4.
- Steve Kluesner from Strand Associates, Inc. was in attendance to answer questions regarding the proposal for a Well Siting study. Kevin stated this study is being proposed to plan for the future. Currently, the District is able to serve a total of 2,500 customers with its three existing well facilities, and this is something he is not looking at doing for another 10-15 years. He wants to investigate to determine whether the District's vacant site it currently owns, or an alternate site, is suitable for a new well and wants to protect it from having a gas station or septic holding tanks being built too close to it. Kevin also contacted the PSC and made them aware of the study and the cost, and he received full authority to do without any formal application. Kevin wants a formal document to use with the Town of Omro for future zoning and setback requirements. The former Omro Sanitary District performed a phase 1 site assessment

previously on this site and originally proposed to build an administrative facility there. The District currently uses this site as a park.

- Steve began by stating he reviewed codes for sites that could be used for a future well along with where on the parcel the well could be placed. He also will be researching how to get power, along with other public utilities, to the site, along with a review of other sites that could be utilized for this purpose as well. A lot of communities also use these reports to create ordinances to protect the site from development that prevents the site from being used for this purpose. He is also looking to review the District's current available capacity and prepare a timeline to allow for planning the construction of the District's next well. This report is proposed to be completed by the end of June 2019, but he is planning to have this done by early next year. No test wells are proposed to be drilled as part of this study since the water quality in this area is pretty well known.
  - Steve stated when looking to pursue a project in the future, the District would need to review this study and re-check this information, but any future review would be less involved. This study would be valid for two years and could be submitted to the DNR within five years. When the time comes to drill a new well, an official water study would need to be done prior to construction as well. Kevin added a benefit of doing this study now is to analyze whether this site is usable for a new well or if a new site would need to be pursued. Kevin also added the cost of \$11,000 included in this proposal is a lump sum.
  - **Jim made a motion to approve the proposal for a well siting study by Strand Associates, Inc., for Well Site #4 and allow Kevin to sign the documents necessary to proceed with this study/second-Chad/carried unanimously.** The meeting continued with Agenda Item 4).
- b) Discuss and Act on Resolution #2018-11-1 to approve the 2019 annual sanitary sewer user fee for Town of Algoma Sanitary District residents per equivalent unit. **Chad made a motion to approve Resolution 2018-11-1 and set the 2019 user fees/second-Peter/carried unanimously.**
- Set the user fee for properties discharging to the Oshkosh Wastewater Treatment Facility at \$310.
  - Set the user fee for properties discharging to the Omro Wastewater Treatment Facility at \$525.
- c) Discuss and Act on Resolution #2018-11-2 to increase the 2019 Contribution in Aid of Construction (CAC) by 3%. **Jim made a motion to approve Resolution 2018-11-2 and increase the 2019 CAC by 3%/second-Peter/carried unanimously.**
- d) Discuss and Approve the 2019 Annual Budget for the Water and Sanitary Sewer Utilities. **Peter made a motion to approve the 2019 Budget for Sewer and Water as revised, increasing the Oshkosh Treatment Plant Expense to \$85,000 to account for paying 5% of the City's WWTP depreciation cost/second-Jim/carried unanimously.**
- e) The Commission 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. **Jim made a motion to go into closed session at 1:20 p.m./second-Chad/carried unanimously.**
- The Commission will reconvene into open session to discuss and act on matters discussed during closed session regarding employee evaluations. **Peter made a motion to return to open session at 2:10 p.m./second-Chad/carried unanimously. Jim made a motion to approve Kevin's review and related salary increase, adding he received an excellent review. He stated Kevin will receive a cost of living increase and earned a rating of 89% on his performance matrix, with his salary adjusted accordingly/second-Chad/carried unanimously.**
- 8) Adjourn meeting. **Jim made a motion to adjourn the regular monthly meeting at 2:12 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President

**Town of Algoma Sanitary District #1  
December 13, 2018**

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 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) Approve minutes of previous meeting. **Jim made a motion to approve the minutes of the regular monthly meeting on November 8 as submitted/second-Chad/carried unanimously.**
  - c) Approve cash receipts & investments for sanitary and water. Mike mentioned the District received a payment of \$197,018.49 from ASA Development, Inc. for the sewermain and watermain extension in the Sandhill Farms Subdivision. Kevin also stated the District provided the developer with the requested lien waivers obtained from the engineer, OMMNI Associates, along with Immel Excavating, Inc., and some of their other subcontractors, so they know the District paid all of the invoices related to this project. **Chad made a motion to approve the cash receipts for sanitary and water for November as submitted/second-Jim/carried unanimously.**
    - i) Note any investment changes. Mike recommended the withdrawal of his request for investment in a 12 month CD at Community First Credit Union for \$500,000 that was approved at the September meeting and recommended transferring \$250,000 of sewer general funds by check to the general sewer funds account at the Local Government Investment Pool. **Peter made a motion to approve the investment changes as presented/second-Jim/carried unanimously.** Mike voided the written document approving the 12 month CD from September.
    - ii) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - West Side Tire & Auto: added an additional invoice for \$89.85, for a total check amount of \$759.95.
    - Local Government Investment Pool: \$250,000 transfer of funds as approved previously under investment changes.
    - City of Oshkosh: \$41,256.45 invoice for third quarter wastewater treatment. Mike noted the District is approximately 4.3% of the City's total wastewater treatment plant (WWTP) flow.
    - LW Allen: \$32,056.00 to install transducers to monitor wastewater levels at three lift stations.
    - McClone Insurance: \$32,227.00 for the 2019 liability insurance.
    - Jim asked about the invoice from Workhorse Software, and Mike explained this invoice is for the annual support for the six software modules the District uses, including accounting, special assessments, sewer and water billing, payroll, and fixed assets at \$600 to more than \$1,000 each annually. It also includes software updates and tech support to resolve issues staff may have periodically, and Workhorse is a Wisconsin-based company out of Wausau. Kevin added Workhorse allows staff to provide outstanding assessment balance information quickly to residents, and the company also works closely to assure its users can interface with their water meter reading program and format their financial reports to match the Public Service Commission's Water Utility chart of accounts.
    - Jim also asked about the payment for Team Viewer, and Kevin stated this is the application the Operators began using about six months ago that allows multiple secure connections to dial in from a cell phone to monitor the SCADA system remotely rather than taking the additional time to travel to the administrative building.
    - Jim also asked how the District pays for Microsoft Office, and Kevin answered the software license has been included with the District's previous computer purchases, so no additional annual subscription is required.
    - **Peter made a motion to approve the December pending bills and the November 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.
  - The Commission wished everyone a Merry Christmas and a Happy New Year.
  - Jim asked if Chad planned to run for re-election this spring, and he answered yes, adding the deadline for submitting the minimum of 20 signatures is January 2. He asked if anyone was able to assist with obtaining some signatures, and Jim volunteered to help.
  - Jim asked about the procedure for how the District could increase the compensation for the Commissioners and Kevin stated he would look into it.
  - Jim offered a warm welcome back to Sara after returning from maternity leave and added staff did a terrific job covering in her absence.
  - Jim noted Kevin and the Operators completed their certification exams recently and he was very happy to see the excellent test results. Kevin was happy as well and added the hands-on experience the Operators receive from working in the field helps.
  - Jim asked if Kevin had more information on the vacant lot on Omro Road next to DC Dynamics, and Kevin answered according to the architect a dialysis office complex is proposed. He stated the District currently has dialysis center on its

collection system located at Aurora Hospital. He has not yet received a layout of the proposed building; however, staff would continue to work with the office to determine sewer user fees, private fire protection, etc. Sara added the title company stated this property was scheduled to close on December 17.

- Jim asked if there was any new information on the Schilling parcel on Young Road. Kevin stated Winnebago County granted a permit for a Private Onsite Wastewater Treatment System (POWTS) without requiring the District to submit a waiver from connecting to its municipal sewer system. He noted the owner is proceeding with building a home and the foundation is laid. Diggers Hotline requested the District locate the forcemain in front of this property that morning.

5) Director's Report.

- a) Review of District statistics. The District released 35 water permits and 21 sewer permits so far this year which surpasses the annual goals of 30 water permits and 20 sewer permits.

- b) Correspondence.

- Kevin stated he and Jim have a meeting scheduled with two representatives with the Wisconsin Department of Natural Resources (DNR) the following week on the lakefront property next to Skipper Buds that the District took ownership of recently. They plan to discuss what the District can do on this site, and Kevin also has a call in to the Winnebago County Land and Water Department which handles shoreline vegetation regulations.
  - Staff plans to contact local entities such as the Otter Street Fishery Club and Walleyes for Tomorrow who may be willing to help offset the District's responsibility for 50% of the costs for any future projects. Jim thought the Town of Algoma might be interested in supporting another small park in the Town that they would not be responsible for maintaining.
  - Kevin showed a map online from the Winnebago County Geographical Information System and explained the boundaries of the property to the Commissioners. He stated a house was previously removed and the foundation was filled in with gravel. This parcel abuts commercial property owned by Ran-Lie, Inc. and J.T. Meidl. He stated the District received road access with the deed for this parcel and also has a sewer easement that goes through the property. Jim asked Kevin to email him a copy of the deed.
- Kevin mentioned the District hosted a pump class at the District administrative building for ITT Flygt Corp. earlier that week, and two people from the Neenah/Menasha WWTP and one from the Edgewood-Shangri La Sanitary District remembered Jim from when he previously served as their DNR representative.

- c) Status of 2018 projects. The Sandhill Farms sewermain and watermain extension is now complete, and the District has already been notified of four lots that have recently closed in the new section of this subdivision.

6) Old Business.

- a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.

- Kevin explained he and Mike met with representatives from the City of Oshkosh, and the City has stated it wants to charge the District 10.4% of the City's debt payments rather than pay 5% of depreciation expense. Kevin received a letter from the City's Public Works Director, James Rabe, on December 5 confirming this proposal. However, City Finance Director, Trina Larson, provided a rate study from Ehlers & Associates to the Council when they acted on their sewer user fee rates that showed the District being charged based on depreciation, matching the previous agreement between the two entities. Under this option, the District would pay about \$34,000 in demand cost per year based on 5% of the WWTP capacity, which allows the District to flow up to 1 million gallons per day (gpd), plus the flow cost based on the exact flow proportion to the WWTP. As Mike stated earlier, the District's flow so far this year is about 4.3% of the WWTP's total wastewater flow, and the flow-based treatment cost was about \$160,000 annually. Kevin emailed the City stating if they intend to change the billing structure to charge based on depreciation, please let the District know what the true-up cost would be considering the capital payments the District made previously to the City. However, he has not received a response. Kevin thinks Ms. Larson will propose to have the District pay capital costs on the City's new WWTP projects because the City would receive more money upfront from the District than if the charge was based on depreciation.
- The rates included in the study developed by Ehlers, which also matches the original contract, were approved 7-0 by the City Council at their latest meeting two days prior, but the City did not make a formal motion to extend the contract. Mr. Rabe stated the City would accept District wastewater flow from within the Oshkosh Sewer Service Area. Mr. Rabe also mentioned the City is willing to accept District flow from development west of the Town of Algoma in the Town of Omro. This land is currently designated as farm land in the Town of Omro future land use plan and is not slated for development in the near future.
- Kevin explained the City ceased charging the District depreciation in 1997 when the District began paying based on the City's bond schedules. According to the rate study the City just approved, the sewer user fee the City charges its customers is projected to increase by 8.5% annually over the next 10 years. Kevin said the City stated it was making this change to identify leaks quicker to prevent residents from paying for increased water and sewer usage over three months. Kevin hopes to meet with the City again prior to January 1. There are 6 years remaining on the term of the City's first additional bond payment schedule from 2004, and the second project the City financed in 2014 has 16 years of payments remaining.
- Jim asked what the likelihood was of reducing the District's capacity charge from 10.4% to 5-7% since the boundary agreement the Town of Algoma made with the City greatly restricted the District's growth potential. Kevin explained if

the District served the entire protected area of the Town of Algoma, it would generate less than 1 million gpd, which would remain under 5% of the WWTP's capacity. The District could propose to pay 5% until it receives additional sewer service area. Staff has to be able to justify to the Commission and its residents why the District is paying 10.4% of the plant when it could never use it. The Town signed the boundary agreement in 2003, which did not involve the District, after the District agreed to pay 10.4% of the capital improvement bonds in the 1997 treatment agreement.

- Ray suggested the District send the City a letter that states the Commission desires a wastewater treatment contract agreement to be renewed with the City of Oshkosh, however, the City should understand the District reserves the right to renegotiate paying 10.4% of the WWTP's capacity. This detail can be built into the contract, stating the capacity charge of "x" and would be reevaluated periodically to consider future growth. Kevin added if the District rerouted its wastewater flow from the area it currently serves in the Town of Omro, which is only about 70,000 gpd, and added to its current flow of about 500,000 gpd, it would total less than 600,000 gpd. The District currently has about 3,300 sewer connections and could add up to an additional 6,000 homes before reaching 10.4% of the plant's capacity, and Kevin estimates it would take 60-80 years for the District to almost triple in size.
- Chad feels the District is overpaying for something it is not able to use and would like the contract to allow the District to grow up to 10.4% and pay for wastewater treatment as it grows. Kevin stated the depreciation schedule allows for the District to pay on the exact proportion of what it uses, which is currently about 5% of the WWTP capacity, and would eliminate the need to pay earlier than necessary. Chad also recommended having a District meeting with the City prior to the end of the year and updating the Commission on the progress. Jim agreed and explained the District treated the decision to pay 10.4% of the WWTP capacity as an insurance policy for future growth; however, the Town's boundary agreement with the City restricted the District's territory. Kevin added he does not propose to serve areas in the Town of Algoma south of 9<sup>th</sup> Avenue since the City has already installed utilities up to Clairville Road. The District is, and plans to continue to be, the water and sewer provider for all of the Town of Omro.

7) New Business.

a) None.

8) **Chad made a motion to adjourn the regular monthly meeting at 12:47 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President