

Algoma Sanitary District #
Regular Monthly Meeting
Minutes – May 8, 2008 - 6:00 p.m.

- 1) Commission President Earl Lawrence, with Commissioners Alexander Irvine and Michael Gelhar present called the regular monthly meeting to order at 6:00 p.m. Also present were Kevin Mraz, Joel Edson, Ray Edelstein and Rose Mraz.
- 2) Call to Order.
 - a) Earl noted that the District is using a tape recorder for the purpose of the minutes. No one else is using one.
 - b) **Mike made a motion to approve the minutes from the regular monthly meeting, as presented/second-Alex/carried unanimously.**
 - c) **Mike made a motion to approve the cash receipts & investments report for Sanitary & Water for April/second-Alex/carried unanimously.** Kevin discussed the interest rates on the CDAR's which currently is 2.2 and the Local Government Pool has been over 3%. Joel mentioned that the bank may pay a higher rate on CD's but they should be collateralized. **Mike made a motion to authorize staff to close out the CDAR purchased April 24 for 647,004.26 and April 24, 2008 for \$500,000.00 and reinvest \$1.1 million to the Local Government Pool or the bank whichever offers the better rate of interest.** The bank would need to collateralize the funds. Staff will put together a formal investment policy for the District.
 - d) **Alex made a motion to approve the pending bills for May as presented/second-Mike/carried unanimously.** Earl noticed the bills were higher, but he noted it was due to sewerage treatment to the City of Oshkosh.
- 3) Public Forum
 - a) No one from the public in attendance.
- 4) Director's Report
 - a) Review of District statistics – This was given out previously
 - b) Correspondence
 - c) Status of 2008 projects
 - i) Steve Kluesner with Strand Associates will be sending PSC the notice of construction showing 100% of the cost to be paid by the water utility.
 - ii) Sewer jetting is progressing. Staff is completing about 11 sections (manhole to manhole being a section) each day. Great Lakes Televising is scheduled to come late next week to start televising everything jetted to date.
 - iii) L. W. Allen came in today to start to update panel views in the office and the wellhouses to make them user friendly.
 - iv) Leonards Pump upgrade.
 - (a) The District is applying to the DNR for the approval to upgrade the pump size at this station. The District is looking to go to 560 gpm pump. The meter would go from 5 hp to 7.5 hp and the breakers and starters on the panels may need to be redone. The entire panel would not be redone. Shane Zenz will verify that the generator will be large enough to handle the larger size. Leonard's Pump was designed in 1979 and the current demand is 406 gpm coming into this flow station. This is at peak flow times now. New flows will consist of Bellhaven 4th developing as well as the condos for Russ Williams and an additional 40 acres that could flow to this station. The force main currently flows at a speed of 2.3' per second and would be increased to 3.7' per second. The force main is large enough and can handle 8' per second.
 - (i) Strand is recommending going to a bid spec for this work rather than using multiple companies to piece out the work.
 - v) Kevin is looking at the Shorehaven Pump upgrade for 2009.
 - (1) Discussion about Shorehaven ensued and Earl said that he thought that Kathy with Strand previously did a study of the pumping stations about 10 years ago indicating that the District was at the max with the pumps for the force main. Earl asked Kevin to look over the previous study before Strand does a new study. Kevin will obtain a copy and look this over.
 - (a) Kevin said the end of the force main looks in good condition. The only change would be due to the size adjustment.
 - vi) The town is setting up a site review committee. The District will be applying to the Town of Algoma for the site review of the new project.

- 5) Report from Committees
 - a) There was no water Advisory meeting to report on. The District will set the next meeting up during May.
- 6) Old Business
 - a) Closing on land purchase for water treatment facility #3.
 - i) This is set for May 14 at 3:00 p.m. with everything falling into place. Ray will be talking to Assurance Title about lot #2 purchase. The cost for lot #2 is \$27,000 and keeps the District in line with what was budgeted for this. Kevin asked for direction as to what to do with lot #2 after the purchase as there currently are 3 options:
 - (1) Use for ourselves and put the storm water retention pond there. Ray is against this for the liability issues as it is too close to the road and is visible plus Strand's cost to redesign. Kevin agrees the liability is too high.
 - (2) Underground storage. The engineer says this site would work for this. Kevin said there is a flaw to this due to the designing of the pump for the new building. You need high pressure pumps to discharge into the pressurized system. This high pressure pump would discharge into a zero PSI tank and require to be pumped to pressure again. This would be a waste of energy.
 - (3) Maintain the ditch and give the District an easement and then put the lot on the open market as a residential lot. It's basically .9 acres.
 - ii) The Commissioners decided to hold lot #2 for now as it could be sold in the future as the cost is not that high. It was decided to landscape the lot for a future residence.
 - b) Sanitary sewer route to water facility #3
 - i) Mr. Rasmussen agreed to give the District an easement to go through 30' of his property and he said he would not charge the District for this. Kevin is working with several parcel owners to obtain easements in order to get the sewer route to Witzel.
 - c) Review and act on well #3 drilling contract 1-2008 bids received.
 - i) No action at this time.
 - d) Town of Algoma - Road developer's agreement.
 - i) The Town's attorney sent a note that the District needs to own the land before this is drawn up. Kevin asked for a draft to see what the agreement is about and to prepare ahead; the Town may not have a boiler plate agreement to send over. **Alex made a motion to grant the Utility Director the authority to sign a Town of Algoma road developer's agreement as necessary to facilitate the construction of facility #3/second-Mike/carried unanimously.**
- 7) New Business.
 - a) Pay request from Don E. Parker for Bellhaven rock removal.
 - i) Ray discussed the letter that Pat Rank drafted regarding the contract indicating that the District will not pay additional costs for rock removal and said Pat laid out the contract regarding their issues. Kevin is looking for the commissioners' acknowledgement of the pay request and denial of the pay request. Kevin said he is in agreement with the letter as the District paid the contractor based on the higher linear footage that they removed so they did make the money for the larger job. Ray is fine with having Pat send the letter out and the commissioners agreed.
 - b) PSC update regarding contributed plant versus utility financed plant.
 - i) Rose said she talked to Kathy at the PSC and Kathy indicated that the deferred assessments are dollars that are considered contributed capital and it must go this way. Ray said that the PSC and the auditor disagree on the placement of deferred assessments. The PSC said these are contributed capital in the year assessed whether they are received or not.
 - (1) Rose said that Kathy indicated that going this way is correct and that they look at the overall picture when they determine a rate increase. Kevin indicated that the auditors wanted these to stay as utility financed plant because on the rate application, it seems the easiest way to obtain an increase is to use the rate of return on utility financed plant. Ray and Kevin recommended following the PSC and the Commissioners agreed.
 - c) Water rate review by Public Service Commission.
 - i) Rose and Kevin discussed the rate application form, specifically attachments 14 and 20 and how the numbers were arrived at. Rose asked the Commissioners for direction as to financing of the new plant in order to go further and complete the application form. There are a number of questions which need to be answered.
 - (1) Will this be financed 100% by the water utility?

- (a) Rose said that at the meeting with the District's auditor and financial expert that they agree with this and the auditor leaned towards this method for financing. The Commissioners agreed to have the water utility finance the entire project.
 - (i) Ray stressed that the Sanitary District will be the owner of the building and not one of the utilities.
- (b) Will the sanitary utility loan the water utility funds?
 - (i) The Commissioners agreed to have the sanitary utility loan funds to the water utility. Everyone present agreed as this will reduce the overall cost of the project to the public as there is no immediate sanitary utility need for the funds. The Commissioners agreed to charge interest on the funds at a blended rate between what the local Government pays and the anticipated bonding rate with a balloon payment not due for 10 years. In 10 years, the loan will be looked at again. Kevin noted that the sanitary budget previously committed 1 million to the project. It was determined to use the \$800,000.00 existing bond funds, and then sanitary funds, then the new bonding as this will reduce overall interest. The water utility will pay the sanitary utility annual interest during June of each year.
- (c) The sanitary utility will pay rent on an annual basis with what works the best for record keeping and funds coming in.
- (d) Ray said once these minutes are approved; keep these with the records for backup as a formal lease is not needed.
- ii) Kevin said the District needs to work out with the PSC as to how to breakdown any anticipated rate increase. It could be fire protection, meter fee, water cost, or a combination. Joel indicated that the portion of fire protection the Town takes has been set.
 - (1) Ehlers's cash flow analysis recommended that the District needs 30% increase over the next 2 years and the Commissioners agreed to use their recommendation. Mike said based on not increasing for the last 5 years he is also fine with the 30%
- d) Consumer Confidence Report
 - i) A draft copy was handed out for comments as the District wants to send this out during June.
- e) Sunkist Road sewer extension
 - i) There are 5 parcels on Sunkist without sewer and the District sent out a survey to see if they are interested in sewer as the Town is redoing Sunkist Road and will receive bids in June for the road. Currently 1 person responded wanting sewer.
- f) Approve CMAR report to submit to DNR
 - i) **Mike made a motion to approve resolution 2008-5-1 to approve the CMAR report as submitted by staff/second-Alex/carried unanimously.**
- g) Brooks Lane lateral leak.
 - i) There is a leak coming from 1337 Brooks Lane and the District will check where the leak is. This is in the homeowner's lateral, but the District wants to see if it is between the cleanout and the main as then it could be repaired from the main, but if closer to the house, there would be a different method necessary. Kevin asked if the District should do the work and bill them or tell the homeowner to hire a contractor to repair it with the District inspecting it. Earl said if it is in the right of way, the District should repair and bill the homeowner. This lateral would be best fixed internally due to the water in the area.
 - ii) The district will work on updating the sanitary ordinance for this type of work.
- 8) Mike requested to move next month's meeting. The Commissioners chose to move the meeting to June 19.
- 9) Adjourn
 - a) **Mike made a motion to adjourn at 6:45 p.m./second-Alex/carried unanimously.**

Respectfully submitted, _____
Rose Mraz, Office Manager

Approved: _____
Earl Lawrence, President