

Algoma Sanitary District #
Regular Monthly Meeting
Minutes December 11 – 6:00 p.m.

- 1) Commission President Earl Lawrence, with Commissioners Alexander Irvine and Michael Gelhar present called the meeting to order at 6:00 p.m. Also present were Kevin Mraz, Joel Edson, Rose Mraz, Ray Edelstein Steve Kluesner, and Dave Wagner.
- 2) Call to Order.
 - a) Earl noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
 - b) **Alex made a motion to approve the minutes as submitted from the regular monthly meeting on November 13, 2008/second-Mike/carried unanimously. Alex made a motion to approve the minutes from the Public Budget Hearing on November 13, 2008/second-Mike/carried unanimously.**
 - c) Approve cash receipts & investments for sanitary and water.
 - i) Note any investment changes.
 - (1) Rose noted that there are 3 certificates of deposits due at Associated Bank and recommended renewing the \$325,000.00 until April 27 to obtain 1.95% interest. This will be used for bond payments due May 1, 2009. There was discussion regarding the other 2 CD's to renew them for 91 days to obtain the higher interest rate.
 - ii) **Mike made a motion to approve the cash receipt and investment report with the modification of extending the balance in the water CD from 30 days to 91 to obtain the 2% interest rate/second-Alex/carried unanimously.**
 - d) Approve pending bills for sanitary and water.
 - i) **Alex made a motion to approve the pending bills as submitted/second-Mike/carried unanimously.**
- 3) Public Forum – Earl noted that there are no members in attendance from the public.
- 4) Director's Report.
 - a) Review of District statistics – given out previously.
 - b) Kevin asked how to handle the parcels on Witzel for the assessment process. During January, Kevin would like to have meetings with the residents regarding sewer and or water services.
 - i) Earl asked Ray if the District runs a main currently if parcels can be assessed in the future for the benefit. Ray said the District cannot assess if the parcels are not in the District, but to assess when they come in. If parcels use the benefit, they need to come into the District and then there would be a charge.
 - (1) Kevin said there are seven parcels that want water and three that want sewer currently. Some of the parcels are in the District and some are not. There was discussion regarding how to charge for the service.
 - (2) Kevin said an issue he has with Witzel St. is that it is a county highway and due to the County 600' requirement between access points, parcels would probably receive service from a different road.
 - (a) It was decided that on the sewer side, costs would be put into the CAC and the amount would be due prior to receiving a connection permit.
 - (b) Ray asked if the District needs the installation of the water main to the new facility to service existing customers.
 - (i) Kevin said that this is a pressure source required to service the existing valves in the District. Steve said that this is exactly why the District may get a high score from the Safe Drinking Water loan as the extension is to service the existing area. Steve said the Safe Drinking Water may even fund the sewer that runs down the road because to have the facility active, you also need the sewer to be installed.
 1. Ray said if this is the case, you can roll the cost into the supply assessment and if parcels hook up they pay at that time. Dave agreed with this. Ray will check to be sure there is no limitation for assessments. Alex said he agrees it needs to be fair and Mike agreed. Kevin said the supply assessment will be close to what the current assessments are.
 - (3) It was agreed for Kevin to contact all parcel owners and leave it up to them to make their own decision.
 - c) Discussion with Midwest regarding their request to grant the District an easement to their Wyldewood subdivision. Kevin said they now understand that this is their private sewer extension. The District observed construction, but did not look over the engineering.
 - d) Great Lakes Compact sent a letter to the District regarding the Compact which is being signed by the Governors and two Canadian Provinces. The District had to submit water quantity drawn from the basin to them as they needed to know how much water our wells can produce in a 24 hour period. They increase our baseline to this amount of 1.98 MGD..
 - e) Kevin said he has some year end purchases to make and all have been included in the budget and will not exceed the limits. These were included in the capital item budget for repairs. Kevin asked to roll over the amount for the lawnmower in order to step up to a commercial grade mower at the new facility.
 - f) Kevin said the Town of Algoma approved the District's site plan.
 - g) There have not been any problems with the Leonard Lane Lift station since upgrading.
 - h) Shorehaven upgrade will be bid out in January.
 - i) Water Treatment facility #2 piping repairs. Ray said Coonen is saying it's too bad probably because they have no coverage for repairs. Ray said this could become a lawsuit. Ray did not see their insurance policy and the issue is at a standstill.
 - i) Ray said in January, the Commissioners can determine what to do.

- j) The District inspected 499 homes for sump pump compliance so far and have 127 additional scheduled. There were 8 found that have not been repaired yet, and two are outside of their 15 days to repair, one asked for an extension.
 - (1) Kevin asked how the Commissioners want to proceed. Earl asked where the 15 days came from and Kevin said that was a staff decision so as not to levy fines immediately to violators. Ray said this is fine. Ray said if violators do not let the District back in and you know it is non compliant then you can issue a citation and fine them.
 - (a) Kevin said homeowners either receive a compliant certificate or non compliant when the operator's check sump pumps.
 - (2) Mike asked if the District has any homeowners not letting you in. Kevin said out of the original 700 mailings, the District inspected 429 so there's about 300 homes from the first bulk mailing not inspected yet.
 - (i) Kevin said this is his next question as to how to handle homes not responding to the District's letters.
 - 1. Ray said the District has right of entry but to send another reminder first and the third notice could be from Ray giving them a number of days to contact the District.
- 5) Report from Committees.
 - a) District Advisory Council – no meeting to report on.
- 6) Old Business.
 - a) **Mike made a motion to approve resolution number 2008-12-1 to modify the annual sewer user fee from \$250.00 to \$262.75 per equivalent unit/second-Alex/carried unanimously.**
 - b) Discuss Ehlers cash flow analysis including construction of administrative facility and associated contracts.
 - i) Dave said they put together a set of schedules for cash flow and used the worst case scenario as they did not want to be over zealous. The lowest ending cash is 2013 at \$421,649. This incorporates the full project value which Kevin said gets a little better with the new bids. Dave said the numbers work for the new project; however, you will need to monitor yearly to be sure you are on track with hookups
 - ii) Dave said the latest rate for the State Trust Fund Loans is at 2.668% and indicated that if Steve obtains the Safe Drinking Water loan, you can pay off the Public Lands loan with the proceeds from it.
 - (1) Dave said he is pleased to see how the project is coming along as a couple of months ago he felt the project could have been a long shot.
 - (a) Kevin said the sewer bids came in at less than half the engineer's estimate and the estimates could have made the Commissioners stop, but Kevin believed the contract would be lower and they did end up lower.
 - (2) Kevin thanked Dave for all his work for the District and will keep him in mind for any possible future funding required.
 - c) The Commissioners of Public Lands sent a notice that the District can start making withdrawals from this loan.
 - (1) Dave said that Jim Mann and Kevin went back and forth with Public Lands to receive an acceptable payback schedule. There is up to 5 million dollars available even though the District is going to stay at 4 million.
 - d) Resolution to increase sanitary Contribution in Aid of Construction residential class A, B, C and commercial base amount by \$500. There was discussion regarding the spreadsheet Kevin laid out indicating that a \$500.00 increase is a start in the right direction. The amount actually would need to be \$739 if the maximum number of homes were built in the Town's protected area. The CAC has not been increased in years and is paid by those building a new home. **Mike made a motion to increase the CAC for residential class A, B, C, and the commercial base amount by \$739.00 effective January 1, 2009/second-Alex/carried unanimously.**
 - (1) Earl indicated that the District is still one of the lowest even after the increase.
- 7) New Business.
 - a) Audit for 2008 is scheduled on February 5th and 6th.
 - i) There were no questions from the Commissioners for the auditors prior to the audit.
 - b) Review staff submittal representing expenses associated with the water treatment facility, administrative, and garage building project and set financial goals for staff. Kevin discussed his updated cost submittal for the project showing known and unknown costs.
 - i) Earl questioned the asphalt costs if the contractor damages any part of Witzel Road.
 - (1) Kevin said this was included in the contract as a lump sum cost to protect the District therefore; the contractor will be on notice that his asphalt payable is \$19,000. With it bid out this way; the contractor will want to be cautious and not damage the road. The lowest bidder went \$19,000 and the next lowest was just over \$20,000 and the a third lowest was over \$40,000. Kevin said he is not willing to pay more than the contract price for this. Steve agreed the drawings and contract indicates the one set price. Kevin said the water main crossing Witzel was billed at an extra \$50.00 per foot so the contractor was aware of this. With the bid this way, the contractor knows the requirements from the county if they damage Witzel.
 - (2) There will be a walk through with the county prior to work starting.
 - (3) To address Earl's concern of unknown unit expenses , rock removal is by the foot; however, the 3 completed soil borings on Witzel show rock was below construction grade at all 3 points.
 - ii) Steve said contingencies could go up \$200,000 at the 5%, but expects it to be closer to 2%.
 - c) Discuss and act on awarding Contract 2-2008, Well #3, Facility, Administrative Building and Garage, to The Selmer Company at their contract amount of \$3,989,381.00. Kevin said there was an error in their bid, of about \$5,000.00 but it is still the lowest bid received.

- (1) Steve added that talking with contractors, the District is lucky with the bids that came in. The timing was great for the project as material costs came down prior to the bids. The companies that bid are mainly trying to keep their employees busy.
- ii) Kevin asked Steve if there are any additional permits required prior to awarding the project to Selmer. Steve said the DNR approval letter is 98% ready; they just had a couple of questions. Steve said this contract would need to be awarded by the end of December or you would have to re bid it.
 - (1) Steve asked if there are any additional cost reductions to look at prior to awarding. Kevin said he is not comfortable with removing a bay as the cash flow shows it is ok without removal. Kevin believes the project is a good fit. Mike asked if the generator will stay as originally bid out and Steve said that it wouldn't be cost effective to change this. There are minor changes which could reduce the cost with one being going to previous Tonka man ways. This change order could be put in the contract and would lower the cost by approximately \$25,000.00.
 - (2) Kevin said that there have been no discussions with The Selmer Company regarding changes to date.
- iii) **Mike made a motion to award contract 2-02008 Well #3 Facility, Administrative Building and Garage to The Selmer Company in a contract amount of \$3,989,381.00/second-Alex/carried unanimously.**
- d) Discuss and act on awarding Contract 3-2008 Witzel Avenue Utility Extension-Phase I based on bids opened December 9, 2008.
 - i) Kevin said there are 2 options on this.
 - (1) Number 1. Talk to the developers who previously did not grant the District an easement to discuss where they are with their subdivision.
 - (2) Number 2, if the grinder lift station stays where it is planned, Kevin will talk with neighbors to see if there is interest or not in sewer service.
 - ii) There was extra time put in the contract to award this bid from the usual 60 days. Kevin wants to be sure what the homeowners want to do.
 - (1) Earl said under no circumstances will the developers run sewers draining to the South from Fenzl and Kevin said he already had this discussion with the developers.
 - (2) Steve questioned using the C900 versus ductile. The cost difference for C900 was \$106,000. Steve said the District's entire system to this point is ductile and he said to go to a different material would require another material inventory when maintenance is completed. A number of communities have started to use C900 for corrosion issues.
 - (a) In the District everything is bagged which reduces corrosion. Currently there has not been a problem in the District with ductile.
 - (b) With PVC it is harder to find the mains and you need to run the wire down. Steve said some communities love the PVC and some the ductile. Steve said if the customer doesn't have a preference, Strand specifies ductile iron.
 - (c) Kevin said the District has the pipe coated and wrapped. Kevin said he wasn't asking to change, but wanted to know the difference in cost for the project.
 - (i) Ray said if the District goes with C900, this could be used as a test plat so as to not set precedence for this material.
 - e) **Alex made a motion to go to closed door session for employee matters/second-Mike/carried unanimously.**
 - f) **Mike made a motion to go back to open door session/second-Alex/carried unanimously.**
 - i) There was no additional action.
- 2) Adjourn. **The Commissioners were all in favor to adjourn.**

Respectfully submitted: _____
Rose Mraz, Office Manager

Approved: _____
Earl Lawrence, President