

**Algoma Sanitary District #1**  
**October 14, 2010**

- 1) Commission President Earl Lawrence with Commissioners Alexander Irvine and Michael Gelhar present called the regular monthly meeting for September to order at 6:03 p.m. Also present were Kevin Mraz, Ray Edelstein, Michael Claffey, and Rose Mraz. Joel Edson was absent. Nobody was in attendance from the public.
- 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 for the regular monthly meeting on September 9/second-Mike/carried unanimously.**
  - c) **Mike made a motion to approve the cash receipts & investments report for September for sanitary and water as submitted including the balance adjustment/second-Alex/carried unanimously.**
    - i) There were no investment changes. There were two balance adjustments, one for writing off some small balances totaling \$7.39 and a duplicate billing for \$25.
  - d) Approve pending bills for sanitary and water.
    - i) **Mike made a motion to approve the pending bills for September as submitted/second-Alex/carried unanimously.**
      - (1) Two invoices to add, LSS for \$277.18 for safety supplies and uniform reimbursement for \$208.92.
- 3) Public Forum – Dan Benson is present, but there are no issues to be discussed.
- 4) Director's Report.
  - a) Correspondence
    - i) The Omro Sanitary District was in the paper on multiple occasions regarding their large water rate increase.
  - b) Status of 2010 projects.
    - i) Finished Manhole 26.6 over by Norm Mueller's which was moved due to Highway 41 construction. The main was either plugged or capped and has now been properly sealed.
    - ii) Great Lakes sealed up a 5 gallon/minute leak on Willow Bend today over by the Brooks Lane Lift Station.
    - iii) Staff will be installing a door alarm on the water tower to monitor when anyone is opening the door there, with a notice sent to the operator's pager. Recommendation to contact Sheriff's Office regarding facilities monitoring and keeping in touch regarding a review and familiarization of our security plan. There may be a need to give a tour of the location for Police to be able to get a view of the layout in case an incident occurs there in the future.
    - iv) Staff is working on installing a hatch to be able to install a mixer over by Shorehaven Lift Station if approved. We have a skid steer on site in the shop on a trial basis to see whether or not we like it. We could use it to raise things up and into the shop area upstairs. This one is a used one that has around 600 hours of usage on it.
    - v) Review each commissioner's April reelection dates. Mike Gehler is up for election in 2011, Alex Irvine in 2013, and Earl Lawrence in 2015.
    - vi) Reviewed a chart on 2010 peak water hourly flow rates during the summer, using August as an example, which would be used to judge system capacity. There is a peak demand from 6-7 A.M. and slows down at night. This is analyzed to make sure that, as our water users increase, the system is able to meet the higher demand.
    - vii) There was a concern at the end of one of the Omro water lines. The Omro Sanitary District Operators may need to flush the system more frequently to keep up the water quality. The average Algoma resident uses about 17,000 gallons/quarter, which is about average according to the PSC. The average Omro resident uses only 10,000-11,000 gallons/quarter, which is why they need to flush their dead ends more often to keep water fresh. Due to the water rate increase, Omro recently has changed their directive for flushing from doing it every two months to whenever a resident calls to complain about the water. We need to make sure to monitor that Omro is meeting minimum flushing standards.
- 5) Report from Committees.
  - a) The District held a District Advisory Council workshop on Thursday September 16 at 7 P.M. This was an opportunity to publicly discuss possible consolidation with the Omro Sanitary District. There needs to be a benefit and/or savings to both the Algoma and Omro water and sewer user to make the consolidation beneficial and be approved by the voters of both sides.
- 6) Old Business.
  - a) The third workshop for the Town of Omro Sanitary District consolidation will be in December. The exact date and time are to be determined.
    - i) There is no election in November 2011, so this item could be scheduled on the ballot in April of 2011 or 2012.
    - ii) To put the size of the current Omro Sanitary District into perspective, the equalized value of the portion of our District in the City of Oshkosh is \$150 Million, while the equalized value of the Omro Sanitary District is around \$70 Million.
    - iii) The maintenance cost per water and sewer connection in Omro is higher, with 30 grinder pumps and 5 lift stations for a smaller number of users.
- 7) New Business.
  - a) Discuss and act on the annual budget for publishing in the newspaper and set a date and time for the public hearing.
    - i) Reviewed the revised budget assumptions that were agreed upon at the Budget Workshop on September 30. The tax levy in the proposed budget will increase 1.83%. The Sanitary side will increase total revenues and expenses by around 3%. The wages and maintenance expense accounts changed based on where the resources are being allocated to certain areas versus where we were last year. The capital outlay has increased because \$80k has been allocated to the purchase of a wheeled excavator.

- ii) On the water budget, the percentage that is published in the paper is the total percent change of revenues and expenses, which was around 10%. The biggest expense item in the budget was interest expense, which showed a 25% increase. For Utilities Expense, we had to account for the change this year in utilities usage from the new building plus a 6.9% electrical rate increase and a 1.2% gas rate increase proposed by WPS.
  - iii) The Commissioners discussed a need to have a cash reserves goal in place to meet 1 year's operating expenses plus the cost of a major emergency repair and the cost of upgrading the Oshkosh Treatment Plant to 1.5 Million Gallons/Day. According to these parameters, the amount of cash necessary to cover these items would be \$2.9 Million. As of now, the Sanitary Utility currently has \$1.48 Million of cash on hand and the water utility has \$1.3 Million of cash on hand. There are a few challenging years ahead until principal and interest payments start declining, and this should be kept in mind when preparing the annual budget in the future and trying to put off major purchases in order to stay on target. The two things we are looking at to try to meet this cash reserves requirement are the monitoring of the annual budget and refinancing both our GOB loan coming due in 2013 and a higher interest loan from the State Trust Funds to a lower interest rate.
  - iv) We made calls to other communities regarding our increase in health insurance premiums under the Wisconsin State Trust Funds Health Insurance Plan. The City of Oshkosh has a monthly family health insurance plan premium of around \$1,900, which is a self-funded plan managed by Prairie States. The Winnebago County monthly insurance plan is around \$1,750, which is around the same cost as the State of Wisconsin plan next year. It was suggested to research other plans in the area next year to see where they are in price and to make sure that the price that we are paying is not out of line with others in the area.
  - v) The topic of a proposed purchase of a wheeled excavator was discussed. We have our application in to the federal surplus materials sales site and they are searching their database for used equipment. We have also searched the site for Wisconsin material but with no luck. We checked with FABCO regarding the lease of an excavator, and the problem with that would be that it could only be done with a new machine which would be valued at around \$250K. We would then be paying an interest rate of 3.5% on the value of the machine over the term of the lease. The price of purchasing a used excavator through them would be around \$85K.
  - vi) We have reviewed our options for refinancing with Dave Wagner from Ehlers & Associates regarding when the optimal time for refinancing would be. Our loan comes due in 2013, and the earliest that it could be refinanced would be March of 2011. He recommends starting the planning process for this in November of 2010 so that the sale of the bonds could begin in February 2011. The total loan payments if we are able to refinance at the current rates in early 2011 would be around \$17.7 Million, with a savings of around \$50K if we were to wait until 2012. But, the potential risk would be around a \$250K total payment increase if rates increased by only 1% before we were able to refinance. He recommends starting this process in November to be able to lock in these low rates as soon as we could, since the increased savings was not worth the risk. It was decided to notify Dave and put the potential bond sale on the November meeting agenda.
  - vii) **Motion made to approve budget for publishing by Alex and seconded by Mike/carried unanimously.** The public hearing for the budget will be set for November 11 at 6:00P.M., followed by the monthly meeting.
  - b) Audit Proposal from Baker Tilly. The changes that were adopted from the last meeting were approved by Baker Tilly and inserted into the contract. If a consolidation with Omro were to happen, the audit contract would need to be renegotiated. **A motion was made by Mike to approve the audit as changed and seconded by Alex/carried unanimously.**
  - c) Capital Purchases: Purchase of an Aluminum Trench Box was discussed to improve employee safety while making cuts to sewer and water pipes. It is big enough for our new pipe cutter to fit between the wall safely. The cost of this would be \$4K, with half of this being paid by each utility. To transport it you would need to purchase or rent a skid steer, which is the next item on the proposed purchase list. The skid steer would cost around \$29K for a used one with around 600 hours of usage on it, and \$35K for the purchase of a new one. Another item proposed to be purchased was the wheeled excavator mentioned above at a price of \$85K. The last thing on the list is a submersible mixer for grease removal at the Shorehaven wet well. This would cost around \$8,500 for the project including hiring an electrician to install the wiring. The purpose of this mixer would be to prevent the extreme grease buildup that develops within the wet well. So far this year we have spent \$9K out of \$81K budgeted on the sewer side and none of the \$17,500 budgeted on the water side. There is also a projected operating surplus in 2010 of \$73K on the sanitary side and \$140K on the water side. There is a motion to spend 40% of the capital purchases budget surplus of \$89,500, which would be \$35,800, at the director's discretion, with a detailed report of each individual item purchased to be discussed at the November meeting. **A motion was made to approve spending 40% of the remaining capital purchases budget of 2010 as described above by Mike and seconded by Alex/carried unanimously.**
  - d) Sewer user fee credit for 70% of the sewer user fee for 2275 Omro Road owned by Alex and Mary Jean Irvine. **Mike motioned to approve the credit and Earl seconded since Alex is abstaining/motion carried 2-0.**
- 8) **Mike made a motion to adjourn at 8:10/second-Alex/carried unanimously.**

Respectfully submitted: \_\_\_\_\_  
 Michael Claffey, Accountant

Approved: \_\_\_\_\_  
 Alexander Irvine, Secretary