

Algoma Sanitary District #1
Minutes – June 14, 2007 - 6:00 p.m.

Commission Secretary, Alexander Irvine, with Commissioner Michael Gelhar present called the meeting to order at 6:00 p.m. Commissioner Earl Lawrence was excused from the meeting. Also present was Kevin Mraz, Joel Edson, Rose Mraz, Ray Edelstein, and Mike Olesen.

Call to order.

- a) Alex 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 for May as presented second-Alex/carried unanimously.**
 - c) **Alex made a motion to approve the cash receipts & investments for Sanitary & Water for May/second-Mike/carried unanimously.**
 - d) **Mike made a motion to approve the pending bills for June as presented/second-Alex/carried unanimously.**
- 2) Director's Report
- a) Review of District statistics
 - i) During the last few days the District has been using a lot of water due to watering of lawns. The usage is around 200,000 gallons per day.
 - b) No additional correspondence
 - c) The District hired the new operator, Michael Humbert. Kevin said Mike is moving right along with training and Kevin is satisfied so far. Mike has a Michigan Utility Operator's License and will test in November for a Wisconsin license.
- 3) Public Forum – No one is present for public forum.
- 4) Report from Committees
- a) There was not a Water Advisory meeting to discuss.
- 5) Old Business
- a) Review of the City of Oshkosh 30-year intergovernmental agreement – no change with this. The city is looking to complete this in the fall.
 - b) Bellhaven fourth addition preliminary plat was submitted to Oshkosh – Not much change to this plat yet. Pat Rank is working on the sewer and water layout for this. Once the design is completed, the project will be bid out.
 - c) Lowe's sewer construction partial release of easement. Ray developed this and it was sent over to them, but not returned to the District yet. They want to put pavement, lighting structures and storm sewer over the District's sewer utilities and will be the responsible entity if this area ever needs to be re-laid or repaired.
 - d) Kim Hansen claim update. – The deposition has been moved to July 10. Nothing needs to be completed on this.
- 6) New Business:
- a) Water tower lease agreement for cellular antenna – Kevin invited Mr. Olesen to attend the meeting to present on behalf of Utility Service Company. One of their branches of the company is to lease space on elevated towers for wireless communication companies.
 - i) Currently the District has 1 customer renting the tower for internet broadband service. Kevin said his assumption is anyone on the tower currently would be outside of their jurisdiction. Mr. Olesen agreed and said his company tries to steer away from the smaller carriers as the broadband wireless and local governments do not generate a lot of revenue for a Utility.
 - (1) Mr. Olesen said it could be spelled out that the Utility handles broadband and radio customers.
 - (a) Debbie Sullivan, at their corporate office does the negotiating with customers and once the agreement with the District is signed, Mr. Olesen would market to all the major carriers not only in the region but nationally.
 - (i) The District's information would go into a plan to the carriers who in turn check their build out plan to see how this would fit into their plan, if it is close or what would be needed to modify. Ray asked if Mr. Olesen has distance options or if the District would be competing with utilities in the area. Currently Mr. Olesen does not have any other clients in the area.
 1. Mike asked what size equipment is put on the tower and who puts the equipment up. Mr. Olesen said new corrals are 8 to 9' tall. Previously they were 4' and wider. The 8 to 9' is a beam appearance and not something super large.
 - (ii) Kevin said the District requires a specific color and location and this would need to be put into the contract.
 - (iii) Kevin asked if the commissioners get to approve the final contract prior to a company signing to use the elevated tank. Mr. Olesen said the Commissioners need to agree to this.

1. Ray said he didn't see that in the contract, but the contract can be changed to say the District gets the final say. Mr. Olesen said to call Debbie Sullivan as she would make the changes. Ray will contact her directly to see how she will handle changes.
- (iv) The contract asks for a 10 year term and Mike said 10 years is too long.
- (v) Ray said he likes their contract as it is intended to be straight forward; however, there are a number of issues that need to be changed in the contract.
 1. The 4 concerns - broadband, appearance, term length & final approval by the District.
 2. The District may not want to have the elevated tank in the maintenance program. Kevin said no offense to the company, but currently the tower is new and doesn't need a major cost for a maintenance program yet. It mainly needs the cleaning.
 - a. Mr. Olesen said for new tanks, they do have a base fee maintenance which has a lower fee and builds equity towards future renovations and coatings, cleanings and inspections. The DNR currently requires inspections once every 5 years, but this company does a visual once a year and a wash out the next year. About every 4 years they like to get in and touch up interiors. Their maintenance program covers everything except the SCADA system and valves that control water going in and out. Light bulbs would be changed by them. They take on the risk of the tank – the steel structure, the welds, vents, hatches anything on the tank and the coatings. This is built into the programs and is based on the size of the tank, style and elevation and the existing condition. The main concern is the attachment of the railings.
 - i. Mr. Olesen said they try to generate enough revenue or more to offset the maintenance costs.
- (vi) The District will let Mr. Olesen know if he needs to attend the next meeting based on answers from Debbie. Kevin said about 4 years ago Mr. Olesen showed up during construction and they have kept in touch at conferences since then. Kevin wants the revenue source and said once that is obtained the maintenance costs are easier to have.
- b) Ormand Beach sewer and water relocation developer's agreement.
 - i) The existing sewer will be moved in order to stay out of the living room of the new house and will be moved at the owner's expense. Kevin said he is trying to get 45 degree bends rather than 90 degree. Nothing will be changed until the new easement and the Developer's agreement is returned. Keith Decker is doing the construction.
- c) Ehlers and Associates to review bond payment schedule and finance plan development.
 - i) Ehlers propose to do a water financial update at no charge, but they require an arbitrage study prior to the plan. The big concern is the arbitrage study for the 2.2M dollar general obligation bond.
 - (1) Ehlers gave specific recommendations on how to handle the money from this bond and what to use the money for, everything from the start up for the system to the 1M dollar ban the District had. This bond was also intended for operational expenses during startup.
 - (2) There may be some funds left at this point which could cause arbitrage, so a study is necessary to see what's left and if arbitrage needs to be considered.
 - (a) Ehlers quoted \$2,000.00 per year to do the study, so it's up to about \$8,000.00.
 - (b) Rose is checking around for other quotes and Berens said they could do it for less than the \$8,000.00, around \$4,000.00 but didn't send a quote yet.
 - (c) Rebecca with Quarles & Brady will be looking to see what the District is allowed to use the funds for. Rebecca said she looked at the bond today, and it looks like it may only be for project costs which have been capitalized.
 - (i) Rebecca said if the District needs to pay back interest; the Federal Government does give Municipalities back up to \$1,000.00 of the interest a year toward the cost of the study as the Government realizes the studies are expensive.
 - (3) Both the auditor and Rebecca said to spend any possible balance before 5 years of the bond date. The District's upcoming necessary purchases are land and well #3 to be drilled and constructed.
 - (4) Ray recommended having an outside firm do the study and also recommended a closed door session with Ehlers so Dave can explain the situation. Ray recommended obtaining additional bids on the study and Kevin said this cost wasn't made known to the District until now.
 - ii) Ehlers will also do a sewer financial plan at a charge of \$3,000.00 if the District requires a plan.

- d) Resolution 2007-6-1 – Approve the insurance with the Government Pool. **Mike made a motion to resolve that on and after the 14th day of June, 2007, the buildings and other property belonging to the Algoma Sanitary District No. 1 be insured in the local government property insurance fund under chapter 604, Wisconsin statutes and amendments thereto/second-Alex/carried unanimously.**
- e) Land Acquisition for Water Treatment Facility #3 status. Kevin met with Mr. Miller and they are ready to say yes to the property sale to the District. Kevin offered to have them meet with the District’s engineer so that they can understand completely what will become of the property and construction.
 - i) In this area, the DNR requires the well casing to go 280’ deep and the bottom will be 600’ to 700’ deep by the time the drilling is completed.
 - ii) The Miller’s asked Kevin to meet with the 4 affected property owners so they are on board with what is going on prior to the sale.
 - (1) The building will have office space, a water treatment facility, and a garage. One of the scenarios would be to do the office and garage this coming year, however, you still need the water and sewer utilities there and working. The interior water treatment facility could wait until 900 users, we are at 630 users.
 - iii) This purchase would be for 3.3 acres which gives a little area for expansion. Kevin said he figured out architectures footprints, parking, and green space to be sure everything will fit.
 - (1) Kevin checked with the county, as Joel recommended, and the county verified that the water main will be outside of the new road when it is widened.
 - (a) There’s about 8’ between where the water main is to the edge of the asphalt. There is enough room to install both the sewer and water mains on the same side. Water main will be 6’ to 8’ deep and the sewer main will be 25’ deep to plan for basement service along the way.
 - iv) Kevin is still working with Mr. & Mrs. Miller prior to the actual sale and they said all their questions have been answered.
- f) Winnebago County tax lister dealing with A1 parcels.
 - i) Bert Wertsch is to draft the submittal to the Town Board to get affected parcels in the District.
 - (1) Dick Spanbauer was at Bert’s office and called Kevin regarding this and said there could be a cost to develop the legal description; however, Kevin said he doesn’t believe the District should have a charge as the District has the legal descriptions that the tax lister wants. Liz said she doesn’t need the complete legal description; however Bert is concerned about this.
 - (2) Kevin wanted a timeline as these need to be in by the time of entering data to the tax roll this fall. Most of these lots are part in and part out of the District and already using sewer service so they must go in all the way according to the tax lister. The County’s previous program allowed property to be partially in the District, but the new program does not allow this.
- g) CCR report.
 - i) The report is drafted. Rose handed out the final draft to be looked over prior to next Tuesday when it goes to the printers.
- h) Discussion about sewer user fee rate change – Review sewer financial statements.
 - i) Rose explained that there are 2 items which the Commissioners should consider.
 - (1) Operating loss for the Sanitary Utility
 - (a) Rose put together charts to help determine an increase for sanitary user fee. The last increase to the sanitary user fee was in 1998 which increased from \$150.00 to \$180.00.
 - (i) The information on the charts for 2007 and 2008 are based on estimates. The chart illustrates increases to the user fee based on recommendations from the District’s auditor and the District’s Finance Company. The auditor recommended having operating income cover operating expenses and to use other sources of income for capital items and improvements to the system.
 - (ii) The numbers on the charts through 2006 come from the District’s audit reports.
 - (b) Kevin asked everyone to look over the charts and see what they are comfortable with regarding an increase and for them to submit any additional information they would like to the office prior to next month’s meeting. This increase should be decided prior to August per the District’s ordinance.
 - (c) Kevin had Sara call area clerks to obtain information on their user fees. Joel recommended going to talk to area clerks regarding their user fees.
 - (2) The second decision regards the new Administration Building.
 - (a) Rose put together a chart to show the debt ratio over the years. Staff is recommending that a new building would be paid by the ad valorem tax and not from the operational income. There are

approximately 3,037 parcels in the District. This is the chart that Earl requested to show previous debt.

- i) Public Service Commission order point for a water rate hearing.
 - i) The PSC called the District as they had our information regarding our 3 year startup period in their records and wanted to follow up on it. They required a letter stating when the District will come in, and Kevin has a letter drafted to them. Mike and Alex agreed to send the letter and go in April of 2008 for a rate review.
 - (1) Originally the PSC set a 3 year rate and for the District to then come in for a rate review which would be this fall. Kevin recommended to the PSC that due to all the phases, the operational expenses for water may be higher and the District would like to wait until the end of this year to see how expenses are going. The District would like to have the audit statement, the annual PSC report, and the water Finance plan for the interview. Once these are in place, the District would like to proceed in April, 2008 for the review.
- j) Credit request for well abandonment completed at 4358 Bellhaven Lane.
 - i) Sara had this item included on the agenda as the District sent a letter to Mr. Al-Bitar October 12, 2006 saying that the District would look at it when the well was abandoned. He now abandoned his well.
 - (1) Ray recommended that the Commissioners do not allow a well abandonment for this. Giving credits out after the fact will affect the District's planning and finances and it's a bad idea to go after the time line allowed. Rose said that Earl sent an e-mail and recommended not allowing the credit now as it is way past the deadline. **Alex made a motion to deny a well abandonment credit for 4358 Bellhaven Lane as it is untimely/second-Mike/carried unanimously.**
- k) **Alex made a motion to adjourn at 8:15 p.m. second-Mike/carried unanimously.**

Respectfully submitted,

Rose Mraz, Office Manager

Approved:

Alexander Irvine, Secretary