

Algoma and Omro Sanitary District Consolidation

Informational Meeting



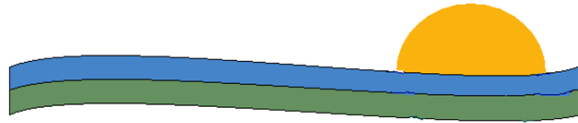
Welcome and Introductions

Algoma Sanitary District #1

- Commissioners
 - Bob Nadolske, President
 - Jim Savinski
 - Alexander Irvine, Vacant
- District Staff
 - Kevin Mraz, Utility Director
 - Michael Claffey,
Accounting Manager

Omro Sanitary District #1

- Commissioners
 - Chris Musha, President
 - Larry Schmick
 - Chad Hayes
- District Staff
 - Betty Reimer, Administrator
- Legal Counsel
 - Raymond Edelstein



Algoma Sanitary District

Mission

To provide safe drinking water and sewer services to the residents served by the Sanitary District.

Vision

We strive to be the lowest cost, highest quality provider of municipal sewer and water services in the Fox Valley.

Strategies

- Build infrastructure for the long-term cost benefit instead of the short-term benefit.
- Provide uninterrupted service 24 hours a day, seven days a week.
- To have accurate, quick emergency response.
- Keep customer base well informed.
- Quickly address new issues as they arise with long-term solutions.
- Build redundancies into the system.
- Minimize steps to obtain and maintain service.

Core values

Quality: Extremely high levels of quality maintenance and materials through the system.

Customers: Consistent high level of customer service to the residents and developers.

Staff: Recruit and maintain employees with consistent positive “can do” attitude and reward them for superior performance.



Consolidation Defined

- Consolidation is the legal process for merging two Sanitary Districts to form one (1) combined District.
 - This is detailed in Wisconsin State Statute 60.785 (2)



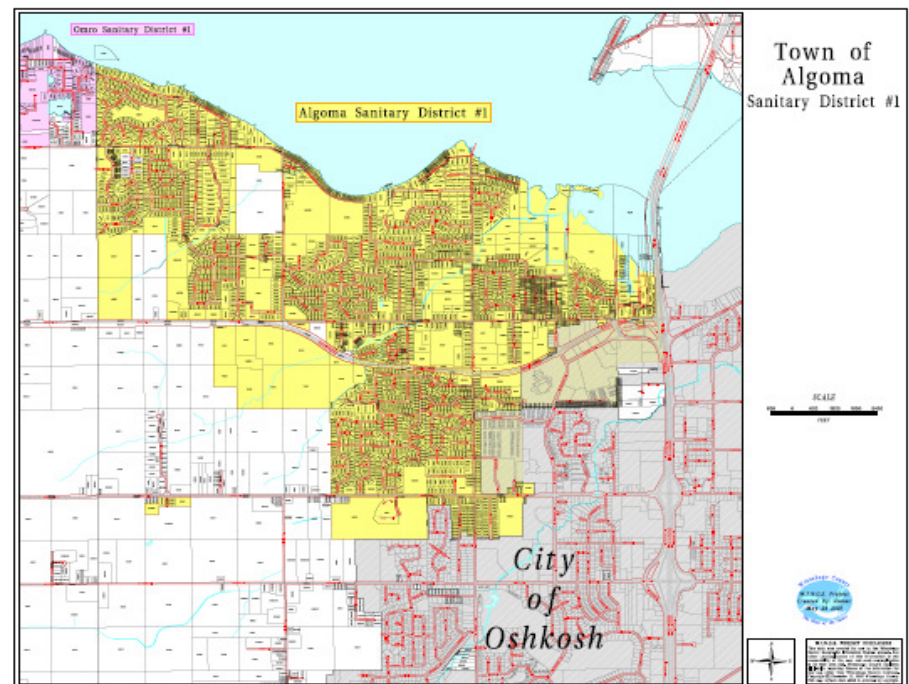
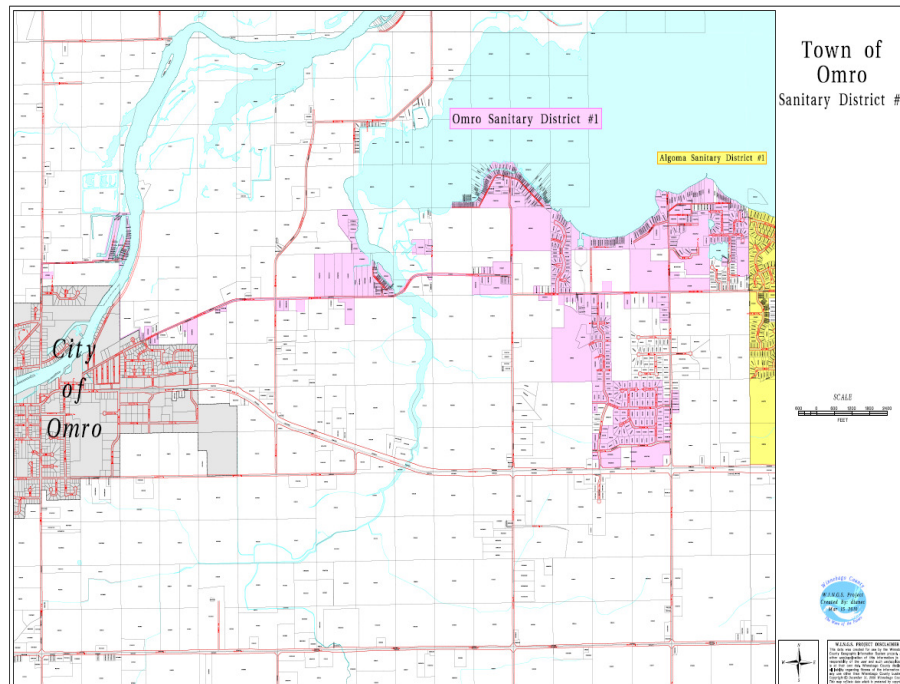
State Statutes Consolidation

60.785 Changes in district boundaries.

(2) CONSOLIDATION. (a) Any town sanitary district may be consolidated with a contiguous town sanitary district by resolution passed by a two-thirds vote of all of the commissioners of each district, fixing the terms of the consolidation and ratified by the qualified electors of each district at a referendum held in each district. The resolution shall be filed as provided in s. 8.37. The ballots shall contain the words “for consolidation”, and “against consolidation”. If a majority of the votes cast on the referendum in each town sanitary district are for consolidation, the resolutions are effective and have the force of a contract. Certified copies of the resolutions and the results of the referendum shall be filed with the secretary of natural resources and the original documents shall be recorded with the register of deeds in each county in which the consolidated district is situated.

Who Does Consolidation Affect?

- Only property owners within the Algoma Sanitary District and the Omro Sanitary District will be affected by this change.
- Residents in these Sanitary Districts will have an eligible vote.
- Registered voters will see this referendum on their ballot.





Why Should the Districts Consolidate?

1. **Expense Reduction** – The Districts have identified over \$62,000 in annual duplicated expenses that can be removed with no decline in the quality of service.
 - Audit fees, office rent, legal expenses, engineering charges, staff, software licenses, bonding costs, insurance, etc.
2. **Improved Financial Strength** – The consolidated District will double its financial position by the year 2016.
 - Immediate increase of current customer base while increasing future growth potential.
3. **Reduce Future Rate Spikes** – The economy of scale will provide stability for annual maintenance and operational expenses and annual rate increases.

How Does This Affect Me?

	Algoma Sanitary District	Omro Sanitary District
Tax Levy	Proposed 2013 tax levy will be reduced by 6% from \$29 per \$100,000 of assessed value to \$27.	Proposed 2013 tax levy rate will be reduced from \$63 per \$100,000 of assessed value to \$27.
Water Rates	Current average quarterly bill is \$120 for 17,000 gallons of water. Consolidation would prevent significant increases above inflationary trends of 3% annually.	Current average quarterly bill of \$256 for 17,000 gallons of water will be reduced by 50% over a three year phase-in period to match Algoma water rates.
Fire Protection	The Town of Algoma and the Town of Omro are required by statute to provide fire protection to their residents.	
	Consolidation will not affect the current fire protection charge. Cost will stay in the general tax levied by the Town of Algoma.	Each developed District parcel in the Omro Sanitary District will be charged \$100 on their annual property tax bill. This charge is already included in your annual property tax bill.
Sewer Rates	Retain the current low rates of approximately \$300 per year based upon existing contractual rates.	Current rate of \$792 will be reduced by \$101 to \$691 per year based upon existing contractual rates.

The table above represents the approximate preliminary rate schedule of the consolidated District.

Tax Levy

Based on legal counsel review, the consolidated Algoma Sanitary District is required to have an equal Ad Valorem mil rate for its tax levy of the entire District. The Commissioners have decided to reflect the savings of consolidation by reducing the amount charged in the tax levy of the District. This method will allow all residents in both districts to receive a financial benefit from consolidation.

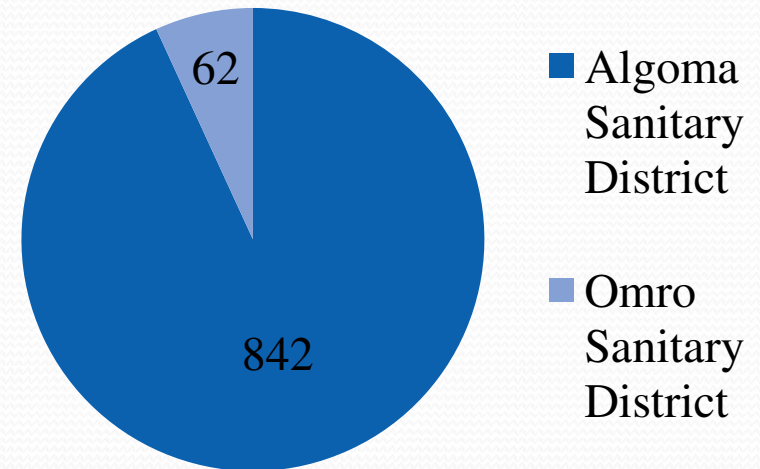
	Algoma Sanitary District	Omro Sanitary District
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Water Rates

Projected Water Rates

*Year	**Rate Change	Algoma Average	Rate Change	Omro Average
2011	3%	\$123.87		\$255.70
2012	3%	\$127.64	-16%	\$213.02
2013	3%	\$131.46	-20%	\$170.34
2014	3%	\$135.48	-20%	\$135.48

Existing Water Connections



Note: Rates above are based on usage of 17,000 gallons per quarter.

* Rates become effective as of July 1 of stated year.

** Reflects anticipated increases with inflationary benchmark set annually by the Public Service Commission.

Water system remains voluntary and only residents connected and using water are charged the above rates.



Fire Protection

2012 Total Public Fire Protection Fee

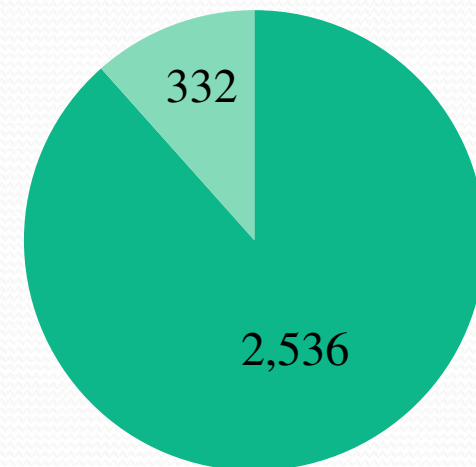
Algoma	Omro
\$147,049	\$35,147
Currently, the Town of Algoma collects 100% of the total Public Fire Protection charge of \$147,049 due from their residents on the general tax levy.	The Town of Omro Sanitary District currently includes this amount required for Public Fire Protection in the District tax levy. The Consolidation will move this charge to a flat fee of \$100 on the property tax bill for each developable District parcel in the Town of Omro.

Sanitary Sewer Rates

Proposed 2013 Sewer User Fee

Existing Sewer Connections

Location	Base O&M		Treatment Cost*		Total Annual Charge
Algoma Sanitary District	\$222.00	+	\$78.00	=	\$300.00**
Omro Sanitary District	\$222.00	+	\$469.00	=	\$691.00**



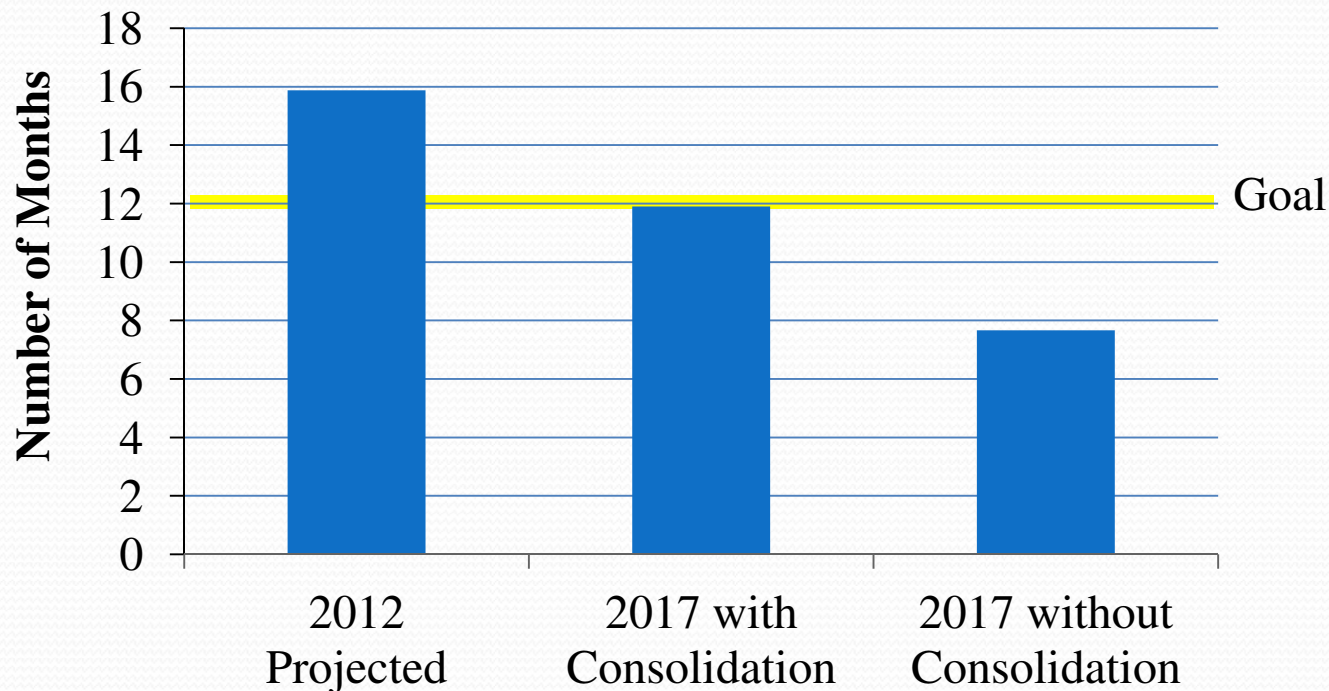
■ Algoma Sanitary District
 ■ Omro Sanitary District

* The treatment charge is contractual based on agreements with each wastewater treatment plant.
 Town of Algoma wastewater is treated by the City of Oshkosh.
 Town of Omro wastewater is treated by the City of Omro.

** This amount will be billed on your 2012 tax bill.

Projected Sewer & Water Cash Balances

O&M Expense on Hand



In order to maintain Algoma Sanitary District's goal of 12 months of cash on hand without consolidation, sewer user fees would need to increase by \$200 per equivalent unit by 2017.

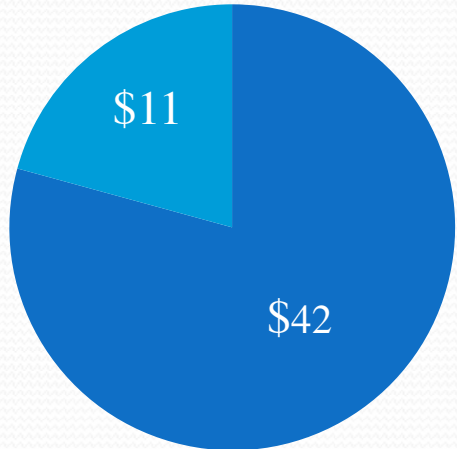


EHLERS
LEADERS IN PUBLIC FINANCE

The data in this chart is compiled from the long-range financial analysis calculated by Ehlers & Associates.

Comparisons

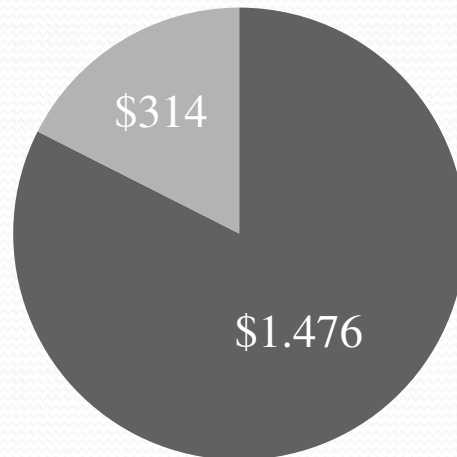
Total Assets
(in millions)



■ Algoma Sanitary District

■ Omro Sanitary District

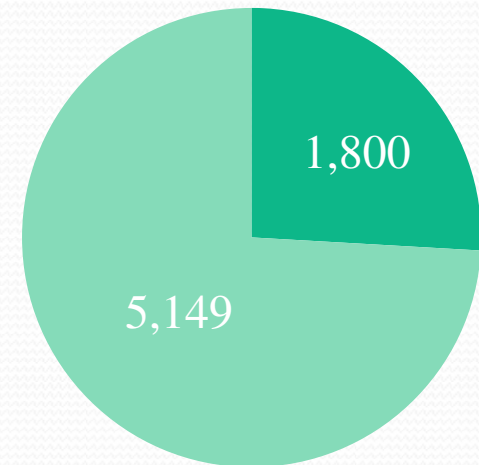
2010 Total Water &
Sewer Revenues
(in thousands)



■ Algoma Sanitary District

■ Omro Sanitary District

Developable
Acreage

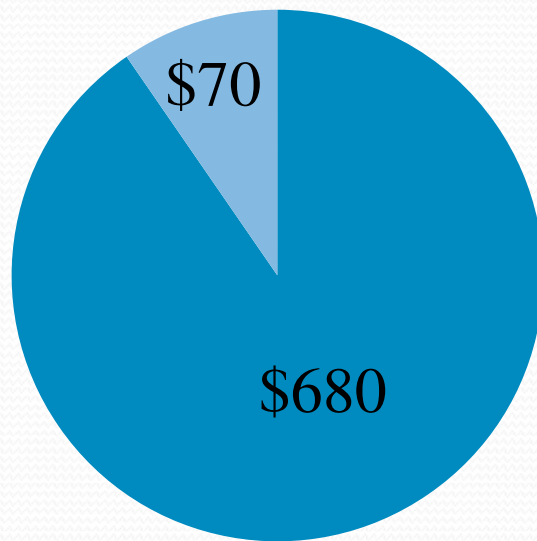


■ Town of Algoma

■ Town of Omro

Comparisons

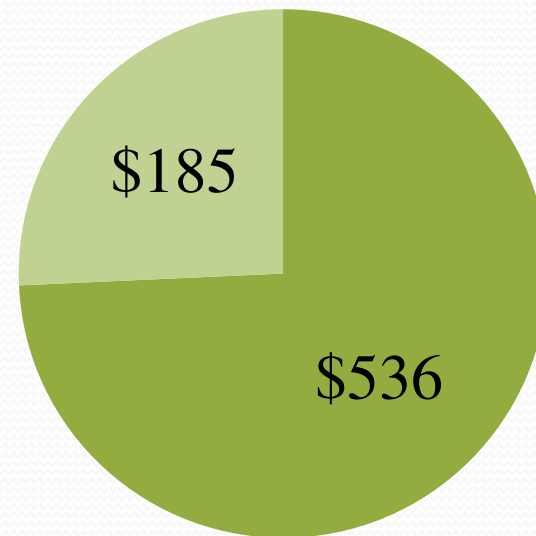
2011 Equalized Value
(in millions)



■ Algoma Sanitary District

■ Omro Sanitary District

2010 Statement of Assessments
Real Estate Totals (in millions)



■ Town of Algoma

■ Town of Omro

Consolidation Schedule

- ✓ Terms of consolidation approved.
- ✓ Commissioners voted unanimously in favor of consolidation.
- Public informational meetings:
 - ✓ Wednesday December 7, 2011 at the Algoma Town Hall at 6:30 p.m.
 - ✓ Tuesday December 13, 2011 at the Omro Town Hall at 6:30 p.m.
 - ✓ Wednesday February 1, 2012 at the Algoma Town Hall at 6:30 p.m.
 - ✓ Monday February 13, 2012 at the Omro Town Hall at 6:30 p.m.
 - ✓ Tuesday March 20, 2012 at the Algoma Sanitary District at 7:30 p.m.
- Referendum required in each District on April 3, 2012.
 - Residents vote to ratify consolidation.
- Staff begins merging process May 2012.



Referendum

Shall the Town of Algoma Sanitary District #1 and the Town of Omro Sanitary District #1 be consolidated to form a single Sanitary District?

- For Consolidation

- Against Consolidation

Algoma and Omro Sanitary District Consolidation

Questions, Comments, Concerns.

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