

**Algoma Sanitary District #1  
Special Meeting  
Minutes – July 18, 2007 - 5:00 p.m.**

Commission President Earl Lawrence, with Commissioner Alexander Irvine, and Commissioner Michael Gelhar present called the special meeting to order at 5:00 p.m. Also present was Kevin Mraz, Ray Edelstein, Rose Mraz and David Wagner.

- 1) 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.
- 2) Public Forum – Earl noted that no one from the public was in attendance at this meeting.
- 3) Sewer User Fee Determination – Earl said this is the Commissioner’s opportunity to set the sewer user fee for 2008.
  - a) Earl noted that the sewer user fee stayed the same since 1998. Staff provided several details showing that although the operating costs are being covered; operational costs are not covered with just operational income. This is the reason for this discussion. The Commissioners are looking into this to see what the fee could be changed to in order to cover at least the majority if not all of the operational costs.
    - i) Kevin said the auditor and Ehlers each gave a recommendation and both have the concept of covering operational expenses through the user fees and other operational income. They differ a little with what is operational income.
    - ii) The current user fee is set at \$180.00 per equivalent unit. A single residence is charged 1 equivalent unit per year.
    - iii) Rose said the auditor recommended not using the CAC’s and tax levy towards operational expenses but to use these funds on capital items, and Ehlers recommendation uses tax levy and the CAC’s on permits towards operational expenses. Rose said both take into consideration depreciation, which is the wear and tear of equipment so that this is covered as equipment ages.
    - iv) Earl asked what the increase to the user fee would be if it were based on the rate of inflation adjustment. Kevin said using the inflation consumer price index, the user fee for 2008 would increase to \$250.00.
    - v) The Commissioners discussed various increases and also decided to look at the user fee yearly rather than waiting 10 years again. The Commissioners were comfortable with increasing the sewer user fee to \$250.00.
    - vi) Earl asked Dave Wagner for any pointers. Dave said that assuming the District obtained any funds from the Clean Water Fund or it’s predecessor or an EPA grant program that there is a requirement that your operation, maintenance and replacement charges be proportionate and adequate. You need to at least cover your operating costs and they don’t care how you cover capital items. Dave said you need to make sure the user fee will at least cover these costs. The replacement cost would be an equipment replacement fund. Currently the district just uses retained earnings and not a separate account for capital items. Dave said you could possibly consider the amount paid to the City of Oshkosh for the Treatment Facility as a Capital cost rather than an operational cost.
    - vii) **A motion was made to increase the sewer user fee, basing the increase on the Consumer Price Index rate of inflation, from \$180.00 to \$250.00 starting in 2008 and to review sewer user fees on an annual basis/second-Alex/carried unanimously.**
- 4) **Mike made a motion to go into closed session with Ehlers & Associates/second-Alex/carried unanimously.**
- 5) The Commissioners returned to open session.
- 6) Discuss Public Lands Loan #2
  - a) This will be decided at the August 9 meeting.
- 7) **A motion was made to adjourn/carried unanimously.**

Respectfully submitted,

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Rose Mraz, Office Manager

Approved:

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Earl Lawrence, President