

Algoma Sanitary District #1
January 12, 2012

Regular Monthly Meeting

- 1) Open Regular Monthly Meeting
- 2) President Bob Nadolske with Commissioner Jim Savinski present called the regular monthly meeting for January to order at 6:00 p.m. Also present were Kevin Mraz, Ray Edelstein, Joel Edson, and Michael Claffey. Bob requested a moment of silence in honor of the late Commissioner Alexander Irvine.
 - a) Bob noted that the District is using a tape recorder for the maintenance of the minutes. No one else is using one.
 - b) Approval of the minutes of the previous meeting. Jim pointed out a wording error by the use of “confident” person instead of “competent” person in two places under 7a) in the middle of page 2. **Jim made a motion to approve the minutes for the regular monthly meeting on December 8 with the noted adjustments/second-Bob/carried unanimously.**
 - c) Approve cash receipts for sanitary and water.
 - 1) Mike noted a \$5.00 addition to the cash receipts list from Citizens First Credit Union to adjust the actual amount received for December. Bob asked how much money is currently invested with the state investment pool and what the District’s plans are for it. Mike stated after recently moving some funds out of that account, the remaining balance is about \$88,000. Bob asked if the District should keep that account open in case interest rates rise or move the funds elsewhere to possibly get a higher yield. Mike explained that the District has the maximum funds at each location other than Community First C.U., but he could look into transferring them to a new bank.
 - 2) Jim questioned why 4322 Bellhaven Lane was listed for a road deposit refund. Mike explained that construction of the home was still in progress and that the road deposit would be refunded in the future upon completion.
 - 3) Jim asked why the list of pending bills the Commissioners receive prior to the meeting is different than the one at the meeting. Mike explained the list of pending bills in the packet at the meeting includes additional bills received after the packet is emailed to the Commissioners. Jim asked if the Commissioners could receive this updated listing of pending bills before the meeting, and Kevin offered to have the revised pending bills list emailed within 24 hours of the meeting time. Jim said that would be fine. **Bob made a motion to approve the cash receipts for sanitary and water/second-Jim/carried unanimously.**
 - i) Approve the balance adjustments. Mike noted the one item added is an entry for the 2011 annual cost of money adjustments for all of the deferred assessments. He explained this annual transaction increases the total amount of each deferred assessment by a percentage of the original principal balance and the total outstanding balance of all deferred assessments. It will not have an effect on the District’s income until the homeowner decides to hook up to municipal water, which would make the total assessment amount come due. Kevin stated that deferred assessments increase by the same amount each year since interest is not compounded. Ray mentioned that the District needs to make sure that the interest rate set at the assessment hearing doesn’t change. **Jim made a motion to approve the balance adjustments report as submitted/second-Bob/carried unanimously.**
 - d) Approve pending bills for sanitary and water. **Jim made a motion to approve the pending bills for January as submitted/second-Bob/carried unanimously.** Joel asked Mike if the payment to the Institute of Management Accountants was for him. Mike answered yes, and that the payment is for his annual society membership which includes a monthly accounting news magazine. Kevin added that he strives to keep the staff involved in their field of study as much as possible and to enable them to keep up with current events.
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Bob complimented the staff on the finish of the board table as well as the plaques on the wall for the past Commission Presidents.
- 5) Director’s Report.
 - a) Review of District statistics.
 - 1) One of the goals for 2012 is to add 12 new sewer connections and 30 new water connections.
 - b) Correspondence.
 - 1) The District received a letter from the Department of Natural Resources stating that the District’s permit to draw water from the Great Lakes Basin area must be renewed. The District’s maximum withdrawal capacity is 1,980,000 gallons per day, and it currently only draws about 150,000 gallons per day. This permit is approved and has already been received. The next time this will need to be renewed is between June 11 and December 31 of 2021. However, Kevin must continue to do annual reporting to continue to rely on the GLB as a water source.
 - c) Report summary detail of 2012 project goals and schedules.
 - 1) Kevin previously sent the Commissioners a list of projects that the District will target this year. This list will continue to be refined, but it informs the staff of what will be focused on. Large projects include repairing at least two manholes within the District, with a couple of other goals of minimizing unaccounted water and reducing infiltration rates. Kevin welcomed feedback from the Commissioners if they had any questions on specific items or a desire to add or change something on the list.

- 2) Bob asked if the District is going to try to finalize sump pump inspections this year. Kevin stated that one of the District's winter projects is to complete inspections of each sump pump upstream of the District's flow stations. They've been working on reducing the number of homes left to inspect and have until February 1 to finish this project. Currently, there are 14 inspections remaining, and several of those have already been scheduled.
 - 3) Bob added that a lot of projects on the list are dependent upon whether consolidation with the Town of Omro Sanitary District is approved at the April referendum. Kevin explained that some of the items are flexible. For example, if the District is looking for infiltration or televising mains they may adjust some of the areas they focus on. They could also paint Omro's fire hydrants first because Algoma's hydrants are in better shape than Omro's. In consolidating, Algoma will strive to bring all of Omro's standards up to meet current Algoma District expectations. Bob asked if putting off Algoma's hydrants in order to paint Omro's instead would have a negative effect on them. Kevin explained that it would take a little more sandblasting to knock off all the rust and other items, but the District would make sure they are properly maintained so that they don't seize up when used. Over a couple years that won't happen, but in the long run additional problems could occur if they are not maintained properly.
 - 4) Also, if consolidation passes, Kevin proposes installing radio telemetry in Omro's lift stations. This is important because it will allow the operators to monitor the live status of the system and reduce inspection expenses. Kevin wants to complete this project by around July 15, so they would have several months to complete it. Bob asked if it is an expensive option to put this system in. Kevin responded that he has received two bids for this project so far, each in the mid to upper \$40,000 range for 100% completion of the project. He will continue to review these and other options carefully since they are only estimates based on field research quotes. However, it probably won't deviate from those amounts by more than 10%. Bob asked if the District's current software will have any problem monitoring additional lift stations. Kevin stated that the District's system is expandable and adding additional components should work really well. A lot of the electronics in Omro's panel are compatible with Algoma's because the company that installed some of Omro's panels is the same one that installed Algoma's.
 - 5) Jim asked about the Build America Bond Interest Rebate. Kevin answered it pertains to the District's Build America Bond and the credit it receives toward the interest payments. The District received a phone call from the IRS recently regarding that reimbursement because the amount the District claimed on their 2011 rebate filing was not the same interest amount to be paid in 2012. Mike explained to the IRS & Connie with Bond Trust Services, who files this form for us, that it was because the District is still waiting for a portion of last year's rebate. After that, he told Connie that an IRS representative had called. Once the two of them talked directly about the situation, it was hopefully resolved and the District will receive its proper refund. Jim asked how much the rebate was, and Kevin stated it is about \$90,000, which amounts to around 30% of the total interest paid on those loans.
 - 6) Kevin asked Ray how the phone conference went for the pending bankruptcy. Ray summarized that the trustee made a mistake, acknowledged it, and now it is straightened out. The District will have to completely write off the past due bill for 2010 sewer user fee because it wasn't on the tax roll. However, three participating assessments are active and will go back into the plan to be paid in full. Bob asked if payment could be expected sometime this year. Ray answered once all the unsecured debt is removed and the secured debt is prioritized, the trustee will disburse the funds. So unless something terribly strange happens, the District should begin receiving payments next week, but if they don't arrive, notify Ray and he'll call the trustee. Ray also stated to make sure to note separately the amount of deferred assessments so they don't get erroneously included in the debtor's payment plan.
 - 7) Jim asked why a fire hydrant needs to be adjusted in Olde Apple Acres. Kevin explained that there were a couple issues that arose after an engineer surveyed the site. First, after Radke Contractors, Inc., installed everything to their surveyor's grade stakes and elevations, the District noticed the grade on a certain lot was really low because the hydrant was sticking up above bumper height. The breakaway flange should be below the bumper so it doesn't get damaged or start to leak if hit. The District needed to either cut that hydrant down or have Radke fill in that site. Radke told the District they would adjust the grade, but they never did. The other issue is near the road end where the developer extended the road further south than needed. There could have been a swale at the end of the road to put the fire hydrant beyond that area, so in the future the District could just tap in and extend to it. Now the fire hydrant appears to be near the edge of the road. It has already been lowered, but should be cut off lower so that if it is hit, the top is knocked off and rolls away and no one gets hurt. The break-off point is where the red and black ductile iron meet, which is about 8 inches off the ground. It is important to make sure it is always below the bumper height to prevent damage underground if a hydrant does get hit. The only work that would need to be done then is to replace the damaged parts of the hydrant from the surface, which helps the responsible party since they are billed for the repair.
- 6) Old Business.
- a) Discuss and act on determining the entity to return aged road deposits for multiple properties. It is the District's obligation to be diligent about returning these road deposits to their rightful owner in a business-like fashion. On December 13, 2011, the District sent a letter to each homeowner and builder requesting that the rightful recipient of the road deposit sign and return the letter. The letters went out by regular mail, and none were returned undeliverable. If only one party claimed to be the rightful recipient, they would receive the refund. If both claimed the refund, they

would both have an opportunity to state their case at this meeting. In making this decision, Ray suggests the District first verify whether the builder still exists according to the Department of Financial Institutions website. If it no longer exists, the refund can go to the homeowner. The Commissioners must also take into consideration who applied for the sanitary sewer permit. The District has record of who submitted the check, but there's no way of knowing whose money it was because we don't have the contracts between the builder and buyer detailing certain aspects, such as advances by the builder or whether a certain amount of money was collected. Although the builder may have written the check, it could have been trust money belonging to the homeowner. If there are any unclaimed deposits, the District can transfer them to the general fund, and if someone claims them in the future, they can be refunded. Another point to consider is whether the current homeowner now is the same person as when the permit was originally taken out.

- i) 1978 Scarlet Oak Trail: No response was received from either party. Portrait Homes took out sewer permit & is the original payer. According to the DFI website, the original homeowner is also the owner of the building company.
- ii) 1230 Kewaunee Street: Both the current homeowner and the builder claimed the refund, but Geurts Custom Homes took out permit. Each party was invited to the District meeting to state their claim, however neither is in attendance. Ray suggested the District contact both parties and either give them a final opportunity to attend next month's meeting or have them send documentation to back up their claim.
- iii) 1890 Sunkist Road: The homeowner was the only respondent and claimed to be the rightful recipient of the refund. The permit lists both the builder and the original homeowner, who is also the current owner.
- iv) 606 N. Oakwood Road: The homeowner was the only respondent and claimed to be the rightful recipient of the refund. The permit lists both the builder and the original homeowner, who is also the current owner.

Jim made a motion to refund the homeowner of 1978 Scarlet Oak Trail \$331, hold the deposit from 1230 Kewaunee Street until more investigation is done, refund the homeowner of 1830 Sunkist Road \$731, and refund the homeowner of 606 N. Oakwood Rd \$231/second-Bob/carried unanimously.

7) New Business.

- a) Resolution # 2012-1-1 to review public bid results and approve awarding Contract 1-2011 Washburn Street Utility Extension. This resolution was sent with the packet emailed to the Commissioners previously. Bob asked if Kevin was satisfied with the lowest bidder. Kevin explained that he did some background research on PTS Contractors, Inc., and prequalified them for the project. The company completed some work for the District about nine years ago and they stand by their work. He recommends the District award the bid to PTS Contractors, Inc. for \$167,970 so that the construction process may begin and the project can be completed within the 12 working day time frame set by the Wisconsin DOT. **Jim made a motion to approve resolution # 2012-1-1/second-Bob/carried unanimously.**
- b) Discuss and approve dedication of a memorial bench in memory of Alexander Irvine. Kevin explained that the Irvine family approached him and asked if a bench may be dedicated in memory of Alexander. The District staff looked into some different bench options with engraving which cost around \$500-600. Kevin hasn't followed up with the family yet because he wanted to get it approved first and know how much was authorized in the budget. Bob suggests Kevin discuss the options further with the family to see how they envision the design and cost of the bench. Kevin mentioned that a six foot bench fits up to 32 characters and an eight foot bench fits up to 43 characters, so the size of it may determine how it is engraved. Jim mentioned the metal benches at Oakwood School look nice and can also be engraved. Kevin will get more information from the family and submit it to the Commissioners when they pursue this purchase of a memorial bench in the spring. **Jim made a motion that Kevin be authorized to work with the Irvine family to place a bench on the District's site with the cost to be determined at a future meeting/second-Bob/carried unanimously.** Joel asked what the District had in honor of Commission President Bernie Miller. Kevin stated that the District recently hung picture plaques on the wall outside the board room in honor of each past Algoma Sanitary District President.

8) **Jim made a motion to adjourn at 7:05pm/second-Bob/carried unanimously.**

Respectfully submitted:

Michael Claffey, Accounting Manager

Approved:

Robert Nadolske, President