

Algoma Sanitary District #1
September 9, 2010

- 1) Commission President Earl Lawrence with Commissioners Alexander Irvine and Michael Gelhar present called the regular monthly meeting for September to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, Michael Claffey, and Rose Mraz. 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 August 12 and the special meeting on August 18/second-Mike/carried unanimously.**
 - c) **Mike made a motion to approve the cash receipts & investments report for August 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 Roger & Beth Koepsel reducing their amount owed by \$220 and writing off Roger and Ruth Wilde balance of \$1.55.
 - ii) It was also noted that there was a rebate from the workman's comp insurance. Congratulations to Kevin for helping keep it low and earning the rebate by keeping a safe work environment.
 - d) Approve pending bills for sanitary and water.
 - i) **Alex made a motion to approve the pending bills for September as submitted/second-Mike/carried unanimously.**
 - ii) It was noted that the audit from Baker Tilly from last year was an additional \$1,120 for extra bookkeeping work. This should not be the case next year.
 - iii) The seminar offered by Baker Tilly was listed as two separate items since part of the cost will be charged on the credit card and part of it will be paid by check.
- 3) Public Forum – no one is present, so there are no issues to be discussed.
- 4) Director's Report.
 - a) We welcome the new accountant, Michael Claffey, to the meeting. It is good to have him part of the team.
 - b) Correspondence
 - i) Received a letter from Paula Rost thanking us for purchasing trees and planting them on the berm.
 - ii) Light shields were purchased and installed for less than \$10 to block the light from the flagpole inside her house.
 - c) Status of 2010 projects.
 - i) Utility estimation report was submitted to the DOT for the road project on Highways 21 and 41.
 - (1) 100% Reimbursement project for Force Main on Washburn through Highway 21 for when the highway is rerouted over Highway 41. The report was an opinion of probable cost because of the easement we have for the property in question. This project is scheduled to begin March of 2012. This planning report was submitted to help the DOT estimate their cost, and the revisions once the bids are received will be resent to them subject to +-20% cost changes. Our rights to the land are changing from an easement to a road right-of-way as part of this agreement.
 - (2) There are multiple 90% reimbursement cost projects in the works, including changes to the 18" PVC sanitary sewer main and the 200 feet of Brooks Lane force main replacement for a total cost of \$125,000, of which we would need to pay 10% or \$12,500 in 2012. This amount would need to be budgeted under our capital improvement section of 2012's budget. Strand reviewed the project to make sure that these changes had a negligible effect on our gallons/minute sewage flow discharge. We have to move the manholes outside of the new roundabout at the Highway 21 and Brooks Lane intersection. The current force mains are in good condition and are in no need of complete replacement, even though they are the oldest ones in the District. They are made of ductile iron pipe and should be good for quite some time. The 4" ductile pipe could be lined to repair it in the future. To increase the flow if necessary due to increased development in the future the pipe would need to be upsized at the developer's cost.
 - ii) The one last property that was part of the Witzel Avenue extension will be connected shortly. The owners have had various personal issues in the past but have recently hired a plumber to begin connection next month. If this fails to progress, the county may take necessary action first since they should take the lead in enforcement and testing matters.
 - iii) ARRA change order #4 from Selmer was \$5,928.16 and from contingency was \$1,866.09. We will be submitting a pay request to receive the additional money we are entitled to, either the \$5,928.16 or the entire amount of \$7,796.38. We will be contacting Bob Hannes to determine what amount we need to apply for. This will be a part of the final retainer of around \$66K that was held back until the project was complete. Normally the engineer would be filling out this paperwork, but we are doing this ourselves to save some money.
 - (1) ARRA funding grants have been exhausted according to Linda Miller at the DNR. We may be eligible for additional Safe Drinking Water loan funding of our eligible balances if we apply for it. We are having Ehlers review this to see how it fits into our overall cash flow picture. It would save the District \$70K over 20 years even after the \$10K application costs. We will check with Linda to see how much money will be available if we were to choose to apply for this. The application is due by December 31, 2010.
 - iv) There was a power failure here at the building on the date of the last meeting until around 1 AM. We are looking at analyzing the replacement of our generator at the Shorehaven Lift Station and the need for possible upgrades in equipment and power requirements. One possibility is acquiring a 2nd trailer so we can use both portable generators at multiple stations.

- v) At Well #2 by Addie Parkway our Programmable Logic Controller computer on the electronic boards was hit by lightning and needs to be replaced. The cost of replacing this would be between \$5K-\$10K, \$3K of which being hardware costs alone. We called the Local Government Pool Insurance Company and submitted a lightning claim for this damage, and we were notified that our premium would not increase as a result of doing this. The lightning was able to bypass our system that was in place to prevent this due to the unique things that lightning can do. Earl inquired about a better isolation circuit being installed to prevent this. Kevin said that may not help due to the unique nature of lightning, and the current systems we have include preventative measures but they failed to stop it. We could not determine that exact location of where the lightning struck. Tonka replaced the program, and when we had continued heartbeat failures LW Allen came in to replace all of the panels.
- 5) Report from Committees.
- a) The District has scheduled a District Advisory Council workshop for Thursday September 16 at 7 P.M. This is another opportunity to publicly discuss possible consolidation with the Omro Sanitary District.
- 6) Old Business.
- a) The second workshop on the Town of Omro Sanitary District was delayed. The rescheduled date will be on Wednesday September 15 at 3:30 P.M.
 - i) We are waiting for the cash flow schedules from Ehlers with the projections from the consolidation.
 - ii) Kevin had a meeting with Betty for a few hours yesterday to go over some of the things regarding the consolidation and what would happen after it occurred. He described the numerous cost savings that would occur and how the new District would function.
 - iii) A big issue that was brought up was the indebtedness of the Omro Sanitary District and how that debt repayment would be covered under the combined entity's operating revenues/cash reserves.
 - iv) In the proposed arrangement, the cost of commissioners, auditors, and lawyers would be cut in half.
 - v) There is also the need to have a referendum question passed from both Districts.
 - vi) The Town of Omro's land use plans that were passed need to be reviewed to see how they would work for the combined district.
 - b) Town of Algoma has not acted on the addition of around 30 properties to the Algoma Sanitary District.
 - i) Kevin has been e-mailing Char once a month since April requesting action from the Town.
 - ii) Ray said to send a letter to Burt and cc the town chair and we need an answer as to the next step to take. We should also let the town know the results that inaction on this issue has caused. They are in essence raising taxes on the residents that are already in the District by failing to act on adding these properties to our equalized value.
- 7) New Business.
- a) Award the contract for Manhole 26.6 relocation construction project to Dave Rabe Trucking and Excavating, Inc. Staff has received three quotes and some have not included asphalt in their bids. This company has been used before, is a qualified bid, and is below the \$25,000 public bid limit. **Motion made to award contract by Mike and seconded by Alex/carried unanimously.**
 - b) Hydraulic Pipeline Saw purchase approval for \$2,900 and pipe clamp assembly \$478 was brought up for discussion. Kevin discussed the benefits of purchasing the saw, the #1 benefit of which is safety. The saw comes with a clamp to hold the pipe of up to 12" in place while cutting it. There is no need to purchase a new hydraulic pump since the one we have works fine. This purchase was in the budget for this year. **Motion made to approve purchase by Mike and seconded by Alex/carried unanimously.**
 - c) Audit Proposal approval. The proposed amount of the 3 year contract for the annual audit was \$12,500 for the first year, with a \$500 increase for each of the following 2 years. Also included was the special audit fee of \$2,500 if we have more than \$500K of federal grant money and \$1,500 per year for the completion of the PSC Report. We would probably not need to have the special audit next year and may be able to avoid having them do the PSC Report due to having an additional staff accountant to help with the Report. If there would be additional work necessary regarding district consolidation being approved, that would be over and above the proposed cost. Baker Tilly has utility teams with utility industry experience available for advice, and this is something to consider. **If they are willing to clarify the two clauses discussed, a motion was made to approve the audit by Mike and seconded by Alex/carried unanimously.**
 - d) Budget Workshops. We would like to schedule budget workshops coming up by the end of the month so that the Budget would be ready for discussion and approval at the October meeting. The first workshop is scheduled for Thursday September 30 at 4P.M., and the review of the changes is set for Wednesday October 5 at 4P.M.
- 8) **Mike made a motion to adjourn at 7:25/second-Alex/carried unanimously.**

Respectfully submitted: _____
Michael Claffey, Accountant

Approved: _____
Earl Lawrence