

**Town of Algoma Sanitary District #1  
Meeting Minutes – January 9, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for January to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. Sue requested some comments she made during the discussion on the Town of Algoma's Omro Road Reconstruction Project be removed from the minutes. Ray stated if there is something in the minutes that is incorrect, it can be corrected, but if something needs clarification, that should be reflected in this meeting's minutes. Sue asked that the sentence beginning "Sue stated she and Rich" be changed to "Sue stated and Rich agreed". She also wanted her statements in the minutes to be known as her opinion and they do not mean the Town feels the same way. Chad stated the minutes are what comes from the recording and clarified that at the December 12 meeting, Sue stated if these costs are because of this project, the entire town should bear that cost, because it is not fair for the entire District to pay for it. Ray explained to correct something in the minutes, Sue can make it clear it is her opinion as a Commissioner of the District, not in connection in any capacity with the Town, that Town residents are the ones that should be absorbing the cost associated to the District and Sue agreed. Mike stated the change Sue stated above, "Sue stated and Rich agreed", can be approved as part of the December minutes and would be changed prior to the minutes being signed after the meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on December 12 with the correction as noted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. Mike explained two balance adjustments removed an \$0.85 credit from a customer's interim sewer account and added it to their water account. Another recorded the 2019 Cost of Money Adjustments for all deferred assessments throughout the District for \$122,032.91. **Sue made a motion to approve the balance adjustments for December as submitted/second-Peter/carried unanimously.**
  - d) Approve investment changes. Mike explained a transfer is needed within the Local Government Investment Pool (LGIP) to move \$100,000 of assessment funds to general funds, with an opposite transfer to be done at Community First Credit Union, to have funds available to make the 2020 sewer bond payments. These transactions will not change the total balance at either financial institution. **Chad made a motion to transfer \$100,000 of assessment funds to the general fund account at the LGIP/second-Peter/carried unanimously.**
  - e) Approve cash receipts & investments for sanitary and water. **Peter made a motion to approve the cash receipts and investments for sanitary and water for December as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike explained the pending bills sheet sent to the Commissioners the previous day included all the bills received since the packet was sent out the previous Friday. Mike noted the following payments:
    - McClone Agency: 2020 liability insurance for \$32,573.
    - City of Omro: fourth quarter sewage treatment invoice for \$28,917.21. The District flowed 23.5 million gallons to the City of Omro in 2019 for a total cost of almost \$119,000 at a little over \$5 per thousand gallons.
    - Sue asked what the monthly payment to Advanced Disposal was for, and Kevin answered it is to empty the dumpster at the administrative building every 1-2 weeks throughout the year.
    - **Chad made a motion to approve the January pending bills and the December previous disbursements for sanitary and water as submitted/second-Sue/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Sue thanked everyone again for welcoming her aboard.
  - Peter thanked everyone who attended the Town of Algoma board meeting on December 18 representing the District to discuss the Omro Road Reconstruction Project during public forum, and Kevin agreed and appreciated the Commissioners' and Ray's support.
  - Chad advised everyone to fill out the complete year, 2020, when writing checks because there are some financial scams occurring when using the shortened year.
- 5) Director's Report.
  - a) Review of District statistics.
    - 2019 Year-End Results: The District distributed 43 water permits and 26 sewer permits, surpassing staff's goal of 30 water permits and 15 sewer permits. The 2020 goals are for 30 water permits and 18 sewer permits.
    - Peter asked what costs a resident incurs to connect to municipal water. Kevin stated they would pay a \$40 water permit and hire a plumbing contractor to disconnect the well in the basement, connect the rest of the house to municipal water, and install a water meter. Mike added homeowners with deferred assessments are required to participate, or agree to make payments, prior to municipal water connection. Peter asked how a previous owner can avoid making payments on an assessment, and Kevin stated it is disclosed and negotiated with the sale of the property and transferred to the new owner

if it is not paid at closing. Payment options are in-full or on the tax bill over 20 years with interest. He added assessments can be deferred indefinitely; the District does not plan to require them to become due since connection to water is voluntary. Sara added the information the District provides on tax letters states deferred assessments are not due until the current or future homeowner decides to connect to municipal water. Ray stated a deferred assessment can make a property somewhat more difficult to sell over time because the balance continues to accrue interest. Kevin added the challenge in the future will be when the assessment balance exceeds the cost of drilling a well. Also, when assessments reach 20 years or the bonds are paid off, his understanding is they would stop accruing interest because the District would no longer incur interest on the bonds for that project.

b) Correspondence. The only correspondence received was discussed under Agenda Item 6a).

c) Status of 2020 projects.

- Shorehaven Lift Station: The District plans to upgrade two lift station pumps, which handle a lot of the sewage flow throughout the Town of Algoma, increasing capacity from 750 gallons per minute (gpm) up to 1,400 gpm.
- Safety Training: The Water/Wastewater Operators will attend upcoming safety training classes this winter, such as Competent Person Safety, Confined Space Training, CPR, and Lock-out/Tag-out, which is electrical safety.
- Hydrant painting: staff will paint at least 100 fire hydrants this summer once the weather is dry enough.
- Upcoming Meetings:
  - (1) Winnebago County scheduled a meeting the following week with the District, East Central Regional Planning Commission (East Central), and all of the Sanitary Districts that flow to the Oshkosh Regional Wastewater Treatment Facility to discuss the Sewer Service Area agreements. There currently is not a formal agenda for this meeting. Immediately following that meeting, Kevin, Ray, and Mike will meet with the other Sanitary Districts, along with Attorney John St. Peter who represents several of these Sanitary Districts, to discuss the master agreement the City of Oshkosh is proposing.
  - (2) District staff and Strand Associates will meet with the Town of Algoma's staff and McMahon Associates, the Wisconsin Department of Transportation (DOT), and East Central on January 16 to discuss the impacts of the Town's Omro Road Reconstruction Project on existing water and sanitary sewer utilities.
  - (3) Kevin will attend a conference in Washington D.C. later this month as Director of the National Rural Water Association to help water utilities obtain Safe Drinking Water Funding, including principal forgiveness, for projects such as lead lateral replacements. While the District does not have any lead services, this helps the federal government continue to make funding available to other communities for water and clean wastewater projects and programs. For example, the City of Oshkosh has between 7,000-11,000 lead services to replace, and the City of Milwaukee has a substantial number of lead water services as well.

7) Old Business.

- a) Discuss and act on the pending impacts the proposed Omro Road revisions changing form a rural road to an urban road will have on underground water and sanitary sewer utilities.
- Kevin asked if anyone had any takeaways after the Town of Algoma Board meeting that he, the Commissioners, and Ray attended. Chad stated it did not seem like the board members had a lot of information yet and, in his opinion, they are anxious to see the outcome of the project which may not be as far along as the District thought.
  - Kevin said he received an email from Mike Simon of McMahon Associates, the Town's Engineer, the previous night which stated they were only hired to design the road and not to take into account the cost of utility relocations. He also put the District on notice that its utilities are only there via a permit from the Town. Kevin stated the District is currently working with the developer of LakeVista Estates, and the issue of District utilities being located in the road right-of-way would need to be resolved before water and sewer utilities are installed.
  - Mike Simon also requested more information regarding the estimated opinion of probable cost the District generated as well as details on what infrastructure is actually in the roadway. Kevin and the Commission feel it is more reasonable to spend a dollar on engineering to save ten-fold on construction costs and believes the District needs to do its due diligence to save its residents as much money as possible. Chad added the impact needs to be only on Town of Algoma residents or property owners on Omro Road through road or sidewalk assessments and not on residents of the entire District.
  - Kevin explained the past precedent for the Town of Algoma's last two road projects on North Oakwood Road for the bridge and from the Town Hall to Highway 21 has been for the Town to pay costs for relocating the water and sewer infrastructure. The same holds true if the District must excavate a road to repair or replace watermain, with the District paying to repair roads that are impacted due to its watermain projects. Sue feels it is important to mention the past practice of the Town paying the District's relocation costs. Kevin agreed and mentioned the significant personnel turnover that has occurred since then with Town Administrators, engineers, and board members, and he believes current personnel may not be aware of the Town's past practice.
  - Kevin also mentioned Strand Associates previously prepared a road design as recently as 2014 for reconstructing Omro Road from North Oakwood Road to Brooks Lane that included only one multi-use trail on the north side of the road and incorporated storm sewer, which resulted in the road being lowered by the maximum of one foot. Chad mentioned the possibility that the existing engineers are unaware of the previous profile. He asked Sue if the Town finds the cost too exorbitant would they postpone or cancel the project, and she stated she was not sure. He also asked Sue how much the

Town had spent on engineering, and she stated it was a considerable amount. She added the Town may feel boxed in due to the grant requirements, and the District may need to ask if there is some flexibility to make some changes.

- Peter agreed and stated recent Town board and Commission meetings may have been the first time some board members have become aware of the additional costs above the initial projection of \$5-6 million. He added that any time a grant is received, it may initially seem like a great thing but the requirements attached may result in additional costs that may not make the grant worthwhile. Sue stated that sometimes engineers may think a municipality has unlimited funds and do not consider the costs over and above reconstructing the road, which would be paid for by the same residents.
  - Kevin stated he can ask questions at the meeting the following week, but he would be a little uncomfortable doing so because he is not trying to change the town's road design because that is their decision and he only wants to minimize the impact on the District's utilities. He also said it would be helpful if the Town board was there to hear the discussion about the project's big picture to be able to make an informed decision and possibly consider a more cost-effective alternative. Kevin stated the DOT website contains alternative urban road designs that include detailed installation methods, adding the DOT is open to other alternatives.
  - Kevin finds it concerning to read the following sentence in Mike Simon's email: "Designing the road so that the utilities do not have to absorb any costs is not a requirement of the funding." He said it is painful to think the engineer is only there to design the road and is not concerned about any other impacts. Chad encouraged Kevin to reiterate, at that meeting, that the District desires to find the most cost-effective alternative for the entire road project, including electrical, cable, water and sewer, driveways, etc. Ray said Kevin stated previously that the grant specifically excludes water and sewer relocation costs, but he is unaware if it excludes other utilities.
  - Ray stated he is also concerned that the engineers are stating they only care about building the road and not about the cost of utility conflicts. He spent some time that morning researching who is ultimately responsible for utility relocation costs, as there were previous court cases that were decided in both directions. The District currently does not have a written commitment from the Town of Algoma to pay the cost to relocate the District's utilities and would want an agreement that states how the cost would be paid for the future. He added ultimately the taxpayers of the Town of Algoma are responsible for paying this cost.
  - Chad thinks there should be a project manager that considers all the impacts of the project. He also feels the engineering firm is doing the Town a disservice by not incorporating the entire cost of the project into their cost estimate. Peter agreed, adding the mere presence of District representatives at that Town of Algoma meeting was shut down so fast by a certain individual on the Town board that seems to be heavily invested in seeing this project proceed as is, and Peter is concerned the information the District is sharing is not being taken into account in the board's decision. Kevin agreed and stated since the District attended that Town board meeting, the board is now on notice for the additional relocation costs. He thinks the board should appoint someone to be responsible, such as the administrator, for minimizing the cost for its residents. Ray also mentioned his concern that timing may be an issue, and that short project deadlines can result in poor choices. Kevin stated when the District initiates construction, its decisions are cross-checked by the Public Service Commission (PSC) and the Department of Natural Resources (DNR) for the most cost-effective option.
- 7) New Business.  
a) None.
- 8) Adjourn. **Chad made a motion to adjourn the regular monthly meeting at 12:58 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – February 13, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for February to order at 12:00 p.m. Also present were Utility Director Kevin Mraz and Financial Utility Clerk Sara Gonzales. District Accounting Manager Mike Claffey and District Attorney Ray Edelstein were excused.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on January 9 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. **Chad made a motion to approve the additional balance adjustments for December as submitted/second-Peter/carried unanimously.**
  - d) Approve investment changes. None. Kevin stated the District received an irrevocable letter of credit of \$3 million from Community First Credit Union (CFCU), in addition to \$250,000 of NCUA coverage and \$400,000 covered by the State of Wisconsin Deposit Guarantee Fund. Therefore, the District is fully collateralized at up to \$3.65 million at CFCU for 2020 and its current balance is about \$3.1 million. **No motion was necessary.**
  - e) Approve cash receipts & investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water for January as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Chad asked Kevin previously what a panel view was, and Kevin explained it was a control panel for a well pump. Kevin stated the Operators use a touch screen at the well facilities to open and close valves and set timers for different filtration times. It is about the size of a computer screen and cost about \$900 to replace. Sue stated she was impressed by the District Operator who was able to replace it, saving the District about \$30,000 for a new one. Kevin agreed and explained Dan found the part and sent it to Tonka to program and ship it back. He also said if they can repair another screen that may have a short in it for a small cost, the District will have another one on standby. **Chad made a motion to approve the February pending bills and the January previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Peter complimented staff for always sending the Commission well-prepared and detailed documents to review.
  - Chad recommended he and Peter use District email addresses in light of the recent spam email that was received last month, and Kevin stated he can have staff set that up.
- 5) Director's Report.
  - Due to the recent cyberattack on the City of Oshkosh, Kevin reassured the Commission that the District's billing software and special assessments database is backed up daily in a number of different ways and staff is taking steps to keep this data secure and to prevent the loss of information if the server were to go down.
    - a) Review of District statistics. No discussion was had on this agenda item.
    - b) Correspondence. Any correspondence received was discussed under Agenda Item 5c).
    - c) Status of 2020 projects.
      - i) City of Oshkosh Wastewater Treatment Agreement:
        - Last month Kevin, Mike, and Ray met with representatives of the other Sanitary Districts that flow to the Oshkosh Regional Wastewater Treatment Facility as well as Attorney John St. Peter, who represents a number of the other Sanitary Districts. The City will continue to work on drafting that agreement in hopes of completing it by September of 2020. No action necessary.
      - ii) LakeVista Estates - Water and Sewer Utility Installation:
        - Kevin stated the sewermain installation has begun and is proceeding well. He was very pleased that PTS Construction, Inc did not damage the forcemain when the sewermain was tapped on Leonard Point Lane. The construction crew plans to install 600' of sewermain each day and does not plan on any blasting for rock removal. Kevin also presented a map of LakeVista Estates and explained how and where construction is proceeding.
        - Kevin presented a picture of a sewer manhole profile for the Commission to see how three-foot cone sections would need to be removed when Omro Road is lowered. The District's inspector will not know whether removing each section to lower it would cause the manhole to break and require replacement.
        - Sue asked when the Town of Algoma reconstructs Leonard Point Road whether the same considerations would be encountered. Kevin explained this sewermain is now being tapped at Leonard Point Lane and installed in the farm field. The manholes being installed will match the current grade. If there are any elevation changes when

Leonard Point Road is reconstructed, the sewer manholes already installed along that road would need to be adjusted also.

- Peter asked if the District would incur any overtime cost with this project. Kevin explained the District has a developer's agreement which states the developer is required to pay 100% of the District's observation time. This hourly rate also accounts for the Inspector's insurance, retirement, etc. along with an additional markup, and Chad clarified the observation cost is built in for all District projects. Kevin added the observation crew will watch as each item is installed and will televise the mains when the project is completed. Peter added the developer should prefer that so they do not have to fix anything after it has already been buried.

iii) Ormand Beach Heights - 1<sup>st</sup> Addition:

- District staff recently replaced a copper water service in this development that was leaking. Kevin presented a portion of the pipe that showed corrosion on the outside. He explained the preliminary plat was submitted to the Town of Omro in 2010, but was not finalized. The new developer would like to continue with the same design and start building the road by May of 2020. Kevin explained there are 20 other future lots with this potential problem and he proposed replacing all of these water laterals within the next month.
- There is a lot that was designed to be a stormwater pond for this development, but someone recently bought it from Winnebago County while it was in foreclosure. If this lot cannot be obtained, the developer may have to use two other lots for a pond and would only be able to sell 19 instead of the proposed 21 developed lots.
- Sue asked if the developer would be responsible for the replacement of these water services. Kevin explained prior to the consolidation with the former Omro Sanitary District, the previous developer was specially assessed for the cost of installing sanitary sewer and water infrastructure to serve these lots. The District is now responsible for repairing the water services located within the road right-of-way. Staff submitted a letter to the developer detailing the 2020 costs that would be due upon each permit application, which is \$14,612.41 for sewer permits and \$5,662.08 for water permits.

iv) Our Pier Request for Proposals:

- Radke Contractors, Inc. will construct an 8' x 100' pier with a T-section at the end for fishing. Staff is currently working with the U.S. Fish and Wildlife Services to have the grant funds in place prior to construction. The construction may begin early spring of 2020.

v) New Water Connections:

- Three properties on North Oakwood Road that were on a shared well all connected to municipal water earlier that week due to an issue with the well casing and water quality issues.

vi) Omro Storage Units:

- An individual is proposing to install storage units on LaCrosse Drive near the corner of Sand Pit Road and Highway 21. These storage units may not require water and sanitary sewer service and the District does not have a minimum requirement for water and sewer usage. The District will know more once the Town of Omro has their meeting the following Monday to discuss the required request for a zoning change for this parcel.

6) Old Business.

- a) Discuss and act on the pending impacts the proposed Omro Road revisions changing form a rural road to an urban road will have on underground water and sanitary sewer utilities.
  - Kevin stated he, Mike, Dan, and Ray had a productive meeting with the Department of Transportation (DOT), the East Central Wisconsin Regional Planning Commission, and the Town of Algoma engineers and staff the previous month. He explained the DOT has rigid schedule requirements the Town must meet to receive funding. The Town engineer stated the Town is not required to have another public meeting for this project. The District developed a list of utility conflicts as requested by the Town, which did not include a cost estimate. District staff sent a letter by email and certified mail to the Town stating it is our understanding that the Town signed an agreement with the DOT to pay 100% of the sewer and water infrastructure utility conflicts associated with this Town storm sewer and road reconstruction project and requested a response by February 28. The Town has their monthly meeting scheduled the following week. Peter asked about the Town's schedule regarding the DOT grant requirements, and Kevin believed the Town is required to submit 60% drawings for the DOT to approve them by May of 2020. Chad asked Kevin to notify the Commission if staff receives a response from the Town.

8) New Business. None.

9) Adjourn. **Chad made a motion to adjourn the regular monthly meeting at 12:36 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Sara Gonzales, Financial Utility Clerk

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – March 12, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioner Peter Cernohous present and Commissioner Sue Drexler by phone called the regular monthly meeting for March to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, and Financial Utility Clerk Sara Gonzales. District Attorney Ray Edelstein was excused.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on February 13 as submitted/second-Peter/carried unanimously.**
  - c) Approve balance adjustments. Mike explained the District received 30 online checks in one envelope delayed by the mail and wrote off the late fees of \$35.97 as a courtesy to these residents. **Sue made a motion to approve the balance adjustments for February as submitted/second-Peter/carried unanimously.**
  - d) Approve investment changes. None. Mike mentioned he will present investment options to the Commission for the District's CD expiring in April at the next monthly meeting.
  - e) Approve cash receipts & investments for sanitary and water. Mike noted a majority of the 2019 tax roll payments have been received from the municipalities. **Peter made a motion to approve the cash receipts and investments for sanitary and water for February as submitted/second-Chad/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - PTS Contractors, Inc.: the first pay request added that morning for the sanitary sewer infrastructure installed in LakeVista Estates for \$118,473.33. Kevin added the project is about 15% completed. The District pays the contractor and the developer will reimburse the District within 60 days according to the Developer's Agreement. There are currently three crews working throughout the day and there will be about an additional \$800,000 to bill over the next couple of months.
    - LW Allen: pump upgrades at the Shorehaven Lane Lift Station for \$69,415.00.
    - Freedom Excavating: replace 20 copper water services with poly pipe in Ormand Beach Heights for \$16,500.00.
    - Rhyme: down payment of half the cost of the computer server for \$6,063.80.
    - **Chad made a motion to approve the March pending bills and the February previous disbursements for sanitary and water as submitted/second-Sue/carried unanimously.**
    - **Chad made a motion to move Agenda Item 6a) after Agenda Item 7c)/second-Sue/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Mike read Sue's Commissioner Statement she submitted via email the previous day regarding her duties as Secretary according to Wisconsin Statutes and stated her intent to conform to the statutory requirements. This statement will be attached to these minutes.
  - In response to Sue's Commissioner Statement, Chad requested staff add an agenda item for next month's meeting that includes a District policy to be approved that states once the District's audit is presented and approved, it will be dropped off in person at each municipality, in exchange for a signed receipt. Mike added the District's audit is forwarded to regulatory agencies for bond holder information, as well as being available to the public.
  - Peter thanked Kevin for all the information he sends out to the Commissioners regarding the numerous activities taking place.
  - Chad added the District ought to have contingency plans in place, such as video or phone conferences, in case meetings have to be conducted remotely. Kevin agreed and added he explained to the Operators that water and sewer service will continue uninterrupted and if they are running a fever, they are to stay home.
- 5) Director's Report.
  - a) Review of District statistics. Kevin stated the District released six water permits and two sewer permits this year.
  - b) Correspondence.
    - Kevin stated he received a call from the builder of the Chick-fil-A Restaurant recently regarding landfill groundwater where they intend to build this spring, and he wanted confirmation that the District would accept its wastewater if it pumps groundwater from the site during construction into the sanitary sewer system. Kevin explained as long as the City of Oshkosh gives him written confirmation that they will accept that wastewater at their wastewater treatment plant, the District would allow them to pump it into its sanitary sewer system.
    - The District received several correspondences from the Town of Algoma's Attorney, which are scheduled to be discussed during Agenda Item 6a).
  - c) Status of 2020 projects.
    - i) LakeVista Estates water and sewer utility installation: as stated during pending bills, PTS Contractors, Inc., is about 15% completed with the sanitary sewer and municipal water installation in LakeVista Estates.
    - ii) Ormand Beach Heights - 1<sup>st</sup> Addition: all 21 copper water services in Ormand Beach Heights have been replaced with poly pipe. District staff estimates the first water service the District previously replaced, which started this project, may have been leaking about 13 gallons per minute (gpm) since around the end of 2019.

- Shorehaven Pump Upgrade: two of the three lift station pumps were upgraded which increased the capacity from a maximum of 750 gpm to 1,350 gpm.
  - Springbrook Road Grinder Pump Repair: the property owner contacted the District earlier that week because of a potential leak near the grinder pump that serves their property. The District hired Wally Schmid Excavating to excavate the sewer pipe after the grinder pump and repair the forcemain.
  - Sandhill Farms: the Operators noticed a lot of silt entering the sewermain through the Sandhill Farms Lift Station earlier that week, which prevented some check valves and pumps from working properly. They found a contractor building a house in the vicinity who told them the cap was not glued on the pipe in the basement as it should be. With the recent spring thaw, this basement held several feet of water which likely flowed into that pipe, along with sediment from the ground, and into the sanitary sewer system. Once the Operators got everything flowing properly, they jetted the area sewermain and exercised several check valves. Chad added the Operators may want to speak to the builder and confirm the pipe is glued for future construction.
  - The meeting continued with Agenda Item 7a).
- 6) Old Business.
- a) Discuss and act on the pending utility conflicts and financial impacts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road, including a new storm sewer, will have on existing underground water and sanitary sewer utilities.
- Chad began by asking the Commission if they were willing to pay for the sanitary sewer and municipal water utility conflicts related to the Town of Algoma's Omro Road reconstruction project. Based on the Town's most recent response, his recommendation was for the District pay this cost. He suggested to have the Commission direct its attorney to draft a letter to the Town and, since Ray was out of town, staff should notify the Town that they will receive the letter by the end of the following week. He also suggested the Commission plan to discuss the PowerPoint slides staff prepared at the April monthly meeting, have a decision on how to fund it made by May, and have staff prepare a detailed explanation to inform residents in the annual Consumer Confidence Report about why and by how much their rates will increase. Chad definitely does not like that the District has to succumb to this since its residents are receiving no benefit for this project. Sue agreed with the District paying for the utility conflicts, stating she does not feel it is worth the attorney costs.
  - Peter stated he is having a hard time accepting financial responsibility, since the application the Town Board submitted to the Wisconsin Department of Transportation (DOT) for this project states in five different places that the Town is responsible for infrastructure construction, and he is very disappointed that the Town is ignoring this DOT application. He believes Sue has a conflict of interest in her employment with the Town of Algoma, and Sue claims her position is simply her opinion as she is not privy to any additional information the Town Board may have. Her understanding is that the amount of cost the State does not cover is left to the interpretation of the Town.
  - Chad stated if the District is going to cover this cost, it must receive written confirmation from the Town that states the District has authority to install and maintain infrastructure within its road right-of-way because staff has a responsibility to access and protect its infrastructure, and Sue agreed. If that is not received, he suggests the District withhold all sewer and water permits in the Town of Algoma. Kevin added if it is not obtained, the District may want to consider stopping the development of LakeVista Estates that is currently taking place.
  - Peter asked if the road design has changed since the January 16, 2020 meeting, as referenced in one of the Town attorney's letters, and Kevin stated the design is the same and he expects the 60% drawings to be released soon. He also mentioned the Town's website states "public involvement on final renderings (location tbd), property acquisition (if necessary)" to be scheduled in March of 2020, but there is no specific date as of the date of this meeting.
  - Kevin explained the District has the ability to cover this cost, which would amount to about \$425-\$600 per customer. The \$1.5 million estimate is strictly to relocate the existing utilities to accommodate the storm sewer and does not include any construction related to new water customers as the most recent letter from the Town attorney stated. Any new water customers would be assessed for this cost, which is estimated at \$250,000-\$500,000, and may include more deferrals. Coincidentally, a board member of St. Paul's Church stopped in the previous day to request information about municipal water service, which would offset the cost of the 600' new watermain extension to Leonard Point Road.
  - Kevin also stated he cannot get any more accurate than the \$1.5 million estimate he already provided. Based on the average bids received for LakeVista, this cost could be as high as \$2.5 million. As the COVID-19 epidemic continues, there could be a negative effect on supplies, which could drastically increase prices. Chad agreed, stating labor prices are going up, supplies are limited, and costs will increase.
  - **Chad made a motion that the District accept responsibility for the cost of relocating its infrastructure due to the Town of Algoma's Omro Road reconstruction project contingent upon receiving written confirmation of District access to the right-of-way in all Town roads/second-Sue/Vote-Chad-aye, Sue-aye, Peter-nay/Motion carried 2-1.** Kevin was directed to have our attorney draft a letter to forward to the Town of Algoma notifying them of this decision by the end of the next week.
  - Sue made a couple of suggestions on the slides that were sent to the Commissioners the previous day. She suggested the District refrain from commenting on items in the slides that the District's engineer does not support, such as Omro Road

flooding during spring thaws, which Kevin stated was based on staff observation. She also suggested that the conclusion state that this cost of \$425-\$600 per District resident is based on the \$1.5 million estimate.

- Peter stated and Chad agreed that they want to make sure the public understands what this project's cost impact will be. Chad added all of staff's estimates are based on past project costs of similar size and any values released to the public would be footnoted. He does not believe there has been any public present at any Town meeting for this road project, so residents have no idea how much this is going to cost them. Sue agrees, adding the public needs to know the cost impact.
- Kevin explained staff wanted to provide an overall cost estimate so every customer understands what this project is going to cost them. However, there are many different ways of funding this cost. If the District assesses every property on Omro Road for the manhole adjustments, the assessment would be about \$5,800 per parcel. He would make sure any public release of information will identify the total project cost, how the impact was derived, and whether it would be a one-time fee or spread over several years. Chad explained the \$1.5 million estimated cost divided by 3,500 connections equals \$428 per connection. If it is a \$2.5 million cost, it would be \$714 per connection.
- Kevin explained he is always concerned about spending money. If the District is going to spend \$1.5 million, he created a list of many other projects the District could do with that money that provided more long-term benefit. If the District had the liberty to spend that much, he would have used it to extend watermain to serve the City of Omro municipal water and gained a 100,000 gallon per day water customer. However, this potential 30% rate increase with no added benefit will certainly get residents attention. Peter asked who is paying to relocate the other utilities, such as gas and electric, and Chad answered the costs would be incorporated into all their customer's bills. He added the Town still has many hurdles to clear, and the District is not going to be a road block, but its constituents will know exactly why this is happening.
- The meeting concluded with Agenda Item 8).

7) New Business.

- a) Discuss and act on Resolution 2020-3-1 to approve a 10-Year loan of \$500,000 to the Water Utility at an interest rate of 1.25%. Kevin explained this transaction is included in the District's cash flow schedule and expected to recur annually until 2024, and he recommended approval of the resolution. Peter added this was discussed during previous audits, and Mike added it was discussed as part of the budget meetings as well. **Peter made a motion to approve Resolution 2020-3-1 to approve a 10-Year loan of \$500,000 to the Water Utility at an interest rate of 1.25%/second-Chad/carried unanimously.**
- b) Discuss and act on awarding the contract to KLM Engineering for interior inspection of the elevated water tower for \$3,000. Chad stated the explanation that Kevin sent to the Commissioners for this previously was very informative, adding there are not very many companies that offer this service. Peter asked how often the interior of the water tower has to be inspected and Kevin answered every 10 years. Kevin added this inspection will indicate whether the interior of the water tower has to be painted, which is estimated to cost about \$50,000, in addition to the exterior, estimated to cost between \$200,000-\$250,000. **Chad made a motion to award the contract to KLM Engineering for \$3,000/second-Sue-carried unanimously.**
- c) Discuss and act on Petition for Addition and acknowledge receipt of the signed Waiver of Special Assessment Notices and Public Hearings from Leroy & Susan Schoenauer for 3458 Witzel Avenue. Kevin explained this property is just west of Fox Valley Iron Metal & Auto Salvage and not currently in the Sanitary District. The District received the request from the property owners who need to connect to the municipal sanitary sewer system. Both owners signed an agreement to pay an approximately \$10,000 special assessment and understands there will be a \$3,514 Contribution in Aid of Construction (CAC) charge, as well as \$150 permit fee, for a total due of \$13,664. The District would extend the sewer lateral under the road and the property owner would be responsible for installing it from the property line to the house and to abandon their private wastewater treatment system. Staff also contacted the neighbors who stated they were not interested in receiving municipal sanitary sewer service at this time. Chad stated if the District can financially serve a customer, it's a great thing and staff should pursue it. Kevin added he will submit the Petition for Addition to the Town of Algoma during the allotted days to allow for them to publish and hold a public hearing to complete the petition. **Chad made a motion to submit the Petition for Addition for 3458 Witzel Avenue to the Town of Algoma for approval/second-Peter/carried unanimously.** The meeting continued with Agenda Item 6a).

8) Adjourn. **Peter made a motion to adjourn the regular monthly meeting at 1:02 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

\_\_\_\_\_  
Michael Claffey, Accounting Manager

Approved:

\_\_\_\_\_  
Charles Hayes, President



Commissioner Drexler Statement for March 12, 2020

I have been reviewing some Wisconsin State Statutes and have found the following that pertains to the office of the Secretary:

60.76 Organization of Commission

60.76 (2)

Secretary Duties:

The secretary shall keep a separate record of all proceedings and minutes of meetings and hearings. At the end of each fiscal year, the secretary shall submit to the town board of each town in which the district is located a report showing a complete audit of the financial transactions of the commission during the fiscal year. The report shall be incorporated in the annual financial statement of the town containing the largest portion of the equalized full value of all taxable property in the district.

When will the Algoma Sanitary District audited financials for 2019 be available?

I will be completing the Town of Algoma Annual Report when I return for presentation at the April Electors Meetings.

The Commission should consider adding the language from the Wisconsin Statutes into the position descriptions on file for the Algoma Sanitary District.

I intend to conform to the statutes to fulfill my duties.

Respectfully submitted,

Sue Drexler

**Town of Algoma Sanitary District #1  
Meeting Minutes – April 9, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for April to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on March 12 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. None.
  - d) Approve investment changes. Mike proposed three investment changes: 1) renew the CD at Community First Credit Union (CFCU) that will come due the following week at the current rate of 1.65% for a 13 month CD after collateralization, 2) close the Assessments Account at the Local Government Investment Pool (LGIP) and transfer the approximately \$185,000 balance to the CFCU Assessments Account, and 3) transfer \$500,000 from the LGIP General Account to CFCU. Kevin noted the District has \$3 million of collateral at CFCU plus an additional \$650,000 covered between the FDIC and the state guarantee fund. **Sue made a motion to make the investment changes as explained by Mike/second-Peter/carried unanimously.**
  - e) Approve cash receipts & investments for sanitary and water. Mike noted the District projects to earn 1.14% at the LGIP in March, which will decrease in April. **Chad made a motion to approve the cash receipts and investments for sanitary and water for March as submitted/second-Peter/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following pending bills:
    - LW Allen: final invoice for pump upgrades at the Shorehaven Lane Lift Station for \$49,135.
    - PTS Contractors: the second pay request for sanitary sewer and municipal water infrastructure installed in LakeVista Estates for \$452,778.76. Kevin noted the District invoiced the developer over \$600,000 the previous week which they have 30 days to pay.
      - o Sue asked about the wages in the Overtime Wages Report, and Kevin answered the District's Operator worked close to 60 hours per week due to inspecting the installation of about one mile of sewer and water main and laterals in LakeVista Estates. Kevin added the contractor had multiple crews working 40-hour shifts that the District has to observe and inspect. He noted the developer is charged for the entire 60 hours of weekly inspection and the invoice includes employee wages plus overtime, which will be added to the cost of the project.
    - City of Omro: first quarter invoice to treat 5.6 million gallons with 432 connections for \$29,362.18.
    - Holiday Ford: 2020 F-250 for \$35,725.06 which came in under budget and was approved at the January 2020 meeting. Kevin noted there will be additional purchases of a spray-in bedliner for \$450 and some tool boxes.
    - Rhyme: payment of the second half of the computer server for \$6,063.80, which is due upon installation.
    - **Chad made a motion to approve the April pending bills and the March previous disbursements for sanitary and water as submitted/second-Sue/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Peter wished to clarify his no vote at the last meeting regarding the District paying for utility conflicts due to the Town of Algoma's Omro Road Reconstruction Project. He supports the project, but he does not appreciate the process of how the Town Board is handling everything. He commended Ray for his communication with the Town's Attorney, which in his most recent letter mentioned the Town's application submitted to the Wisconsin Department of Transportation stated five times the Town is the municipality responsible for sanitary sewer and watermain utility relocation costs. He understands the Town has the right to assign costs to other entities involved, but he does not believe the Board has been upfront with the District about this project and the Town did not involve the District in the planning process. He also does not think residents understand the Town's road design and the overall Town cost.
  - Peter contacted a Town Board member in February to bring attention to the fact that the most recent minutes on the Town's website were from October of 2019. He also mentioned previously the agenda for the Town Board meeting that he, Kevin, and the other Commissioners attended in December was never properly posted, and an agenda for another meeting was posted late. He said the Town's minutes are so vague and do not explain to residents what is going on, and he hopes the Town has a plan in place to communicate to constituents the details of this road project.
    - o Kevin stated the District's annual Consumer Confidence Report (CCR) is due to its residents by June 30, and staff plans to detail how this Town project will impact resident's sewer, water, and/or District tax levy rates. Peter also stated he does not think the Town Board has been receptive to the District's input to modify the road design to reduce costs and help protect the sewer and water utility infrastructure. He also believes residents see no reason to have sidewalks installed on both sides of Omro Road, but this is a requirement of the grant the Town obtained for this project.
  - Chad asked Peter how the Town of Algoma's previous monthly meeting went on March 18 that he and Kevin attended. Peter answered the Town Board discussed the Omro Road project in closed session. A business owner on Omro Road attended the meeting and asked many good questions regarding the project, however, the Town Board did not address any of them. Peter

- also stated this project is possibly going to cost up to \$7 million after all utility costs are considered, adding the Town's website currently listed a public meeting was supposed to be held in March regarding this project, which never happened.
- Peter also stated he is still disappointed with how the Town blatantly ignored the District's recommendation and assigned Sue to this Commission. He believes Sue should have recused herself from voting on issues that directly benefit the Town of Algoma, where she is employed as Treasurer. Sue stated she is not allowed to attend closed door sessions of Town Board meetings.
  - Peter complemented Chad on leading this discussion at the previous District meeting. Chad stated the Commission can only affect what they are elected to affect. He added the District could have fought this road project, but he believes the result would have been the same. Ray explained if the District had filed an action, the project could have been delayed and caused it not to be completed.
  - Kevin explained the District's Attorney sent a recent letter to the Town requesting verification that the District has the right to install water and sewer infrastructure within the right-of-way of all Town roads to address the Town Attorney's statement that the Town can compel the removal of utilities. Ray explained the District could require the Developer's Agreement for future projects to include an easement to install water and sewer infrastructure on private property rather than having them installed within the road right-of-way; however, the developer may have a hard time selling lots with a utility easement. The letter also requested a list of all roads the Town proposes to change from rural to urban cross-sections and stated the District would stop the LakeVista Estates development if the design was going to change in the future. According to the Town's past engineering in 2017, there are potentially three upcoming road projects: 1) Oakwood Road from Highway 21 to Omro Road, which is currently proposed with a sidewalk on one side and a ditch on the other, 2) Leonard Point Road, which is currently designed with a hybrid urban / rural cross section and a partial full path, and 3) Clairville Road extending from County Road E to Highway 21.
  - Kevin is aware of developer interest in the area south of Highway 21, but their design proposals do not match the Town's. Without a developer driving the Clairville Road extension to cover utility construction, the District could be forced to pay to install about one-half mile of municipal water and sanitary sewer main and additional infrastructure. If the District pays for this extension with cash on hand, it would be down to only \$500,000 of cash on hand in 2025. He would consider bonding for it, but road projects involve substantial risk. Chad stated there has to be a collaborative planning effort between the Town and the District, and Peter agreed.
  - Kevin was asked if the Town was assessing for sidewalks and he stated 99% of installed sidewalks in Wisconsin are specially assessed. He has asked the Town Board several times, and the Town stated they are not going to assess residents, even though state code has procedures for specially assessing sidewalks.
  - Peter extended his appreciation to Ray for his communications, and Ray mentioned there are not many cases that deal with these situations, which show most of these disputes are resolved at the local level. Peter feels the communication between the Town and the District was getting better when the previous Town Administrator, Ben Krumenauer, began attending District meetings, but that stopped a while ago. Ray also mentioned the District has proposed many times and has held many public meetings to discuss taking over stormwater management; however, the Town continues to refuse. Chad stated he would like to focus on working together and being transparent with the public.
- 5) Director's Report.
- Kevin felt the Town missed an opportunity to inform residents about their Omro Road project during the spring election as no information was available or posted. Ray mentioned once the District decides how to fund the utility relocation costs, he believes residents are able to take more time to read about it now and suggests the District either send the CCR early or send a separate mailing. Chad thinks the District should consider sending a separate mailing since this will affect residents more than normal CCR news. Ray also stated District residents living outside the Town of Algoma affected by the funding impacts may now have more opportunity to contact their lawyer to challenge it.
  - Chad mentioned Congress may approve an infrastructure bill soon, and once that is released, staff should see if this project qualifies for funding. Kevin said the National Rural Water Association is attempting to secure funding; however, Chad realized it may be unlikely to obtain since the water infrastructure is less than 15 years old. Sue asked Kevin if he is aware of any other communities that have changed their road designs like Omro Road, and Kevin stated he is not aware of any. He said roads often get raised, and adjustments for water and sewer are relatively easy when raising street grade.
- a) Review of District statistics. Kevin sent permit information to the Commissioners previously.
- The Ziegenhagen farm proposal in the Town of Omro will be discussed during Agenda Item 7c). Kevin plans to use permit information in the discussion to add property into the Sewer Service Area with the East Central Regional Planning Commission of Wisconsin (East Central) through the amendment process.
  - With additional residents at home these days, water and sewer usage has increased.
  - Kevin mentioned the District was also notified that the Fresenius Dialysis Center will begin treating patients soon, which will increase water sales by about 20,000 gallons per day.
- b) Review of Emergency Management plan. Kevin sent the Emergency Management Plan to the Commissioners and asked that they verify their contact information. He also mentioned he will contact the Commissioners if the District faces a project over \$25,000.

- c) Review of supply chain for necessary equipment and consumable products. Kevin stated the Environmental Protection Agency deemed all chemical vendors to be essential businesses, and staff currently has sufficient supplies on hand and has been able to obtain necessary parts to maintain the water and wastewater systems.
  - d) Correspondence. Staff sent the Petition for Addition for the Schoenauer property to the Town of Algoma and the Petition for Addition for the Kieckhafer property to the Town of Omro. Ray stated he sent the most recent letter to the Town of Algoma on March 20, which was after the Town's monthly meeting on March 18.
  - e) Status of 2020 projects.
    - i) LakeVista Estates water and sewer utility installation: Almost complete. The District is preparing to bore through its easement to connect to watermain at Lake Breeze Road. Kevin spoke with many of the neighbors in this area and so they know what to expect.
      - Peter commended Kevin for going above and beyond and for always staying a step ahead. As an example, he mentioned Jay Jones was really pleased with his interactions with Kevin. When asked when the project would be completed, Kevin stated 99% of the utilities are installed, the excavation from Lake Breeze would begin the following day, and the testing would be completed the following week. The manholes are set at gravel grade and Radtke Contractors, Inc. will begin road grading soon. After the subdivision is developed with houses the road will add 4" of asphalt on top of the gravel.
      - **Chad made a motion to move Agenda Item 6a) after Agenda Item 7c)/carried unanimously.**
- 6) Old Business.
- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
    - Kevin presented information on raising the District tax levy as one option to fund this utility relocation cost. He stated the tax levy has to be charged equally throughout the District based on equalized value, meaning Town of Omro and potentially City of Oshkosh residents would be charged as well. The tax levy would increase from the current rate of \$26.06 to \$69.39 per \$100,000 of equalized value, which is a 166% increase over five years, as staff anticipates additional planned road projects in five years. Kevin mentioned this value takes into account the Department of Revenue proposing to remove the City of Oshkosh from the District's equalized value, which is about 20% of its total value beginning with the 2020 property tax bills.
    - Ray stated this option means a portion of the cost would be paid by Town of Omro residents who have no say in projects in the Town of Algoma, which is taxation without representation. Chad stated the District should not consider this option because of that, which Peter added is why it would have been best for the Town of Algoma to absorb this cost and charge their residents through the Town tax levy, and Sue agreed. Ray also agreed, stating that not all Town of Algoma residents are water and/or sewer customers but they would all receive a benefit from the reconstruction of Omro Road.
    - Kevin said other options that could only affect Town of Algoma residents include increasing the sewer user fee by about \$100 per year per connection for five years and/or the Contribution in Aid of Construction (CAC) fee, which is due upon permit application and could cause new construction to decrease throughout the Town. He also considered creating a storm water utility or charging a fee as a special charge on Town of Algoma property tax bills. Chad said the only other option is to assess the residents on that road, to which Ray said the cost would be outrageous. Kevin said the District is not able to specially assess all Town of Algoma properties, and Mike added special assessments can only apply to properties that receive a direct benefit. Kevin stated properties on Omro Road that receive new watermain will be specially assessed.
    - Chad stated if tax levy funding is pursued, he would propose charging all District residents a uniform sewer user fee. Kevin explained upon consolidation with the former Omro Sanitary District in 2012, the only difference in rates is due to the cost difference at the two wastewater treatment facilities. The uniform sewer user fee would be about \$375, an increase from \$330 for Town of Algoma and City of Oshkosh residents and a decrease from \$525 for Town of Omro residents. Sue said if the savings in user fees equaled the increase in the tax levy for Town of Omro residents, they may consider it fair. Kevin said unless their parcel's assessed value exceeds about \$400,000, most Town of Omro residents would break even or save money with this proposed change. Ray would like to verify the District has the authority to change its tax levy to cover the cost of this project in the Town of Algoma.
    - Sue stated she thinks the District should not use cash on hand to pay for this expense, and Peter agreed, stating it would have been nice for the Town to have included the District in the planning phase. Kevin agreed, stating the Town's most recent road design in 2014 did not include lowering the road. Kevin is reviewing funding options and he also stated he is looking into obtaining a USDA loan, which includes protections for Towns from annexation, and Sue stated she was very much in favor of this option. Chad said at least now the District should be able to secure a good interest rate. Kevin agreed adding the Safe Drinking Water Loan rate is currently 3.2%. He also stated the District could extend the term to 40 years and also request sufficient funds to cover repainting the water tower and Peter said the District should consider delaying the repainting of the water tower.
- 7) New Business.
- a) Discuss and act on the 2019 financial audit completed and presented by CliftonLarsonAllen LLP.

- Kevin stated the annual financial audit was sent out electronically and the Commissioners were welcome to ask specific questions, but the presentation with the auditors will be rescheduled in July. No action was taken.
  - b) Discuss and act on District policy for disbursement of the District's financial audit.
    - The Commission previously asked staff to verify how the annual financial audit is sent out. Kevin had a list of all the entities staff sent a copy of the audit to, along with the corresponding confirmations, and noted the only response not received to date was from Standard & Poor's. The District will present receipt confirmations annually.
  - c) Discuss and act on the proposed Amendment request of parcel #016-0383 into the Omro Sewer Service Area owned by Matthew & Molly Ziegenhagen to the Omro Sewer Service Area.
    - This property is within East Central's 2050 Planning Area Boundary but would have to be added into the Sewer Service Area. Typically, the District would swap acreage but does not currently have any excess acreage to offer in exchange. Alternatively, the District could do a Sewer Service Area Amendment. Once completed, staff would go to the Omro Town Board to add the property to the District. Kevin noted East Central is supposed to update Sewer Service Areas every five years; however, the most recent update was completed in 2007. Since then, the District has added two properties by amendment. **Chad made a motion to authorize staff to pursue a Sewer Service Area Amendment with East Central/second-Sue/carried unanimously.**
    - The meeting continued with Agenda Item 6a).
- 8) Adjourn. **Chad made a motion to adjourn the regular monthly meeting at 1:29 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1**  
**Meeting Minutes – April 22, 2020**

**Special District Meeting.**

- 1) Open special District meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the special District meeting to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes. He also stated although Public Forum was not listed as an agenda item, no one was in attendance from the public.
- 3) Old Business.
  - a) Discuss and act on the pending utility conflicts and financial impacts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road, including a new storm sewer, will have on existing underground water and sanitary sewer utilities.
    - Chad explained the Commission voted at the March District meeting to accept financial responsibility for the sewer and water relocation cost related to the Omro Road Reconstruction Project, contingent upon receiving written confirmation of right-of-way access to all Town roads. The District received a letter the previous day from Town Administrator, Richard Heath; however, this access is not clearly defined in his response, so the Commission called this meeting to discuss how to proceed and possibly re-vote since the previous motion is null and void as the contingency to accept financial responsibility was not met.
    - Chad stated, as he reviewed the *Milwaukee Electric Ry & Light Co. v. the City of Milwaukee* 209 Wis. 656 case from 1932 that Town Attorney Emily Dunham (Atty. Dunham) cited in her February 20 letter, on page 2, "Unquestionably, had such removal been required by a regrading of the street by the city or for any other purpose required for the use of the street by the public, the plaintiff, if required, would have been compelled, at its own cost and expense, to relocate its said poles and wire to conform with such changed conditions." Chad then asked Ray if the Omro Road reconstruction project was considered a governmental act, and if not, he feels the District has standing. Ray answered that is a question of fact and standing is not an issue in this case, adding it depends on the main purpose of the project. Sue then read a line from Atty. Dunham's February 20 letter on page 2, where she stated, "The case makes clear that when a municipality is acting in its government capacity, as it does when it is performing roadwork, it *can* compel a public utility, *without compensation by the municipality*, to relocate its facilities." Later, Ray read the Town's reason for doing this project, as stated in Atty. Dunham's March 3 letter, "The Town believes the Omro Road Project is necessary for public safety." Ray stated that is pretty broad and could refer to too much traffic, dealing with bicycles, accommodating pedestrians, poor condition of the road, flooding issues, etc., but he hears that the flooding issues and the storm sewer installation are the main driver of this project.
    - Ray explained the Town passed a resolution on February 15, 1978, stating, "the Town of Algoma Sanitary District #1 is hereby given permission to utilize and excavate any and all town roads for the purpose of constructing, installing, maintaining, and repairing such sanitary sewer systems...". Therefore, the District has clear authority to be within the road right-of-way. He noted the Water Utility was not included because it was not established yet.
    - Sue stated she did not believe the District's presence in the right-of-way was in question. Kevin explained he felt otherwise based on the second paragraph of Atty. Dunham's February 20 letter, which states, "Longstanding Wisconsin law holds that a public utility, such as the Sanitary District, can be compelled by the Town to remove or relocate its utilities located in the Town right of way". Also, the last sentence on page one states, "The Town is free to use its authority under the law to compel the Sanitary District to remove or relocate its utilities at the Sanitary District's cost". Ray stated his response letter to Atty. Dunham requested reaffirmation of this authority as written confirmation for the future so the Town is not able to compel the District to remove its utilities from the right-of-way in the future. Kevin stated to continue without that affirmation is a risk the District is unable and unwilling to take. Ray said that is why he suggested at the last District meeting one possible alternative is to have developers grant the District easements to install water and sewer utilities to avoid being in this situation in the future. However, he said it is easier to fix infrastructure in the road and would rather not excavate a resident's property. Sue stated she feels the Town is strictly looking at the Omro Road project and having the District's utilities *moved or adjusted* versus *removed* from the right-of-way in its correspondence with the District, adding that she specifically asked Town personnel about this right-of-way issue.
    - Sue added she specifically wanted to meet to know how the other Commissioners felt about the content of Ray's letter to the Town, which stated if this request is not received in writing, the District would withhold water and sewer permits in the Town of Algoma and possibly stop the development of LakeVista Estates. She asked if the District has the authority to withhold permits, and Chad stated yes, through the District's authority as the entity that releases permits, it has the ability to stop releasing them. Sue stated she felt this letter overstepped the District's authority, was threatening, and she was very uncomfortable with it. Both Peter and Chad stated they felt the letter the District received from Atty. Dunham was even more threatening than Ray's letter to the Town. Ray stated the purpose of the whole legal discussion with the Town

is to confirm in writing the District's authority to have utilities in the right-of-way and to know the Town's plans for other future projects to have an idea of future utility relocations.

- Peter reiterated if the District had been involved in the planning process from the beginning, it would not be an issue today. He said the Town has not even communicated to homeowners on Omro Road why its engineers are putting stakes out in their yards. He spoke with a Town Board member recently about the Town's poor communication throughout this whole process and thinks some Town of Algoma board members do not seem to fully understand what is going on with this road project based on the questions posed at one of the previous Town Board meetings he attended. Chad reiterated the District simply requested clarification from the Town Board in writing and signed granting the authority to have utilities in the road right-of-way, and the Town has yet to clearly address this. Sue stated she thought this was addressed in the April 21 letter, where Richard stated "I hope this letter resolves any misunderstandings regarding the Sanitary District's continued use of the Town's road right-of-way." Chad replied nothing in the text of the April 21 letter clearly acknowledges the District's authority to have utilities located in the right-of-way, as the District requested. Ray said it vaguely addresses right-of-way access, but the memo of the letter was regarding the Omro Road project.
- Kevin mentioned Atty. Dunham's February 20 letter stated the three reasons the District felt the Town was financially responsible for utility relocations were not backed by legal authority, which did not include written commitments from Town staff, so Kevin is unsure if Richard's April 21 letter is binding. Kevin said he and Ray discussed the previous night to have Kevin send Richard an email again explaining the District's motion was contingent upon receiving access to the right-of-way on all Town roads and also respectfully requesting the list of roads the Town plans to reconstruct. Kevin explained Sue directed him to delay communication with the Town until after this meeting. Kevin noted the April 9 letter from Richard was in writing but was not signed by the Town Board and they have not held a public meeting since receiving the District's March 20 letter. Chad thought a letter from the Town is only binding if it comes from the Town Board. Ray stated the District is unaware whether the Board gave the Administrator authority to send correspondence, which should be verifiable in the Town Board's meeting minutes.
- Peter asked if some of the Commissioners should attend a Town meeting to explain the District's request in person, and Chad said he would not want this project to be delayed. Chad wondered if Richard did not understand the intent of the District's request. Kevin agreed, stating it is a much larger issue and goes beyond Omro Road. Chad suggested the District be clear and concise, explaining exactly what the Commission needs the Town to take action on. Ray stated Richard is probably unaware of the Town's February 15, 1978 Resolution, and the other Commissioners agreed. Sue suggested the District send a copy of the resolution granting the District access to all Town roads that Ray referenced. Ray suggested the reaffirmation request also include the existence of municipal water in the right-of-way of all Town roads.
- Sue said the Town Board may think that, by providing this information, they are accepting responsibility to pay for future utility relocation costs, and Chad stated we can make clear what we are looking for. She also said the road is going to be opened up and closed for the District, so there will be a definite cost savings to the District, especially if the same contractor is used. She said the Commission also has to consider the benefits of new potential water connections. Chad told Sue she was speaking from the standpoint of the Town and reiterated Peter's comment at the previous monthly meeting regarding Sue's position as a conflict of interest. He said the Commission is to represent the District and is addressing the issue of the cost at this time. Ray said this request is not a blanket demand that says if there are modifications they are at the Town's cost because they have been dealt with on a case-by-case basis. If this was a small cost, it would not be an issue in this case.
- Ray stated there was communication back in January stating the Town set a precedence of funding 100% of watermain and sanitary sewer relocation costs on several roads and for new stormwater projects in the past, including the new bridge and box culvert on Oakwood Road and the North Oakwood Road project. Kevin mentioned, according to the Town's April agenda staff found on the Town's website, the Town is milling and paving three roads this year. He said the bid packet for this project he later received includes special provisions that indicate: "Contractor is responsible to adjust existing manhole castings and water valve boxes if needed." The Commission was pleased to hear the adjustment of the sewer and water infrastructure would be included in the cost of these road projects.
- Ray stated the DOT agreement for the Omro Road Reconstruction Project mentions the Town's financial responsibility at least five times, and he quoted many statements, "the Municipality agrees to complete all participating and any non-participating work included in this improvement", and under the section to "Describe non-participating work included in the project and other work necessary to completely finish the project that will be undertaken independently by the Municipality. Please note that non-participating components of a project/contract are considered part of the overall project and will be subject to applicable federal requirements: **Sanitary sewer and watermain.**" It also states, "The Municipality assumes full responsibility for the design, installation, testing and operation of any sanitary sewer and water main infrastructure within the improvement project". Therefore, the District was not overlooked from the standpoint of the state either. Kevin agreed, adding the "Summary of Costs" in that agreement also includes \$140,000 for "Nonparticipating Construction", but he is unaware of what that represents, and Ray noted it is approximately 10% of the project cost, and said some of that was probably to incorporate the District in the design.
- Ray said page two of Atty. Dunham's March 3 letter also states, "In this case, there is no such permit granted to ASD for water mains under Omro Road." However, Town Board minutes from April 15, 2009, under item "4. Approve Ordinance

for Utility Permits”, state, “Atty. Wertsch added that currently there is an exemption for the Sanitary District.” Sue said current ordinances refer to utilities and contractors needing to obtain permits, and she did not think the current Town Board is aware of that exemption, and Ray stated his concern that the Town’s lack of information on this exemption is creating problems and additional expense for the District. Ray added if the Town modifies an ordinance that affects the District, the Town ought to let the District know.

- Ray read Atty. Dunham’s statement from the March 3 letter, “Please understand the Town cannot simply absorb costs that it is not legally required to pay, so as a result, it will pursue whatever means necessary to move the Project forward...”, and he viewed that statement from another attorney as a threat, that if the District does not agree to fund this, it will be sued. Peter wondered why another attorney, Lawrie Kobza from Boardman & Clark, was carbon copied on the last two Town letters, as the District has past history with this attorney from the case with the City of Omro and also viewed that as a threat.
  - Chad stated the purpose of this meeting was for the Commission to correct the motion from the March meeting, which is on hold until the District’s request can be clarified. **Chad made a motion to direct Kevin to send a letter to Richard requesting written reaffirmation of the District’s continued access for all of its utilities to be located within the road right-of-way of all Town roads, either from himself or whoever has the authority to reaffirm that access, and to recognize the District’s existing authority as granted in the 1978 Town Resolution and the Town’s April 15, 2009 minutes, as attached, with a response due by May 1/second-Sue/carried unanimously.**
  - Sue asked if the District received the 60% drawings from the Town’s engineer, and Kevin stated yes. She also asked when he thought the District could determine an actual cost for utility relocation and an estimate for the additional revenue from new water customers along Omro Road. Kevin explained Strand is currently reviewing the 60% drawings, but he does not feel it is worth paying them to develop a revised Opinion of Probable Cost as sealed bids are what determines the actual price. He said the Commission will have to approve a task order in May, which will be a very short turnaround to get a work plan to the Town by June 15 as requested. He explained standard practice of DOT projects is the engineer designing the project is not normally the same engineer that completes the construction, thereby allowing two engineering firms to be involved in the overall process. Kevin estimates it will take two to three months of construction for the District to relocate its utilities, which cannot be completed this fall because the manholes and fire hydrants would be 2-3 feet underground and not accessible during winter, so this project needs to be planned for early next year during road closure.
  - Kevin also mentioned the District currently serves municipal water to homeowners on Omro Road that requested safe drinking water, and the remaining homeowners may not want or need it. The District plans to install about 2,680 feet of new watermain at approximately \$100 per foot for about \$250,000, which is not included in the District’s utility relocation cost estimate of \$1.5 million. Staff estimates only one or two homeowners may choose to pay their water special assessment versus the 70% the District normally requires to pursue a watermain extension. An average water bill is only about \$120 per quarter, so the District would receive little to no benefit for new water connections. Omro Road is being reconstructed at a cost of about \$500 per linear foot and, if the District installs new watermain now, it would at least be available for future use rather than excavating in the new road. Kevin sent the Commissioners information to amortize costs over 5, 10, or 20 years and analyzed the annual cost per customer.
- 4) Adjourn. **Chad made a motion to adjourn the special District meeting at 1:13 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President



**Town of Algoma Sanitary District #1**  
**Meeting Minutes – May 14, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for May to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meetings. **Peter made a motion to approve the minutes of the regular monthly meeting on April 9 and the minutes of the special meeting on April 22 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. Mike explained April's balance adjustment recorded a water cost for Parcel #016-0330-03-01 on Leonard Point Road for \$10,580 due to receiving payment in full. **Chad made a motion to approve balance adjustments as submitted/second-Peter/carried unanimously.**
  - d) Approve investment changes. Mike requested authorization to set up an online account to process the District's transactions for its Local Government Investment Pool (LGIP) account since they no longer complete transactions based on signed requests. Once approved, he will complete the transactions approved at the regular April monthly meeting and add Sue as a signer. **Peter made a motion to approve the resolution as explained by Mike/second-Chad/carried unanimously.**
  - e) Approve cash receipts & investments for sanitary and water.
    - Mike noted the District has received about the same percentage of water bill payments as this time last year.
    - Kevin explained the District's primary financial institution, Community First Credit Union (CFCU), decided to process ACH transactions in-house instead of using a third-party vendor. This quarter, customers enrolled in the District's program to have their water bill automatically deducted from their account saw Community First Credit Union as the description for their withdrawal instead of Algoma Sanitary District. The water bills detail the date payment would be processed and the amount to be withdrawn; however, several residents did not recognize the charge and declined payment. Staff contacted all of the customers that declined payment, stating the withdrawal was for their water bill and explained the situation. Mike said two residents stated they were charged a \$35 stop payment fee, and the District credited their water account. Kevin spoke with a Vice President of CFCU, who promised to reimburse the District for any fees incurred, and stated this has been corrected for the next ACH scheduled in July. Chad thanked staff for proactively handling the situation.
    - **Chad made a motion to approve the cash receipts and investments for sanitary and water for April as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following pending bills:
    - PTS Contractors: third pay request for sewer and water infrastructure installation in LakeVista Estates for \$239,431.
    - City of Oshkosh: fourth quarter wastewater treatment invoice of \$53,855.57 and first quarter invoice of \$41,024.84, for a total payment of \$94,880.41. Mike noted 2019 total treatment cost was about \$190,000, which is about the same as 2018.
    - **Sue made a motion to approve the May pending bills and the April previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Sue said she was thankful for Kevin, Mike, and Sara and all they do.
- 5) Director's Report.
  - a) Review of District statistics. This information was previously sent to the Commission, and there was no further discussion.
  - b) Correspondence. Kevin mentioned he requested data from the Winnebago County Health Department's arsenic study last fall in response to Oakwood Elementary School's elevated level of arsenic in their private well, but has yet to receive anything.
  - c) Status of 2020 projects.
    - Ormand Beach – 1<sup>st</sup> Addition: the Town of Omro is currently reviewing the road design of this new plat.
    - Schoenauer Petition for Addition: the Town of Algoma Planning Commission approved this petition at its meeting the previous evening and it will be on the agenda for the Town Board meeting the following week. Once approved, the District can extend a sanitary sewer lateral to this property. Also, Fox Valley Iron and Metal notified Kevin they may want sanitary sewer service, and he told them they would need to be added to the District, which he mentioned to the Town as well. Upon connection, their Private Onsite Wastewater Treatment System would be abandoned.
    - i) Consumer Confidence Report: staff will send a draft copy to the Commission once it is finalized within the next couple of weeks. He noted although this is an annual report for the Water Utility, staff sends it to all District customers.
    - ii) LakeVista Estates Sewer & Water Extension: the watermain is completely installed and passed all pressure and bacteriological tests. The Department of Natural Resources approved the District's request to turn the watermain on and will be available for residents to connect. Once the manholes can be accessed by the televising vehicle, the sanitary sewer system will be televised, pressure tested, and turned on as well.
    - iii) Topographic survey - Ormand Beach Court: staff surveyed the area and hopes to provide gravity sewer service to remove some grinder pumps, as each grinder pump costs about \$2,500 and only last about 10 years. This area is included in the Oshkosh Sewer Service Area and would allow the District to maximize the number of Town of Omro properties allowed to flow to the Oshkosh Regional Wastewater Treatment Facility.

- Ziegenhagen Development: a survey by staff determined there is sufficient grade to provide sanitary sewer and municipal water service to this area. A connection would be made from Notre Dame Drive to Hayfield Drive and the other to Our Park where Well #4 is proposed.
- 6) Old Business.
- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
    - Chad stated Kevin sent the Commission a copy of Ordinance #132, which includes approval of Town code that allows the Sanitary District to be located within the road right-of-way (ROW). However, the Town did not address the permit requirement for each time the District completes a repair within the road ROW. Kevin agreed, stating he worked with Burt Wertsch, the Town Attorney, in 2009 to obtain an exemption to the permit requirement and the \$400 fee, which the District has been utilizing for the last 10 years. He said Town Administrator, Richard Heath, is looking to have the Town adopt a resolution to continue the District's exemption. Ray was happy to hear the ROW issue has been addressed and suggested the District continue business as usual, continue utilizing the exemption, and notify the Town when doing road work.
    - The District received an estimate from Strand & Associates of \$2.8 million for the Omro Road project, which included about \$600,000 to adjust the sanitary sewer appurtenances, about \$1.5 million to lower the existing watermain, and about \$700,000 to install watermain where it does not currently exist, with the above costs including contingencies. The potential locations of the new watermain installation along Omro Road was discussed under Agenda Item 7biii).
    - Kevin explained he estimates the District will pay engineering costs of over \$130,000 to design the sewer and water utility relocations. He said McMahon Associates plans to complete the project design by November 1, 2020 and plans to bid it out on March 9, 2021. The Town's engineer requested the District submit plans to relocate its utilities by June 15, 2020 and complete them this summer and fall. However, this timeline is unrealistic, and the District will work to coordinate this project with the Town to complete while the road is closed early next year.
    - Staff began to investigate where to obtain funding for this project, which does not have to be secured until bids are accepted. Ray asked if staff knew whether USDA funds were guaranteed to be available, and Kevin answered if they are not, the District could hire Ehlers to secure funding in the private sector or we could obtain a loan from the Wisconsin Board of Commissioners of Public Lands. Chad mentioned the grant the Town was awarded could also be rescinded due to the current economic environment.
    - Chad shifted the discussion to how the District is going to charge residents to make the loan payments for this project. Kevin said he created a spreadsheet addressing the various ways the District can increase rates over various time periods. He explained the Water Utility, which serves both the Town of Omro and the Town of Algoma, is not eligible for a water rate increase because its operating income exceeds the PSC's current benchmark rate of return, and its only option would be to use the tax levy. Ray stated there may be an issue with increasing the tax levy because it would also charge City of Oshkosh and Town of Omro properties, adding he found some information on this previously and would look into it further.
    - Peter asked when the Commission has to decide how to charge for this project, and Chad answered this should be decided by the end of summer. Chad and Peter stated this is the worst time to raise property taxes. Ray mentioned there are limits on levies and added this is a consequence of a separate entity's decision that impacts the District. Kevin stated there may be past precedence that staff can research for these situations, such as when an electric company raises all of its customer's rates to cover utility relocations that only serve a certain area.
    - Peter also asked when the Commission should consider charging a unified sewer rate across all District residents, regardless of which wastewater treatment facility a property flows to. Kevin explained the 2020 Town of Omro annual sewer user fee is \$525 and the Town of Algoma fee is \$330. A unified sewer user fee would be about \$375 per single family connection. He also stated the sewer user fee reduction in the Town of Omro would be greater than the increase in tax levy for a home valued at \$400,000 or less.
    - Chad requested to have staff contact the Town to find out what the \$140,000 of non-participating expenses included in the application to the Department of Transportation (DOT) were designated for. Ray added if the District does not receive a response from the Town before the District's next meeting, he suggested staff file an open records request.
- 7) New Business.
- a) Discuss and act on Resolution 2020-5-1 to approve the submission of the 2019 Compliance Maintenance Annual Report for the Wastewater Utility to the Wisconsin Department of Natural Resources (WDNR).
    - Kevin stated this annual report to the WDNR summarizes how each sanitary sewer system is doing financially and operationally, making sure there are no overflows and there is sufficient capacity to plan for future projects. The District received a letter grade of "A", and approval of the resolution verifies the Commission is aware of the performance. **Chad made a motion to approve Resolution 2020-5-1 as submitted/second-Peter/carried unanimously.**
  - b) Discuss and act on task order from Strand & Associates to design water and sanitary sewer utility adjustments that resolve pending utility conflicts and design new water main on Omro Road.
    - i) Discuss sewer utility condition of manholes and sewer main.
      - Kevin explained one task order for an amount not to exceed \$32,500 is to design the sewer utility adjustments, which includes an additional \$2,500 to study and determine which manholes would require a full replacement. The sewer main on Omro Road was televised and found to be in good condition, with one repair already completed.
      - Staff will check the ring elevation and casting of every manhole to determine whether the rings can be removed and a low-profile casting installed, which would decrease the castings from 9" to 4". If it is not lowered sufficiently, the top cone

sections and middle sections of the manhole would need to be removed to install a smaller middle section, and there is no way to predict whether any of these manholes would break during this process. Some manhole top cone sections may need to be rotated to be removed from the curb, which may cause the ladder inside the manhole to not line up. Kevin recommended approval of this task order.

- ii) Discuss water utility condition of water main, hydrants, and services.
  - Another task order includes \$95,000 for the design to relocate the existing watermain to maintain 7 feet of coverage to prevent freezing and to potentially install new watermain in three areas on Omro Road.
- iii) Identify new water main locations on Omro Road to include in the Task Order.
  - West Side Extension: St. Paul's Church, located on the west end of Omro Road, has contacted the District several times to request municipal water service due to arsenic in their private well. They are considering whether to divide their parcel to sell two residential lots off of Omro Road, which would need sanitary sewer and municipal water. Kevin proposed extending the watermain from its current location on Omro Road 250' west to serve those two potential new parcels and install a 2" or 4" lateral to serve the church, and the Commissioners agreed. The DOT is proposing to install a roundabout at the intersection of Highway 21 and Leonard Point Road, along with repaving Highway 21 from Interstate 41 to the City of Omro, and the District would not want to extend watermain any closer to that intersection.
  - East Side Extension: The District did not previously install watermain on Omro Road from Conrad Street to Brooks Lane. The south side of Omro Road in this area was annexed to the City of Oshkosh in 2018, and the City installed watermain to these properties last year. If watermain is installed to serve the north side of the road, there would be duplicate watermain serving this area and the assessment per parcel would be twice as much. According to the 2013 survey, the District would potentially serve only one new customer, but there have been 12 new owners since then, so opinions and water quality may have changed. However, if there was only one new connection at the end of the watermain, the Operators would have to flush this watermain to maintain water quality.
  - About five years ago, the District had conversations with an owner of Mueller Auto Service, near Highway 21 and Interstate 41, about the cost of extending municipal water to this commercial property, which accounted for the special assessments of parcels along the way. However, some of the old dealership properties were sold to Skipper Buds, which seems to have no interest in municipal water at this time. The owner of the strip mall directly west, is satisfied with his current water situation. These 20 acres have a potential for redevelopment, which may never happen without municipal water service because they would require private fire protection. These parcels are in the protected area of the Town of Algoma, and the Town should recognize the long-term benefit of the large increase in tax base that may occur and finance this municipal water extension.
  - Unfortunately, Kevin could not recommend extending watermain to this area for an estimated \$292,000. However, an alternative would be to extend watermain on Omro Road one block east to Kewaunee Street, which the District previously designed. This would allow the District to extend watermain down to the Kewaunee Park Area at a later time, obtain an easement to install it through the park, and obtain another easement to reach Willow Springs Road, which would allow the District to potentially serve more parcels in the protected area of the Town.
  - Middle Extension: Currently, there are 14 parcels that do not have municipal water service along Omro Road between Snowdon Drive and 3168 Omro Road, which has the potential to develop into multiple lots. Two of these parcels shared a well that had water quality and quantity issues, and the District was able to serve them municipal water in 2014. Only one of the remaining 14 property owners answered yes to the Phase IV survey in 2013; however, the owners noted that they wanted to defer the special assessment until they or a future owner decided to connect. Many of these properties have frontage along multiple roads, which the District can also provide service from Lake Breeze Road.
  - Operationally, it makes sense to install this watermain and create a loop. However, it is hard to justify financially, spending an estimated \$214,000 if only a few parcel owners request water service. Chad suggested having staff send these owners a letter explaining that, if the District does not provide water service to these parcels next year during this project, it would not serve them for at least 20-30 years. Kevin agreed and mentioned it would cost far less now than it would in the future. Chad asked to have Strand break out the costs for this portion of the project.
  - Peter mentioned the District's mission is to do its best to provide municipal service, and he believes this is an opportunity for the District to go above and beyond, stating his opinion is to include this extension in the project cost. Chad asked if it was possible to make this portion of the water system not voluntary, and Kevin answered unfortunately not. He said the District can assess these parcels, but the owners would be allowed to defer the assessment. Ray mentioned if the assessments are deferred, many residents may not realize it can grow over time, and Sue agreed.
  - Kevin recommended approval of the two task orders and stated he will inform Strand the Commission decided to only extend watermain 250' for the west section, will use the previous design to extend watermain to Kewaunee Street on the east section, and to request the middle section be broken out, designed, and bid. He stated staff can draft a letter to residents of all potential extensions, explaining what the District proposes for each section and why. Residents of the middle section would be assessed an estimated \$12,500 and could choose to defer if they do not connect.
  - **Peter made a motion to approve the task order from Strand for \$32,500 to design the sanitary sewer relocations and \$95,000 to design the water relocations, including the installation of new watermain on Omro Road as decided/second-Chad/carried unanimously.**

8) Adjourn. Chad made a motion to adjourn the regular monthly meeting at 1:35 p.m./second-Peter/carried unanimously.

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1**  
**Meeting Minutes – June 11, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for June to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Chad made a motion to approve the minutes of the regular monthly meeting on May 14 as submitted/second-Peter/carried unanimously.**
  - c) Approve balance adjustments. Mike explained water assessments were recorded for six parcels on Leonard Point Lane at \$11,000 each and two \$35 stop payment fees were credited to customers' accounts due to the ACH issue with Community First Credit Union (CFCU), for a total of \$65,930. Mike noted the District received a \$70 refund from CFCU for the stop payment fees. **Sue made a motion to approve balance adjustments as submitted/second-Peter/carried unanimously.**
  - d) Approve investment changes. Mike suggested the District transfer \$250,000 from its Local Government Investment Pool account, currently earning 0.2% interest, and deposit the funds into CFCU's Sanitary Sewer Account, to earn 1.25% interest. **Sue made a motion to approve the investment change as suggested by Mike/second-Chad/carried unanimously.**
  - e) Approve cash receipts & investments for sanitary and water. Mike noted the District received the first payment in May from LakeView Estates, LLC for their sanitary sewer and municipal water extension. **Peter made a motion to approve the cash receipts and investments for sanitary and water for May as submitted/second-Chad/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the revised payroll tax payments in the April Disbursements Report need to be reapproved. **Chad made a motion to approve the June pending bills and the revised April and May previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Sue wished to discuss the District's current debt and deferred assessments. She asked if staff has considered sending letters to property owners with deferred assessments to remind them of their option to make payments. Kevin answered deferred assessments are the result of being a voluntary Water Utility and can remain in deferred status indefinitely. The District is currently serving customers that want or need safe drinking water. Staff worked with residents initially to obtain at least a 70% participation rate in each neighborhood, which allowed up to 30% of property owners to defer their assessment, with the remaining construction costs financed through water rates. Each year, staff estimates the amount of deferred assessments it expects to receive and almost always receives more due to properties selling and water quality changes, which offsets future water rates. He said staff has considered sending a letter to residents reminding them of their deferred assessment balance and encouraging them to contact the office for more details. When public hearings were held for the establishment of assessments for the water system, residents were informed they could obtain their own financing. Homeowners with safe drinking water may never decide to connect to municipal water and may never pay the assessment.
  - Chad agreed the District at some point should send a letter to residents with deferred assessments; however, now is probably not the right time. Sue stated she recommended this because interest rates are so incredibly low right now.
  - Peter thanked Kevin for the excellent Director's Report sent prior to the meeting, stating he learned a lot about check valves. Kevin explained the District is responsible for maintaining the sanitary sewermain; however, staff does not oversee private sewer laterals. Staff received a call from a homeowner on Nelson Road the previous weekend who was experiencing a sewer backup in his basement due to the failed flapper installed by a plumber on the check valve. Kevin checked the nearby manholes and verified they were clear and flowing. Once the resident removed the clog from inside the sewer lateral, the basement drained. Peter stated staff handled the situation well and demonstrated good public relations.
- 5) Director's Report.
  - a) Review of District statistics. This information was previously sent to the Commission and no discussion was had.
  - b) Correspondence.
    - The District was notified of another backup issue on Timberline Drive recently where the basement floor was jackhammered, a camera was sent down the drain, and Kevin thinks the plug was found, but he has not received the camera footage. This was a four-unit condo, and since none of the other homeowners downstream experienced a backup, the individual's lateral had to be the cause. Customers are always reminded to not flush wipes, diapers, etc. for this reason.
  - i) Discuss status of the Omro Sewer Service Area amendment request to the East Central Wisconsin Regional Planning Commission to add Parcel #016-0383 to the Sewer Service Area.
    - Kevin explained the District received a request to add a parcel into the Sanitary District near the site designated for the District's Well #4 facility. The District has currently developed all the available acreage in its Sewer Service Area (SSA), and exceeded East Central's forecast for 2030 growth while also decreasing its sewer flow. East Central is supposed to review SSA's every five years; however, it was last updated in 2009.

- Staff emailed East Central recently requesting an SSA amendment to add 120 acres into its SSA. If this request is approved, 40 acres would be designated for this development, which would produce about 36 residential lots, and the District recently learned of another potential 60 acres to be used for a new development on Springbrook Road. East Central responded by stating they will start to review the possibility of an acreage swap that could come from anywhere in Omro's SSA boundary.

c) Status of 2020 projects.

- Beacon Software: Kevin stated staff recently completed training for an upgraded meter reading program from Badger Meter. The ORION-based system required a new laptop and uses Google Maps for GPS capabilities while reading water meters. Staff did a test run with the trainers and it seemed to be very efficient. Kevin explained most meters send a signal every four seconds so the driving speed has to be timed properly. The program is helpful as the meters disappear from the map as they are read.
- Ormand Beach: Kevin presented a proposed plat and explained an area property owner plans to work with the developer to divide her property and create two additional lots that would need sanitary sewer and municipal water service. Staff expects the CSM to occur within the next six months, which would allow the developer time to finish his plat.
- Kieckhafer Property: Kevin presented a map with the home layout and stated the homeowners opted to install private laterals instead of granting the District an easement to extend water and sewer main from Sand Pit Road through their parcel because it is unknown where the future road would be. The easement was designed to offset the length of their private laterals because they would be really long.
- Town of Algoma Omro Road Project: the Commission directed Kevin at the previous monthly meeting to ask the Town of Algoma what was included in the "Nonparticipating Expenses" of \$144,000 in the Department of Transportation (DOT) application. The District received written correspondence from the Town stating it was for storm water laterals.
- Lift Station Generator Buildings: Staff has been constructing buildings to house generators at two lift stations and they are almost completed. The next step is to work with the gas company to install utility service.
- Cash Flow Schedule: Kevin explained staff previously refinanced several of its bonds, most of which are at an interest rate of between 2-2.3%. He said the budget binder has more information but welcomed the Commissioners to ask any questions.
- Lake Breeze Road Paving: The District is paving Lake Breeze Road that day where it previously bored to extend the watermain to LakeVista Estates, and it is expected to be completed by the end of the day.
- Our Pier Site: The District received approval to install the pier and kayak launch at the site from the Army Corps of Engineers and the Wisconsin Department of Natural Resources (WDNR) had previously released a permit for the pier as well. Staff is working with the neighbors regarding the exact location of the pier and scheduling construction.
  - o There is currently an easement in the vicinity for a natural gas line and staff is also trying to determine if an easement from the DOT is required since the Public Trust Doctrine considers this area lake bottom. Ray stated as long as the District obtained permission from the Army Corps of Engineers and the WDNR, staff should be able to proceed.
  - o Peter asked if the pier was going to be permanent, and Kevin answered yes, adding no dredging would be required and there will not be a boat launch. Peter also asked how deep the lake was 100 feet out and Kevin answered 1-2 feet deep.
  - o Kevin asked Winnebago County to provide a quote to pave a parking lot on this parcel, which would have to be at least 75 feet from the lakefront, and to pave a 5-foot walkway, which would be paid by grant funds. He also asked for a quote to pave Abraham Lane, which staff asked the Town to cover and would forward the quote to Rich Heath upon receipt.
  - o Staff learned signs must be at least 75 feet away from the lakefront as well; however, if the sign is over the pier, there are no County requirements, and Kevin stated he would verify whether the Town has any further restrictions.
- Our Park: Staff received correspondence from the United Soccer Club, which received clearance to resume practices and asked to use Our Park. Kevin informed the organization that, if they are interested in paying to rent a port-a-potty, staff would help them find a location for it and secure it.

6) Old Business.

- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
- Ray continued researching the possibility of increasing the tax levy to cover the utility relocation costs; however, his conclusion is the levy has to apply evenly across the whole District. There are a limited number of properties on Omro Road, which would make special assessments unfeasible. Ray is aware that Attorney St. Peter worked through a similar issue within the area and is awaiting a response to his request for more information.
  - Kevin stated staff contacted the Public Service Commission (PSC) and the Department of Revenue (DOR) regarding the predicament the District is facing, and he received a very detailed response from the PSC. He explained the District has always had a good working relationship with the PSC and really appreciates the great deal of time their staff spent answering the District's questions. They explained the District may be eligible for a water rate increase by completing a full rate case application, unfortunately, it can cost \$20,000-\$30,000 to hire a third-party consultant. The PSC did some calculations using the District's 2019 rate of return (ROR) of 6.7%, which would make it ineligible for a simplified rate

increase since the PSC's current ROR benchmark is 4.9%. If the new watermain was depreciated using the depreciation benchmark of 1.3%, an annual cost of \$93,000 would generate a ROR of 4.44%. Another item to consider is the early retirement of watermain, which could be estimated at an average cost of \$100 per foot. The PSC would also analyze cash flow and review how the District's assessment collections compared to its bond payment schedule, but they stated tax levy is outside their purview.

- Kevin mentioned again the desire to create a stormwater utility to charge only Town of Algoma residents since this utility relocation cost is to accommodate the stormwater system. Sue mentioned, as of 2013, the Town is required to reduce its tax levy by the amount it received from a new storm sewer fee. However, if the Town obtained a new loan to fund this cost, it could increase its tax levy by the amount of its annual debt payments.
- Ray asked who is responsible for maintenance and management of this stormwater system and Kevin answered the Town of Algoma is the responsible entity for stormwater and drainage. Kevin stated the Town is currently not marking its stormwater system when the District has a project in the vicinity of stormwater structures. Chad asked if the Town has maintenance personnel and Sue answered no, stating the Town used to have a road and drainage coordinator, but they are currently advertising for that position. Sue added the Town currently has no public works department.
- In the past, Kevin has offered to have the District become the managing entity for stormwater; however, it would need complete control to design and maintain it. Sue asked if the District would be interested in contracting for those services as a way to show the Town it works well. Kevin answered absolutely not because the District would design storm sewer differently than the Town. It would have to be all or nothing, and unfortunately past Town decisions would put the District at risk. Kevin has held public meetings in the past that outlined the costs and explained some of the maintenance that would also be required.
- Kevin developed a flow chart that illustrates the District is proposing the obtain a \$1 million loan over 20 years at 2.5% interest for an annual cost of \$51,000-\$75,000. Within five years, the Water Utility will have more funds available and could consider whether to postpone paying off other Sewer Utility loans. If a loan is not obtained, the Water Utility could use the tax levy and pay back the Sewer Utility with interest, and depreciation would add \$10,000 per year to water rates.
- Chad stated this is the first project requiring the District to fund the relocation of its utilities for a Town road reconstruction project. If the District uses funds on hand now, what would it do if it finds itself in the same situation in five years for another project? Peter stressed the importance of the Town of Algoma Board working with the District on plans for future projects, and Chad added he wants to make sure the current communication gap is addressed.
- Peter found it interesting the Town stated the DOT is currently reviewing a signaled intersection instead of a roundabout at the intersection of Highway 21 and Leonard Point Road. Kevin agreed, adding the DOT had illustrations many years ago that included a roundabout. Kevin also mentioned the Town explained the DOT stated the alignment of Omro Road is wrong at Leonard Point Road.
- Chad concluded by stating the District is still awaiting a response from the DOR and Attorney St. Peter. Kevin agreed and stated the Water Utility will determine how to fund watermain relocation costs, and he will continue to work with the Town Engineer to minimize areas where the road is being lowered to avoid some cost. Peter stated he asked the Town several months ago if their grant could be altered to include a sidewalk on one side of the street and never received a response. Kevin stated the Town's response to him was that their urban road grant required sidewalks and bike lanes. He also said the DOT mentioned project time restraints, and East Central helped the Town secure the grant and wants the bike lanes.

#### 7) New Business.

##### a) Discuss and act on 2020 Consumer Confidence Report prior to publishing.

- Chad stated the CCR was sent to the Commissioners previously and he felt it was well put together. Kevin agreed, stating it is full of information, the most sensitive of which is regarding the Town of Algoma's Omro Road Reconstruction Project. The District does not wish to speak for the Town and does not want to cause any animosity. He added all of the information in the CCR regarding this project can be found on the Town's website. Kevin is considering giving a draft copy of the CCR to the Town Administrator since the Town will have to field questions from residents.
- Sue suggested maybe less is better and asked how often the CCR is distributed, to which Kevin answered annually. Chad stated once this information is in front of people, he believes the Commissioners will be approached by residents less often. Sue suggested removing information about the road being lowered for the project, and Peter answered it merely states facts.

Sue also said she is sure the Town will send out information on its own. Chad hopes the Town will, but based on past practice, the Town has only sent out very limited information about this project. Peter asked a Town Board member a few months ago if the Town was going to send an update to their residents of the impacts of this project, and the response was they hoped so. Peter added the Town was supposed to have an open meeting, which has yet to be held, and Sue stated any updates are posted on the Town's website as they occur. Kevin concluded the CCR will likely be distributed in July and staff is using round numbers for the Omro Road-related costs, and Kevin was going to work with the DNR under the current environment to request an extension to mail this out after July 1.

#### 8) Adjourn. **Peter made a motion to adjourn the regular monthly meeting at 1:24 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President



**Town of Algoma Sanitary District #1**  
**Meeting Minutes – July 9, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for July to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, and Financial Utility Clerk Sara Gonzales. Bryan Grunewald of CliftonLarsonAllen LLP, the District's auditor, was also in attendance for discussion on Agenda Item 7a). District Attorney Ray Edelstein arrived during Agenda Item 2e).
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes. **Chad made a motion to move Agenda Item 7a) before Public Forum/second-Peter/carried unanimously.**
  - b) Approve the minutes of the previous meeting. **Sue made a motion to approve the minutes of the regular monthly meeting on June 11 as submitted/second-Peter/carried unanimously.**
  - c) Approve balance adjustments. None.
  - d) Approve investment changes. None.
  - e) Approve cash receipts & investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water for June as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following pending bills:
    - NTD: telephone and internet invoice of \$314.39 was received that morning.
    - Business Card: total payment of \$9,235.40, which includes an \$1.81 adjustment from the amount sent out previously.
    - City of Omro: second quarter invoice to treat about 5.5 million gallons for 434 users totaled \$29,341.06.
    - Kuehl Electric: electric service for the Sandhill Farms and Brooks Lane Lift Station generator buildings for \$13,000.
    - Midwest Meter: meter reading software upgrade to Beacon for \$7,360, including one year of support. Mike added it is now operational and was used by staff for the second quarter water meter readings. Kevin explained the software includes a map showing the houses disappear as water meters are read and reduced reading time from 8 hours down to 5 hours.
    - **Peter made a motion to approve the July pending bills for a revised total of \$76,908.55 and the June previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.** Peter suggested including an article in the District's next mailing explaining what the Operators are doing if residents see them out in District trucks reading water meters or painting fire hydrants, etc. Kevin stated this year's Consumer Confidence Report was already published, but staff can consider that for a future article. The meeting continued with Agenda Item 7a).
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Sue congratulated Mike on his 10 years of service with the District, and Peter and Chad echoed the same.
- 5) Director's Report.
  - a) Review of District statistics. This information was previously sent to the Commission and no discussion was had.
  - b) Correspondence. No discussion was had on this agenda item.
  - c) Status of 2020 projects.
    - Chick-fil-A Sanitary Sewer Connection: The sewer connection for the new restaurant being built near Lowe's was completed that week. The company uses their own construction company to complete the last five feet of the extension and into the building. There will be two drive-throughs to prepare for a high volume of traffic.
    - Painting Fire Hydrants: Kevin presented a picture of a sandblasted fire hydrant and explained hydrants are usually primed white for a few days before they are painted red. The Operators make sure it is not windy when they are painting to avoid getting paint on cars. The office sometimes receives calls from residents who think the Operators missed a fire hydrant since they can only paint about 15 per day and the Town of Omro, for example, has 78 hydrants.
      - o Peter asked how many hydrants the District has and how much each one costs. Mike stated there are about 400 total hydrants, and Kevin mentioned the most recent ones installed in Lake Vista Estates cost about \$3,500 each.
    - Lift Station Generator Buildings: Kevin sent a picture showing the inside of one of the generator buildings to the Commissioners previously. He explained the conduits were installed previously and the generators were set on concrete pads. Then, the electrician completes the final wiring between all of the boxes. Wisconsin Public Service and Alliant Energy recently installed gas service to each building and test runs are scheduled for the following week.
    - Driveway Sealcoating: Kevin stated the Commissioners will see an invoice the following month for seal coating all of the asphalt driveways at the District's lift stations and wellhouses, and the administrative building parking lot.
- 6) Old Business.

- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
    - Ray mentioned at the previous meeting that Attorney John St. Peter worked with a similar issue near Fond du Lac, stating he has still not received a response to his request for more information.
    - Kevin stated staff will start working with USDA to see what funding options the District qualifies for. Staff will meet with Strand & Associates the following week to review their draft plan set to see if there are any changes necessary.
    - Peter asked whether the District owns the vacant lot in front of the Administrative Building by County Road E, adding the District could sell it if it is not needed. Kevin answered the District owns the 0.8 acre lot on the west side of Miller Drive, and the lot on the east side is owned by Mr. & Mrs. Noebel. The District is currently holding onto its parcel for a potential storage site and is not considering selling it.
- 7) New Business.
- a) Discuss and act on the 2019 financial audit completed and presented by CliftonLarsonAllen LLP.
    - Bryan Grunewald of CliftonLarsonAllen LLP apologized for the delay in presenting the 2019 financial audit due to COVID-19. He stated District staff always does an excellent job preparing for the audit. He explained the audited financial statements include an unmodified opinion, which states everything in the District's audit report is complete, accurate, and up to professional standards. It also includes a governance communication letter which is a standard letter with information they are required to communicate as part of the audit process.
    - **Water Utility**
      - o **Operating Results:** The Net Operating Loss was about \$55,000, which is fairly consistent to the prior year of \$67,000, along with a Change in Net Position for 2019 of \$32,922. The District has had very consistent financial results. Bryan suggests staff continue to monitor the budget, as it is extremely important in controlling expenses.
      - o **Rate of Return (ROR):** The ROR has been very consistent between 6.0%-6.7% over the last four years. The Public Service Commission (PSC) authorized ROR is 1.4%. The 2019 ROR increased slightly due to operating results improving. The formula is based off the rate base, which will decrease as the District continues to depreciate its assets.
      - o **Other Statistics:** The Water Loss Percentage was 3%, which is very strong.
        - Peter asked Kevin if he projects the gallons of water sold to increase this year. Kevin answered the District billed \$172,000 in water sales last quarter and pumped an average of about 220,000 gallons per day (gpd). Over the last two weeks, the District has been pumping about 300,000 gpd due to the warmer weather and not a lot of rain. Because of COVID-19, the District has more people staying home, which results in kids playing in the water and families using their facilities more.
        - Kevin explained some of the increased water usage is due to the recent opening of the Fresenius Dialysis Center on Omro Road. Staff plans to monitor how much water the facility uses, but they are expected to be a large customer, increasing District water usage by as much as 5%-10%. Kevin added he does not think the center is operating at full capacity yet, believing they may have been open only for one month of the previous quarter.
        - Bryan stated this is a great time for water sales, but many municipalities wonder whether their water bills will be paid. However, he has found there does not seem to be much of a delay in cash collections as was first feared, and Mike added the District's outstanding receivable balance is quite low, comparing favorably to previous years.
      - o **Cash & Investments:** An analysis of the District's total cash and investments balance should include the advance received from the Sewer Utility, and Bryan suggests the District continue to monitor the Water Utility's cash position.
      - o **Net Position:** The Statement of Net Position analyzes the District's equity. The Net Investment in Capital Assets is the cost of assets less the outstanding debt, which has increased over time. As the District continues to pay down debt, equity increases and the cost of the assets depreciate over time. It is important to be aware of where the District is at with its capital improvement plan. The overall equity was fairly consistent at \$11.166 million in 2017 and \$11.232 in 2019. As dollars shift to Net Investment in Capital Assets, they come out of Unrestricted Funds. Bryan reiterated staff should continue to use the budget and monitor rates as the District decides how to pay for future capital projects.
      - o **Long Term Debt:** This balance only includes General Obligation Debt, not Sewer Utility advances. The graph shows the Water Utility continues to pay off principal and is scheduled to pay another \$1.2 million in 2020. Kevin added the Water Utility paid \$1.1 million last year, but total debt is reduced by \$0.6 million since the \$500,000 advance is not included. Mike added between 2016-2019, the Water Utility received a \$500,000 loan from the Sewer Utility each year.
    - **Sewer Utility**

- Operating Results: The Net Operating Loss for 2019 was \$259,000 versus \$268,000 in 2018. Other revenue sources, including the tax levy, nonoperating revenue, and capital contributions, produced an increase in net equity of \$216,000.
    - Peter asked why treatment charges increased from \$307,000 in 2018 to \$375,000 in 2019. Mike answered the District recorded a \$62,000 expense for 2019 due to a bill from the City of Oshkosh for capital projects, which Kevin stated were to build a generator building and upgrade an aeration tank. The District would owe 10.4% of the cost of these projects; however, the District is waiting to pay this bill until after a long-term treatment contract with the City is finalized. Overall, the wastewater treatment cost has generally stayed flat over the last 4 years.
  - Cash & Investments: Total Cash increased from \$4.5 million in 2016 to \$5 million in 2019, however, the Sewer Utility also has to consider that it loaned the Water Utility \$500,000 in each of those years.
  - Net Position: Net Position increased slightly from \$16.2 million in 2017 to \$16.7 million in 2019. The Net Investment in Capital Assets is decreasing slightly due to not having as much debt and the assets being depreciated.
  - Long Term Debt: General Obligation Debt decreased from just over \$1 million in 2016 down to \$800,000 in 2019.
  - Bryan stated the District does a great job planning how the Water Utility is going to handle its cash flow needs. The challenge utilities face is verifying there are funds available to finance their long-term capital plans, which in turn are tied to the rate structure reviewed and approved by the PSC.
  - No action was taken. Bryan excused himself from the meeting, and the meeting resumed with Agenda Item 5a).
- 8) Adjourn. **Peter made a motion to adjourn the regular monthly meeting at 12:34 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – August 13, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for August to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on July 9 as submitted/second-Chad/carried unanimously.**
  - c) Approve balance adjustments. None.
  - d) Approve investment changes. Mike explained the District's CD at Nicolet Bank will come due on August 16. He suggested declining the renewal, at 0.2% interest, and investing \$250,000 in a 13-month CD at Fox Communities Credit Union at 1.3% interest. He also suggested transferring \$600,000 of sewer funds from the Local Government Investment Pool, currently earning 0.14% interest, and investing \$250,000 in a money market account at West Pointe Bank at 0.75% interest, \$250,000 in a money market account at Winnebago Communities Credit Union at 0.65% interest, and depositing the remaining \$100,000 in the District's money market account at Community First Credit Union. **Chad made a motion to approve the investment changes as suggested by Mike/second-Sue/carried unanimously.** Mike added the paperwork to withdraw the funds at Nicolet Bank would be ready to sign after the meeting.
  - e) Approve cash receipts & investments for sanitary and water. Mike noted the District received payment from LakeVista Estates for their invoice for their sanitary sewer and municipal water extension. **Peter made a motion to approve the cash receipts and investments for sanitary and water for July as submitted/second-Chad/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike stated the checks needed for the three investment changes were included in pending bills. He also mentioned the following pending bills:
    - Alliant Energy: the revised total amount due of \$595.97, an increase of about \$15.
    - DC Dynamics: revised total of \$1,446.88, which removes sales tax from the amount sent out previously.
    - Northeast Asphalt: staff withdrew the request to pay this invoice until after this project is complete.
    - Badger Meter: staff withdrew the request to pay this invoice until a later date.
      - o Kevin explained staff wishes to pay the meter fees for the new software license annually instead of monthly, which would decrease the cost per meter from \$0.06 to \$0.04. Mike added he hopes to pay for 20,000 units which, for the District's 1,250 water meters, would last almost a year and a half.
    - **Chad made a motion to approve the August pending bills and the July previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Chad suggested to have staff purchase a Zoom or Team license, which cost about \$400 per year, along with a camera, in case they are needed in the future. Kevin stated he would take care of that.
- 5) Director's Report.
  - a) Review of District statistics. This information was previously sent to the Commission and no discussion was had.
  - b) Correspondence.
    - The District received a request to accept contaminated groundwater into the sanitary sewer system during the Omro Road Reconstruction Project, but Kevin declined. The District's sanitary sewer ordinance does not allow contaminated groundwater to enter into its sewermain, and the contractor will have to pump it into a tanker and haul it away.
  - c) Status of 2020 projects.
    - Our Pier Landscaping: Kevin thanked Barb Stanek for contacting Mark Konlock, the Director of Horticulture at the Green Bay Botanical Gardens, who volunteered to meet on site to give suggestions for specific plants. Kevin gave Barb a budget of \$2,500-\$3,000, and she also plans to apply for a Green Gift from Cellcom. Peter also mentioned possibly contacting the Oshkosh Garden Club for future assistance.
    - East Central Sewer Service Area Request: Staff contacted East Central several months ago, requesting an additional 120 acres be added to the Omro Sewer Service Area. East Central staff recently approved the District's request based on the fact that they projected the District would add five houses per year over the last five years and the District added 82 new sewer connections during this time. This request was passed on to the East Central Board Community Facilities Committee for final approval.
    - Leonard Point Lane Water Connection: One of the six houses on Leonard Point Lane that received municipal water service with the LakeVista Estates development connected to water the previous day. As the first connection in this

area, the homeowner was concerned about water quality, but staff flushed 33,000 gallons of water and assured him since his property was a part of a watermain loop, water quality would not be an issue.

- Witzel Sanitary Sewer Connection: LeRoy Schoenauer's parcel on Witzel Avenue was receiving sanitary sewer service that day. Precision Drilling will bore under a high-pressure gas line while a representative from Vanguard, the "watchdog", observes the process. Staff expects the project to be completed that day or the following day.
- Sand Pit Rd & Hwy 21 Parcel: Mechanical Services recently bought a 1.78-acre parcel from the Wisconsin Department of Transportation (DOT). This parcel is adjacent to the 17-acre parcel with a proposal for storage units. Kevin has been working with them regarding the cost for sanitary sewer and municipal water extensions from LaCrosse Drive. They plan to use under-the-parking-lot storm water management to utilize as much surface area as possible.
- Parcel at the Corner of Leonard Point Road & Emily Anne Drive: The sale of this 450' x 230' parcel is scheduled to close soon, and staff anticipates a CSM to divide the parcel into four 100' lots within the next few months. Once complete, the sanitary sewer and municipal watermains on Emily Anne Drive can be tapped in two locations to each serve two lots.
- St. Paul's United Church of Christ: A representative from the church discussed with Kevin their plan to create two residential lots on Omro Road near the southeast corner of their property. Kevin and a contractor met with him recently for the contractor to provide a quote as an option to install sanitary sewer and municipal water services to these locations and a 238 foot water service to the mechanical room at the back of the church. The representative told staff the Town proposed to purchase 0.75 acres from the church to move Omro Road north toward their sign.
- Stephen Kratz Development: There is a pending offer to purchase four lots totaling about 30 acres near Olde Apple Acres. Kevin has been working with the buyer and seller as these parcels can easily be served sanitary sewer and municipal water. The buyer plans to stage this development with each parcel developed on a different timeline over 5-10 years. The development is in its early stages and Kevin believes it will be platted out within the next year.
- Budget Workshop: Staff proposes to hold the annual budget workshop immediately following September's meeting.
- Sealcoating: The asphalt driveways and parking lots at all District facilities are scheduled for sealcoating that weekend.

#### 6) Old Business.

- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
  - Kevin stated staff is currently pursuing USDA Rural Development funding with a current interest rate of 1.875%. Peter asked about future interest rates, Mike stated he does not anticipate interest rates increasing any time soon.

#### 7) New Business.

- a) Discuss and act on using NRDA grant funds to pave the Our Pier parking lot, walking trail, and Abraham Lane based on the estimate from Winnebago County Highway Department of \$11,000.
  - The District previously received a quote from Winnebago County to pave the parking lot, walking trail, and Abraham Lane for \$11,000. Staff forwarded the quote to the Town of Algoma and asked them to cover the paving of the road for \$3,100. Rich Heath, the Town Administrator, initially stated the Town would not pave the road due to the impact on stormwater. District staff contacted the Department of Natural Resources (DNR) who stated this is already an impervious surface and paving of less than an acre would actually reduce the impervious surface, so stormwater is not an issue. Then, the Town said paving of this road would not be included in their budget for the next couple of years.
  - Kevin believes it would be more expensive to maintain a gravel road with reoccurring pot holes. If the road does not get paved now, the District would have to redo the prep work and remove the gravel, which would cost more than \$3,100. He added the District's insurance company is aware of the project and this parcel is fully covered under the District's liability insurance.
  - Sue said she enjoys biking on that gravel road and was glad the potholes were removed. She suggested a grassy area would be better for kayaks and said there is a greater chance of someone falling on a hard surface. Kevin explained there will be a gravel walking trail down the slope on the west side of the site for the ice fishermen and a paved walking path to the pier where the kayaks would be launched.
  - Sue wanted to consider leaving the parking lot as gravel until Skipper Buds paves their driveway and staff has a better idea of how the site gets used. She asked about alternatives for the \$11,000 and stated she would like to see the funds spent for future maintenance or to go toward something else for the site and Peter agreed. Kevin explained this anticipated cost was built into the grant the District received for new infrastructure on the site and cannot be used for future maintenance. He added any grant funds not used to fund improvements would be lost.
  - Peter asked if the site was currently being used, noting all the lily pads that appear around the middle of July, and Kevin answered pedestrians and bikers are currently using the site and fishermen typically use it earlier in the year. He also stated staff reduced some of the rip-wrap and laid gravel down to the edge of the water. When Radke

Contracting installs the pier later this summer, the floating barge may push down some of the vegetation. The DNR is also willing to spray weeds and knock them down through various grants.

- Chad asked who would plow this area and Kevin answered the District would plow the parking lot, the County would plow the road, and the walking trail would not be plowed. Chad suggested the District pave the road now and allow the Town to take over future road maintenance. **Chad made a motion to use NRDA grant funds to pave the Our Pier parking lot, walking trail, and Abraham Lane based on the estimate from the Winnebago County Highway Department for \$11,000/second-Peter/carried unanimously, with Sue stating her approval is based on the condition that this paving is the only available use for these grant funds.**
- b) Discuss and act on conveyance of rights in land for our easements adjacent to Omro Road to the Town of Algoma for the Omro Road Project.
  - Kevin explained the District received a request from the Town of Algoma to convey rights in land for an easement by St. Paul's Church. He showed the Commission the District's sanitary sewer manholes installed along the Church's eastern property line starting in the southeast corner. The Town needs the District to convey part of its easement in this area to work over the sewermain. The District has another easement near the Kobussen bus depot, which Kevin assumes is forthcoming. There may be substantial cost involved if those manholes have to be adjusted to a new grade.
  - Eight feet of space is required between watermain and a storm sewer and a sanitary sewer. The Town's current plan shows about 800 feet of storm sewer that is less than eight feet away from the existing watermain near Oakwood School, and staff requested the Town move the storm sewer in that area so the watermain does not need to be relocated. Once the Town agrees to move it, Kevin proposes to release the conveyance for any and all necessary easements.
  - **Chad made a motion to approve granting authority to the Utility Director, on behalf of the District, to grant the necessary conveyance of rights in land to the Town of Algoma for easements abutting the Omro Road right-of-way for the purposes of the 2021 Omro Road Reconstruction Project changing from a rural road to an urban road cross-section/second-Peter/carried unanimously.**
- 8) Adjourn. **Chad made a motion to adjourn the regular monthly meeting at 1:00 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – September 10, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for September to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, and Financial Utility Clerk Sara Gonzales. District Attorney Ray Edelstein arrived during the pending bills discussion.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on August 13 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. None.
  - d) Approve investment changes. None. Mike stated the investment changes approved the previous month were completed.
  - e) Approve cash receipts & investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water for August as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water.
    - Precision Drilling: \$6,400 - cost to bore sanitary sewer service under Witzel Avenue to the property line. Kevin mentioned Precision Drilling gave the District a \$2,000 discount due to the broken rod drills sustained during this extension. He showed the Commissioners the sanitary sewer pipe that broke during the new sewer lateral excavation. Sue asked if it was able to be covered under insurance, and Kevin answered this has never happened before and it is just a cost to the District of doing business. The homeowner was assessed \$13,500 and Kevin believes the total cost will be more than that, including the invoices Mike mentioned from Speedy Clean, Storm Company, & Great Lakes TV-Seal. Kevin added the Operators sent a camera through the pipe to verify the repair was completed successfully.
    - Mike also stated the District will wait to issue checks to Winnebago County for paving Our Pier and repairing the pavement on Witzel Avenue, along with a check to PTS Contractors, until invoices are received.
    - Chad mentioned he previously asked what the iPad purchased would be used for, and Kevin answered to allow the on-call Operator to utilize Team Viewer to view the status of all the District's lift station and wellhouse alarms.
    - **Peter made a motion to approve the September pending bills and the August previous disbursements for sanitary and water as submitted/second-Chad/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements.
  - Peter stated his appreciation for all the information provided to the Commission, especially the maps. He also mentioned an article in the Oshkosh Herald that discusses the City of Oshkosh, reading the City was projecting their residential water rates will increase next year by 9%, their sewer rates by 3.4%, and their storm sewer rates by 7%, and the rates will continue to increase over the next few years. The article stated the largest capital project due to the DNR requiring the City Water Utility to replace the clear wells at the water filtration plant. Kevin found that interesting and added the City uses the same financing company as the District, which is Ehlers, and he had seen their previous rate schedules.
- 5) Director's Report.
  - a) Review of District statistics. This information was previously sent to the Commission and no discussion was had.
  - b) Correspondence.
    - Wisconsin Department of Natural Resources (DNR): Kevin stated the District received its DNR general permit for pollution elimination for its sanitary sewer collection system at no charge, which is required to be renewed every five years.
    - East Central Sewer Service Area Request: Kevin presented a map staff submitted to East Central outlining three areas the District requested to add into the Omro Sewer Service Area: 1) about 60 acres off Springbrook Road, 2) 40 acres to develop property owned by Matthew & Molly Ziegenhagen, and 3) several parcels owned by the Baldas, the Kieckhafers, and the Kienasts between the water tower and Barony Estates to obtain an easement to construct a watermain loop. These areas encompass 258 acres, while the original written request to East Central included 120 acres. East Central should act on the District's request later this month.
    - McMahon Associates - letter regarding Omro Road Project: the District received a letter and new plans from McMahon Associates detailing several changes made to the Omro Road reconstruction design, including: 1) moving Omro Road 50 feet north by Leonard Point Road, 2) bus parking on the road by Oakwood School, and 3) hot mix asphalt as the road material instead of concrete. The Commission expressed concern about the bus parking on the road and hoped the Town would consider moving it further north so the buses and elementary students are far enough off the road for safety purposes. As a former bus driver and school staff member, Peter stated the bus drivers do not extend the stop sign while the bus is parked, so traffic would continue to drive past. He also mentioned snow

on the ground could prevent buses from driving all the way up to the curb, making them stick out further into the road.

- PSC Complaint: A Town of Omro resident recently submitted a complaint to the Public Service Commission (PSC), which the District staff has two weeks to respond to. District staff had previously received an email from this resident several months ago regarding their sewer user fee, which is \$195 higher than for Town of Algoma residents, and their annual Public Fire Protection Fee of \$85.20, and sent a response to his email that same day. His property is located within the Omro Rushford Fire Department service area, which uses District hydrants to fight fires. Staff sent a draft response to Christy DeMaster, a rate analyst with Trilogy Consulting, LLC, to review prior to submitting to the PSC.
  - Request to keep City of Oshkosh Property in the District's Equalized Value: District staff proposes to send a letter within the next week or two to its State Representative and State Senator to ask the Department of Revenue (DOR) to review its interpretation of state statutes and keep District property in the City of Oshkosh in the District's Equalized Value, as it impacts the District's ability to use its tax levy. Sue asked if the DOR considered it a double charge, and Kevin answered no because the District uses the tax levy for sewer expenses as the District is their sewer provider. He added the DOR has set the equalized value for District property in the City of Oshkosh since 1985, and the few other sanitary districts within city limits that are impacted by this change do not utilize their tax levy.
- c) Status of 2020 projects.
- 6) Old Business.
- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
- i) Devise list of properties on Omro Road to receive notification of the new municipal watermain installation due to the Town of Algoma's reconstruction project.
- Kevin presented a map showing how the District proposed to connect the two existing watermains on Omro Road. He explained two properties in this area received municipal water service previously and are paying on their assessment, which would go toward the cost of this extension. Three parcels are owned by one resident, one of which is a five-acre parcel that he is not interested in developing at this time. There are several properties that have frontage on two or even three roads, which creates unusual circumstances. Currently, staff proposes to install the watermain in conjunction with the Town's road reconstruction project, assess properties that receive a water service valve at the property line for approximately \$12,500, and allow homeowners to defer the assessment. This extension would include two street crossings and the installation of two fire hydrants, along with creating a watermain loop in this area.
  - Kevin presented another map showing all five homeowners that participated in the District's 2013 Arsenic Study had well water test results that were all within the safe level. He also noted there are six new homeowners in this area since the District conducted its last new watermain extension survey in 2013, two of which purchased their homes within the last month. Typically, sellers must disclose their water quality results upon the sale of the house; however, buyers are not requiring home inspections these days, so their lender determines whether to require that information.
  - The District normally requires 70% of property owners to participate in a special assessment in order to complete a watermain extension. However, this threshold would not be met and the cost above the amount of participating assessments would be paid by water rates. Kevin added the Water Utility's operating revenue currently exceeds its operating expenses by about \$300,000, which is used to fund existing bond payments. The additional bond payments for this extension over 20 years would be \$25,000-\$30,000 per year, and the PSC requires the District to spread the cost of this watermain over the District's current depreciation schedule, which is 100 years.
  - Mike stated the PSC would likely not approve a rate increase because the Water Utility's operating income is higher than the PSC's maximum rate of return, which is based on current interest rates. Kevin thought maybe one or two homes would connect to water after it is made available. Sue asked if staff thought the increase in water sales experienced the previous quarter is expected to continue, as well as anticipated increased growth, and Mike answered this additional revenue would not likely be enough to cover the additional bond payments.
  - The District will begin to obtain quotes for the sanitary sewer and water service for the Omro Road commercial parcel north of Jones Pond. Kevin plans to correspond with the Town regarding the schedule and the cost for this, which he estimates at about \$15,000, and he noted their final plan set is due by November 1.
  - The Commission decided to have staff send a letter to the affected residents and offer them a free arsenic test along with the survey to determine their interest in receiving municipal water. Ray suggested the letter assure residents the quoted cost would not be exceeded. They tentatively chose Thursday, January 14 at 6:00 p.m. as the public hearing date. Kevin stated he would have more information to discuss at the October or November monthly meeting.
- 7) New Business. None.



8) Adjourn. **Chad made a motion to adjourn the regular monthly meeting at 12:54 p.m./second-Peter/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – October 8, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for October to order at 12:23 p.m following the 2021 Sanitary Sewer and Municipal Water Utility Budget Workshop. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on September 10 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. Two small adjustments of -\$2.19 were made on closed water accounts and one small adjustment for an underpayment for -\$2 on a sewer account, for a balance adjustment total for September of -\$4.19. **Peter made a motion to approve the balance adjustments for September as submitted/second-Sue/carried unanimously.**
  - d) Approve investment changes. None. Mike noted the interest rates the District earned in September at its primary financial institution, Community First Credit Union, were 1.1% on balances over \$150,000 and 0.85% on balances over \$75,000.
  - e) Approve cash receipts & investments for sanitary and water. **Sue made a motion to approve the cash receipts and investments for sanitary and water for September as submitted/second-Chad/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water.
    - Alliant Energy: revised total of \$585.04 based on the actual bill received that morning.
    - City of Omro: third quarter invoice to treat a little over 4.5 million gallons for 435 sewer users totaled \$27,202.15.
    - Winnebago County: total of \$14,110.05, which Kevin divided out to include \$11,000 to pave Our Pier and \$3,110.05 to repair Witzel Avenue after a new residential sewer connection.
    - Wisconsin Retirement System: revised total from September's disbursements of \$5,973.34, a \$0.10 increase.
    - **Chad made a motion to approve the October pending bills and the September previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Chad stated he hopes everyone stays healthy and safe during this pandemic.
- 5) Director's Report.
  - a) Review of District statistics.
    - Sewer flow to the City of Omro was 46,800 gallons per day for September, dropping the 2020 average to 57,000 gpd. The District's annual goal is 57,500 gpd, so the annual average flow should stay below that for the rest of this year.
    - The District distributed 31 water permits and 19 sewer permits so far this year, surpassing the goal of 30 water permits and 15 sewer permits, with more anticipated through the end of the year.
  - b) Correspondence.
    - Our Pier: Sue asked if staff expects to receive grant funds for the expenses incurred for the pier this year, and Kevin stated staff is working on submitting the first disbursement request and hopes the funds would be received prior to year-end. Kevin added the property line markers are in; however, Radtke Contractors, Inc was unable to begin the pier installation due to the lake level being 6" below the level required for their barge. Staff plans to reassess this project next spring when the water level is higher.
  - c) Status of 2020 projects.
    - Omro Sewer Service Area Request: Kevin presented a map of three areas totaling 177 acres that East Central approved to add to the District's Sewer Service Area. There are 60 acres off of Springbrook Road, 40 acres for the Ziegenhagen parcel near the Sandhill Farms subdivision, which would include a 66' of road right-of-way for sanitary sewer and water installation to the future wellhouse on the Our Park parcel, and the remaining acreage for future road access from Twilight Court to Sand Pit Road, which would create a second route to Sand Pit Road and alleviate some traffic issues in that area. The District's request is currently with the Department of Natural Resources for their final review. Ray asked if East Central decided to swap acreage and Kevin answered no, the sewer service area amendment was only to add acreage.
    - Ormand Beach Heights Development: Kevin previously sent the Commission a picture of this area which is starting to look like a subdivision. District staff marked its sanitary sewer and municipal water utilities with PVC pipe. Paving is scheduled to be completed this year in order to have the Town of Omro plow it this winter.
    - LakeVista Estates Development: As part of the Developer's Agreement, the District requires the developer to pave an 8' radius around the District's manholes to protect the utilities from snowplows. Kevin told them they need a

contract in place by the following Friday or the District will complete the work and bill the developer. Sue stated the Town will not plow the subdivision until they accept the road, and Kevin mentioned houses are starting to be built.

6) Old Business.

- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road. Kevin explained staff is currently reviewing utility conflicts regarding three standalone projects the Town of Algoma is planning associated with the Omro Road project:
- Storm Sewer Installation on Elmhurst Lane: The Town of Algoma is proposing to install 450 feet of 48" storm sewer along Elmhurst Lane, with bids for the project due on October 15. The storm water would drain from Omro Road down Elmhurst Lane through the cul-de-sac to the storm water pond. The current storm sewer design would impact some existing private sanitary sewer laterals on Elmhurst Lane. The District's engineer, Strand Associates, placed the location of these laterals on the Town engineer's, McMahan Associates, record drawings for them to adjust their plan.
  - Honey Creek Culvert Replacement Project: The Town is planning to replace the culverts and reconstruct the Honey Creek bridge on Omro Road. Sue said the culverts are in poor condition and mentioned that Winnebago County has a program to pay the Town 50% of the cost to replace the culverts. Kevin stated the District's utilities are located outside of the culverts, and McMahan has the District's record drawings to account for the District's utilities.
  - Irvine Retention Pond Project: The Town of Algoma is planning to construct a retention pond on the Irvine property at the southeast corner of North Oakwood Road and Omro Road. After the storm water settles there, it is designed to flow east in the storm sewer along Omro Road.
  - Strand is preparing an Opinion of Probable cost for the District to use to calculate the proposed special assessment for the new water services along Omro Road. The District will then prepare a mailing to residents who may receive a new water service. Strand is also working with McMahan to resolve three conflicts on the project, including the Elmhurst Lane storm sewer outfall, to be able to determine the elevation of the new watermain to be installed along Omro Road.

7) New Business.

- a) Discuss and act on Resolution #2020-10-1 to approve a 70% sewer user fee credit for the following parcels:
- i) Vacant building at 2725 Omro Road, Parcel #002-0111. This structure is uninhabitable.
  - ii) Vacant building at 2534 Witzel Ave, Parcel #906-2301-00-00. The private well at this property has been abandoned.
  - iii) Vacant building at 5600 W. Reighmoor Rd, Parcel #016-0922. This structure is being improved, but was not connected to sanitary sewer.
- Kevin recommended approval of this resolution to authorize the credits and Mike added the District received the application forms signed by each homeowner. **Chad made a motion to approve Resolution #2020-10-1 as submitted to apply a 70% user fee credit for the properties listed above/second-Peter/carried unanimously.**
- b) Discuss and act on proposed 2021 Annual Budget.
- i) Approve proposed 2021 Annual Budget for publication. Mike mentioned this proposed budget is a draft, and changes can still be made, and Kevin added this will be published in the Oshkosh Northwestern. **Peter made a motion to approve the proposed draft 2021 Annual Budget for publication/second-Chad/carried unanimously.**
  - ii) Schedule the public hearing for 2021 Annual Budget on November 12, 2020 at Noon. **Chad made a motion to schedule the public hearing for the proposed 2021 Annual Budget on November 12, 2020 at Noon/second-Sue/carried unanimously.**
- c) Discuss and act on Resolution #2020-10-2 to set the 2020 Property Tax Levy at \$257,500.
- Kevin stated the Wisconsin Department of Revenue (DOR) has removed the equalized value of District property in the City of Oshkosh from the District, which is about 18% of the District's total value. The DOR directed District staff to the state statute that states the District will still serve and can bill District residents in the City as a special charge. Therefore, the District plans to recover this cost on the annual sewer user bills mailed to City residents in January and would likely show this amount as a separate charge on the invoice, which would either be based on the property's equalized value, which is how Town of Algoma and Town of Omro residents are charged, or by its proportion of equivalent units. Kevin added the removal of City of Oshkosh equalized value reduces the amount of bonding the District can obtain, and Mike explained the District is able to issue debt up to a total of 5% of its equalized value.
  - Ray recommended sending a mailing to explain this prior to District customers in the City receiving their tax bills in December. Kevin agreed adding he likes to be proactive and Peter and Chad agreed as well. Sue asked why only the City of Oshkosh was being removed from the District's equalized value and not the Towns of Algoma or Omro, and Mike answered the DOR mentioned Wisconsin statute states that territory incorporated by a city or a village is detached from a sanitary district, which a sanitary district then can no longer tax.

- Sue made a motion to approve Resolution #2020-10-2 to set the 2020 Property Tax Levy at \$209,360.84 for District property in the Town of Algoma and the Town of Omro/second-Chad/carried unanimously.
- d) Discuss and act on the Town of Algoma 2040 Comprehensive Plan Update.
- Kevin stated he received an updated copy of the 2040 Future Land Use map at the Town's meeting on the Monday prior to this meeting. He is somewhat uncomfortable recommending changes because it is the Town's decision as to how they design their community. However, he will provide the Town with a map of the District's utilities so they can make adjustments to where future roads would be. There are four areas the Districts wants to highlight:
    - 1) Eden Meadows/Miravida Living to Bromfield Drive: The District has an existing sanitary sewermain and easement that extends from the end of Bromfield Drive, through Lutheran Homes' 65-acre parcel, to Eden Meadows Drive. This sewermain was paid by the developer and sized to serve future lots on both sides of the main based on current lot size requirements. He stated the Town is aware of this; however, it is not referenced on a map.
    - 2) Twilight Court to the District water tower: The District has watermain and an easement extending from the end of Twilight Court through what was previously going to be called Hunter's Court, following a future roadway. The depth and setback from the wetlands allow houses to be built along the northern side of the watermain. The sanitary sewer would be extended from Olde Apple Acres so the District is set to serve this low-density residential area.
    - 3) Lot 99 in Olde Apple Acres: The Town previously purchased this vacant lot in anticipation of a future road off of Crab Apple Lane. The proposal would be to extend the road through some wetlands that would not be developed, into some parcels currently owned by developer Russ Williams, through the northern area of the salvage yard, and through the District's property that contains the water tower, to connect with Hunter's Court. This would allow traffic in that area to get out in either direction and reduce response times for emergency vehicles. The exact location of the road would be left to the Town and the developers; however, the watermain easement would be a great location for a potential road.
    - 4) Honey Creek Lift Station area: The District previously installed a sanitary sewer lift station on parcel number 002-0149-06, and a watermain and a fire hydrant through an easement between 870 and 876 Honey Creek Road so the District is ready to serve any development south of Highway 21 and Leonard Point Road. The Town's proposed Future Land Use map shows these parcels as "recreation" and "municipal", which is very different than the current comprehensive plan distinction and current zoning of B-2: Commercial. It would be very expensive to extend municipal watermain and sewermain one-quarter mile through vacant recreation land to only serve a future municipal building.
  - Sue mentioned East Central has guided the Town in preparing its Future Land Use Plan and map. Kevin said he was glad District staff was able to attend the Town's Future Land Use meeting on September 28 where they asked the Town what the definitions were for land designation on the legend of the Town's Future Land Use map, such as low-density versus single-family residential. Kevin mentioned the District received those definitions from the Town for the different levels of development at the Comprehensive Plan committee meeting on October 5.
  - The District's main concern is where water and sewer utilities should be most cost-effectively installed to best serve the Town. Chad said if the Town plans to remove single family housing zoning, it needs to inform its constituents. Sue stated this Future Land Use Plan is meant to be a fluid document that is reviewed every 10 years. Peter wished the Town would communicate more with the District, which he previously mentioned to a Town Board member.
  - Chad stated the District uses this Future Land Use map as a marketing tool when conversing with developers. Kevin agreed explaining typically the developer contacts the District, asks where water and sewer utilities are located, and expresses their desire to develop a certain area. For example, the developers of LakeVista Estates contacted the District about their development, Kevin informed them water was available from Lake Breeze Road and Addie Parkway, and sewer service would be extended from Leonard Point Lane which has a lift station available that is capable of handling the sanitary sewer flow that this development would generate. This allowed the developers to create a design and estimate a cost for sewer and water service.
  - Kevin desires to prevent conflict between the Town and developers or residents in the future. That is why owners or developers of certain parcels should contact the Town to verify if they have changed prior to the Town approving this map. If a developer requests the Town Board's approval for their plan for a certain parcel and it does not match the zoning on the Future Land Use map, the residents in that area will dispute the plan stating it is not consistent with the Future Land Use Map. Sue suggested Kevin contact Rich and make him aware of these things and Kevin stated he requested a meeting with Rich and he did not receive a response. Kevin will send the Town maps of these four areas and explain the District is ready to serve the Town's municipal water and sanitary sewer needs.

8) Adjourn. **Peter made a motion to adjourn the regular monthly meeting at 1:38 p.m./second-Sue/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – November 12, 2020**

**Public Hearing for Proposed 2021 Annual Budget.**

- 1) Open public hearing. Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the public hearing for the proposed 2021 annual budget to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
- 2) Public Forum. No one was in attendance from the public.
- 3) Adjourn. **Chad made a motion to adjourn the public hearing at 12:01 p.m./second-Peter/carried unanimously.**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for November to order at 12:01 p.m. following the public hearing. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Financial Utility Clerk Sara Gonzales.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on October 8 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. Mike explained the District recorded the \$10,000 sanitary sewermain cost for the new connection at 3458 Witzel Avenue, parcel #002-0231-02. **Chad made a motion to approve the balance adjustments for October as submitted/second-Sue/carried unanimously.**
  - d) Approve investment changes. Mike recommended transferring \$100,000 of funds from the Local Government Investment Pool (LGIP) to the sanitary sewer funds account at Community First Credit Union (CFCU) to earn a higher interest rate. He noted after this transfer and the checks written this month, the remaining balance at CFCU would still be sufficiently collateralized. **Peter made a motion to transfer \$100,000 from the LGIP to CFCU/second-Chad/carried unanimously.**
  - e) Approve cash receipts & investments for sanitary and water. **Chad made a motion to approve the cash receipts and investments for sanitary and water for October as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water.
    - Fox Graphics: revised total invoice of \$1,335.95.
    - City of Oshkosh: 3<sup>rd</sup> quarter invoice of \$45,952.78 to treat about 160 million gallons at about \$0.80 per 1,000 gallons.
    - **Peter made a motion to approve the November pending bills and the October previous disbursements for sanitary and water as submitted/second-Sue/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Chad wished everyone a Happy Thanksgiving.
- 5) Director's Report.
  - a) Review of District statistics.
  - b) Correspondence.
  - c) Status of 2020 projects.
    - i) New Sewer Connection Requests:
      - 1) A property on Sunkist Road recently connected to municipal water, and the homeowner also anticipates connecting to the available municipal sewer lateral in the near future.
      - 2) A property owner on Rivermoor Road, just north of Springbrook Road, wants to build a house and connect into the District's existing forcemain. Kevin informed the builder that the homeowner would be responsible for installing and maintaining a grinder pump.
    - ii) DNR Certification: The District requested to sign up its newest staff member for additional DNR certification; however, it was denied since the District already has other certified Operators. Usually, the DNR offers 3,200 tests per year, but they have only completed a few this year due to COVID-19. They are currently working with other facilities to offer online exams in the future. Kevin mentioned this staff member was recently able to attend Competent Person Training, which is a certification for working in a trench or underground. When responding to a question that was asked about confined space, Kevin explained the Operators are certified and use gas meters to verify the atmosphere is safe prior to entering an area.
    - iii) Manhole Paving: Pavement was installed around the manholes and other infrastructure in LakeVista Estates and Ormand Beach Heights, which will protect the utilities from being hit and damaged by snowplows this winter.
    - iv) Town of Algoma Elmhurst Storm Sewer: Sue updated the District by stating bids were due by November 5, the Board will award the project at their November 18 meeting, and the contractors would meet about two weeks later. Kevin thanked Sue for that information and added District staff located the sanitary sewer laterals to prevent

conflicts. The Town's engineer decided to install a 42" storm sewer main instead of a 48" storm sewer main to avoid the sewer laterals, and the Town's engineer stated they would maintain the overflow near the Jehovah Witnesses Kingdom Hall.

6) Old Business.

- a) Discuss and act on funding options to pay for the pending financial impacts of utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
  - i) Discuss and act on a new water main extension to serve properties between 3323 Omro Road to 3168 Omro Road based on a review of the engineer's opinion of probable construction cost.
    - Kevin stated staff sent a letter to the 12 homeowners on Omro Road that may receive municipal water service at their property line. Thus far, three responses were received: one homeowner wanted municipal water and two did not. District staff handed out sample bottles for a free arsenic test to the impacted homeowners and requested that they submit their survey responses by December 2.
    - The engineer's opinion of probable construction cost to complete this entire watermain extension is about \$326,000. This potential extension would have created a watermain loop for the Water Utility, however, this was recently accomplished last year by extending the watermain to the west from Lake Breeze Road to serve Lake Vista Estates. Therefore, if a majority of residents in this area do not want municipal water service, Kevin is comfortable without completing this watermain extension. He also noted the District's existing watermain is close enough to the current positive response to get a water service to their property line without a watermain extension.
  - ii) Discuss the engineer's opinion of probable construction cost for the water and sewer utility relocation project.
    - The opinion of probable construction cost for necessary sanitary sewer and municipal water utility relocations is about \$630,000, with a total project cost of \$955,000 including the installation of new watermain. This drastic reduction from the original estimate of about \$2.0 million was mostly due to removing about 1,500 feet of watermain replacement near Valley Road and about 1,200 feet of watermain replacement near Oakwood Road because the watermain would have been too shallow, but the Town's engineer made some elevation design changes.
    - Peter commended Kevin for staff's persistent involvement in getting the Town's engineer to minimize the District's utility relocations and to handle the project in the best way for both entities. Kevin thanked him and explained it was a difficult predicament to be in because the Town has its own goals; however, both entities serve the same customers. Thankfully, since the Town's engineer was able to make some accommodations in elevations, it saved residents \$1 million to \$1.5 million without compromising the new road project. Peter also expressed his concern that Town of Omro residents in the District would end up paying for this as well, and Kevin stated he is doing everything he can to direct these costs only to Town of Algoma residents.
    - Chad asked for a timeline for the project and Kevin mentioned the District plans to coordinate the schedule with the DOT contractor, but will not complete the work until the frost is out of the ground. The District plans to open bids early next year and noted Wisconsin Public Service began their utility relocations earlier that week. Kevin explained according to the Town engineer's project schedule, the contractor plans to begin removing pavement around May 3, 2021, they would have 95 working days (or 166 total days), and would complete restoration by October 10, 2021. The District proposes to put in gravel after its utility relocation projects are completed versus replacing the asphalt.

7) New Business.

- a) Discuss and act on sanitary sewer extension for "The Wit" development on 18.5 acres at parcel #0614920100, previously parcel #90614920000, #90614930000, and #90614940000. This parcel is located on the south side of Witzel Avenue, east of Barton Road and generally north of Mercy Medical Center.
  - Kevin presented a map of the area and explained the District has sanitary sewermain installed across the front of this property. The District currently serves the properties along Witzel Avenue from the flow station by Kwik Trip to Oakwood Road, including all of Barton Road, and served the two homes included on this property since 1979 before they were razed on November 5, 2013. The District's flow station measures the wastewater from this area for treatment at the Oshkosh Regional Wastewater Treatment Plant, while the City of Oshkosh (City) does not have a sewermain in the area of this development.
  - Kevin explained when the Sanitary District was initially created in 1969, the northern 200 feet of the parcels in this development were included in the Sanitary District. Kevin informed the realtor for the property that sanitary sewer was available from the District and the current owner was informed of the same thing in writing through the title company when he bought these three parcels. Sue asked if the property owner had a right to choose which municipality it wished to receive service from, and Kevin answered it is not up to the owners, stating the District's sewermain is there while the City has no sewermain abutting this property.
  - Kevin read an excerpt from the 1977 Agreement between the District and the City that states, in paragraph 14: "The parties anticipate that from time to time, as the territories actually served by their respective sanitary sewerage collection systems expand toward each other, there may be areas in their respective territories which will be served more economically or practically by the collection system or interceptor system of the other party. Agreements

relating to intersystem services for such territories shall be agreed upon by the parties upon terms and conditions equitable to the parties at the time of initiation of such intersystem services.”

- Kevin stated the property owner signed an easement giving the District rights to their property.
  - The treatment plant and the collection system have sufficient capacity. The DNR informed Kevin they will begin the sanitary sewer extension review process; however, the application is considered incomplete without the owner letter.
  - Kevin also explained the District intended to install public mains to maintain the collection system, prevent inflows and infiltrations into the system, and have access to the manholes. The City was going to allow a private sanitary sewer system be installed without oversight on the installation process or material used and tap into the District’s sewermain. This would allow unmeasured leaks to flow through the District’s flow station.
  - Kevin mentioned the District could send a secondary letter to the DNR stating it has 10.4% allocated capacity of the WWTP, the District is only using 575,000 gallons of its 2.08 million gallons per day of allocated capacity, and the increased flow from this development would be within the allocated capacity the District has available at the Regional WWTP. The Commissioners and Ray agreed. Kevin explained District staff has reviewed and adjusted the developer’s sanitary sewer drawings to the District’s standards, so if the developer installs a private sanitary sewer system, the District would oversee the construction and would be able to take ownership of it later.
  - **Chad made a motion to direct Kevin to send a letter to the DNR stating that the District owns 10.4% of the capacity of the WWTP per the terms of the 1977 agreement, which is more than sufficient to accept the anticipated additional flow from the Wit development/second-Sue/carried unanimously.**
- b) Discuss and act on Resolution 2020-11-1 to approve the 2021 annual sanitary sewer user fee for Town of Algoma Sanitary District #1 residents per equivalent unit.
- i) Set the user fee for properties discharging to the Oshkosh Wastewater Treatment Facility at \$345.
  - ii) Maintain the user fee for properties discharging to the Omro Wastewater Treatment Facility at \$525.
  - Sue asked if this user fee increase would be removed after three years or if the addition of the Wit would possibly offset some of this increase in the future. Kevin answered no, stating this increase is strictly due to treatment costs. Mike added it is due to the cost of additional capital projects the City has implemented at the WWTP, as well as to cover sewer utility relocation costs due to the Town of Algoma’s Omro Road Reconstruction Project. Kevin explained the Oshkosh Regional WWTP capital costs include additional costs to handle phosphorus, and he anticipates an even larger increase in the future.
  - **Peter made a motion to approve Resolution 2020-11-1 to set the 2021 sewer user fees as indicated/second-Chad/carried unanimously.**
- c) Discuss and act on Resolution 2020-11-2 to increase the 2021 Contribution in Aid of Construction (CAC) by 3%.
- Kevin explained the CAC is charged to new sanitary sewer customers for the cost of existing sanitary sewer lift stations, flow stations, WWTP costs, and other sewer capital expenses. Chad asked how it is calculated, and Kevin answered by dividing total lift station and treatment plant costs by the developable acreage in the protected area of the Town of Algoma plus future parcel growth in both Towns to obtain an acreage charge as well as a charge per future parcel.
  - Kevin explained each new connection currently pays \$2,431 upon permit application, and Mike added properties without a lateral at their property line pay more and commercial properties pay even more. Kevin added the 3% increase is the general inflationary percentage and follows the District’s bonds and other holding expenses.
  - **Sue made a motion to approve Resolution 2020-11-2 to increase the 2021 CAC by 3%/second-Peter/carried unanimously.**
- d) Discuss and act on Resolution 2020-11-3 to adopt the 2021 Annual Budget for the Sanitary Sewer and Water Utilities.
- Mike stated the budget was published in the Oshkosh Northwestern on October 20. When Sue asked if any new information was received, Kevin stated no adjustments were made nor did he have recommendations for any changes.
  - **Peter made a motion to approve Resolution 2020-11-3 to adopt the 2021 Annual Budget for the Sanitary Sewer and Water Utilities/second-Chad/carried unanimously.**
- e) **Chad made a motion to go into closed session at 1:13 p.m. to discuss matters in relation to annual employee evaluation, compensation, and benefits/second-Peter/carried unanimously.**
- i) **Chad made a motion to reconvene into open session at 2:17 p.m. to discuss and act on matters discussed during closed session regarding employee evaluations/second-Sue/carried unanimously. Chad made a motion to increase Kevin’s salary by \$5,600 per year/second-Sue/carried unanimously.** The Commissioners also asked Kevin to look into other incentives that could be available for long-term employees for retention after their retirement.
- 8) Adjourn. **Peter made a motion to adjourn the regular monthly meeting at 2:18 p.m./second-Chad/carried unanimously.**



Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President

**Town of Algoma Sanitary District #1  
Meeting Minutes – December 10, 2020**

**Regular Monthly Meeting.**

- 1) Open regular monthly meeting.
- 2) Commission President Chad Hayes with Commissioners Peter Cernohous and Sue Drexler present called the regular monthly meeting for December to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, Accounting Manager Mike Claffey, and District Attorney Ray Edelstein. Financial Utility Clerk Sara Gonzales was present via phone.
  - a) Chad noted the District is using a tape recorder for maintenance of the minutes.
  - b) Approve the minutes of the previous meeting. **Peter made a motion to approve the minutes of the regular monthly meeting on November 12 as submitted/second-Sue/carried unanimously.**
  - c) Approve balance adjustments. None.
  - d) Approve investment changes. None.
  - e) Approve cash receipts & investments for sanitary and water. **Peter made a motion to approve the cash receipts and investments for sanitary and water for November as submitted/second-Sue/carried unanimously.**
  - f) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information:
    - Gyr Acquisitions: changed the payee from Nicolet Bank to refund a road deposit as L&H Gyr was the entity that applied for the sewer permit for this bank building construction project.
    - Annual 2020 Administration Building Rent: from the Sewer Utility to the Water Utility of \$152,800.
    - **Chad made a motion to approve the December pending bills and the November previous disbursements for sanitary and water as submitted/second-Peter/carried unanimously.**
- 3) Public Forum. No one was in attendance from the public.
- 4) Commissioner Statements. Sue wished everyone happy holidays, Peter extended his congratulations to Sara on the birth of her daughter the previous week, and Chad wished everyone a Merry Christmas with hope for a better 2021.
- 5) Director's Report.
  - a) Review of District statistics. No discussion was had on this agenda item.
  - b) Correspondence.
    - Kevin mentioned the District received the renewal for the Great Lakes Basin for drinking water withdrawal which is due by February 1, 2021.
  - c) Status of 2020 projects.
    - Kevin mentioned the District's auditors will do preliminary field work for the 2020 financial audit on December 21, and they usually contact one of the Commissioners during the audit.
    - Staff reviewed the annual sewer user fees internally, which will be further discussed during Agenda Item 7b).
- 6) Old Business.
  - a) Discuss and act on utility conflicts caused by the Town of Algoma's proposed Omro Road project changing from a rural road to an urban road.
    - i) Detail of the proposed relocation plan.
    - ii) Bidding schedule.
      - District staff plans to advertise for bids on January 22 and January 29 and will open bids on February 5, prior to its monthly meeting on February 11. Construction should begin around April and the Town plans to begin their construction on May 3, with the road closed while sanitary sewer manhole reconstruction is completed.
    - iii) Utility Relocation Schedule.
      - The District anticipates to reconstruct 19 manholes and to adjust 11 manholes. Kevin explained manhole reconstruction requires the removal of the top and middle sections, adjusting or installing a new middle section, and placing the top cone section back on top. These pieces are currently sealed together by a concrete seal tar. Manhole adjustments are simpler, which only involve adjustment rings and dropping the metal castings down.
      - The District plans to adjust 14 fire hydrants and insulate 1,100 feet of watermain to prevent freezing. Some of the work will be completed with the Department of Transportation's (DOT) contractor since they grade down almost to that elevation before they build the road back up.
      - The District will relocate the sanitary sewer forcemain on Sheboygan Street between May 3-14. Staff anticipates the road would be closed for a day or two, but will have up to seven days to complete this relocation.
  - b) Discuss and act on sanitary sewer extension for "The Wit" development on 18.5 acres at parcel #0614920100, previous parcel #90614920000, #90614930000, and #90614940000. This parcel is located on the south side of Witzel Avenue, east of Barton Road and generally north of Mercy Medical Center.
    - Kevin explained the northern 200 feet of this parcel was added to the District in 1967. He showed several pictures to illustrate the sewer layout in this area including several properties the District currently serves on Maryden Drive, Witzel Avenue, and Wyldewood Drive. He stated the District has ownership of the sewer in the roadway and it is

most cost effective to use gravity sewer, while the City's nearest sewermain is about 900 feet away. The City mentioned installing a new flow station and, if pursued, the District would want it installed on the Wit property and deduct it from the District's total flow as water meters do not have the ability to measure Inflow and Infiltration (I&I).

- Sue asked Kevin to expand upon the idea of installing private sewermain. Kevin explained the installation of sewermain in the road is public while sewer laterals from the main to the house are considered private. The City is proposing to install a private sewermain which the property owner, or in this case the developer, would be responsible for maintaining. The District proposes to install sewermain in an easement throughout this development. Either way, the construction cost would generally be the same. The District televises sewermain every five years and can complete repairs from manhole to manhole without requiring excavation, which is a pretty minimal expense to the District over the useful life of the sewermain. The District also has the authority to special assess property if it determines the need to complete sewermain repairs specific to a property (or properties).
- Ray stated the District informed the City it has the infrastructure available to the property and is ready to extend sewer service. Then the City sent a letter stating the District does not have a right to serve this property; however, the District has the right to seek an intergovernmental agreement as it has in the past, so it sent another letter on December 8 reiterating it has the right to seek an agreement and is the most cost-effective option for the developer. If the City decides it is going to serve it, it has to decide how to do that, the impact on the District's sewer system, and how to measure the flow to be deducted from the District's flow. District staff has been very proactive and is currently waiting for the City to respond.
- Kevin stated he intended to keep the Commission aware of the situation and will let them know if a future meeting with the City would require a Commissioner's presence. No action was taken.

## 7) New Business.

### a) 2021 Omro Road Potential Watermain Extension.

#### i) Review survey responses from residents included in the potential Omro Road Watermain Extension.

- Three property owners in the middle section of Omro Road indicated they wanted to receive municipal water service to their property and to pay the proposed \$12,000 special assessment. Three homeowners participated in the District's offer for free arsenic testing, and all three had a trace of arsenic but were below the safe drinking water level of 10 parts per billion.
- Of the four properties on the east end of Omro Road, two requested municipal water service and the other two did not respond. All efforts to contact those two homeowners were unsuccessful.
- Staff sent a financial breakdown of these potential watermain extensions to the Commissioners the previous day to aid in the decision of whether to proceed. The total cost to complete both extensions is estimated at about \$350,000. After accounting for \$92,000 in special assessments, and an estimated \$73,000 in water revenue from these five customers, the Water Utility's total revenue for these connections would be about \$166,000. The total principal and interest payments are projected to be about \$492,000, leaving a shortfall of \$326,000 over 20 years. Completing this project would mean serving an area with only a 19% participation rate, with the District's minimum threshold of 70%. In order to cover the principal and interest payments, all other Water Utility customers would be charged \$12.54 annually, or \$250 each over 20 years. If other customers are not charged, it would take another 62 years to break even. Financially, staff cannot recommend proceeding with either watermain extension.

#### ii) Determine parcels to include in preliminary assessment and cost of assessment.

- While Kevin does not propose to proceed with the entire project, he sees an opportunity to serve one property in the middle section of Omro Road by tapping the nearest watermain and extending a service to their property line. The other two properties in the middle of this section are over 500 feet away from a watermain, which is too far to feasibly and cost effectively serve them at this time. The watermain on the east end of Omro Road can be tapped to bring a water service to the east corner property and an additional 100 feet to serve the following property. All three of these properties would be charged a special assessment of \$12,000.

#### iii) The Commissioners will act on Resolution #2012-12-1, a Preliminary Resolution declaring the Sanitary District's intent to exercise its police power pursuant to Section 66.0703 of the Wisconsin Statutes, to authorize the construction of a water main extension and to levy special assessments upon certain property in the Town of Algoma Sanitary District No. 1 benefitted by the improvements.

- Staff will obtain signed Waivers of Public Hearings from the two affected property owners so as to not have to hold a public hearing. Staff will also send a letter to the remaining residents notifying them of the Commission's decision based on the survey results. **Chad made a motion to authorize water service to those three customers contingent upon receiving the waivers/second-Sue/carried unanimously.** Kevin proposed to secure waivers by the January or February meeting, so that once bids are opened, the Commission can take final action.

- (1) Set Date and Time of Public Hearing, proposed to be January 14 at 6:00 p.m.
- No public hearing is needed, so the next monthly meeting will take place on January 14 at 12:00 p.m.
- b) Discuss and act on implementing a new methodology to charge sanitary sewer customers in the City of Oshkosh a fixed charge as an alternative to the tax levy.
- Kevin explained the Department of Revenue (DOR) removed City of Oshkosh properties from the District's 2020 equalized value; however, it stated in writing the District is able to continue serving these properties and is also still able to specially assess them. This action removes the District's ability to charge its tax levy to property in the City of Oshkosh. As a result, staff has analyzed two alternative methods of collecting this revenue: charging properties based on the number of equivalent units or charging them based on their assessed value. While the equivalent unit method is by far the easiest, the District's goal is to remain consistent across all properties and, currently, the District charges Town of Algoma and Town of Omro properties through its tax levy based on their assessed values.
  - Sue stated she does not always agree with the assessed value method because each property is receiving the same service. Kevin agreed with that, citing police service as an example. Mike stated the total amount charged was the same either way and there was very little difference between the two options for residential property, with the biggest difference between the two methods being with large apartment complexes and commercial customers. Kevin also stated staff's goal was to be consistent and choose a reasonable method that would be the most defensible if it was challenged. Ray stated the assessed value method was the traditional method, would be consistent throughout the District, and was a reasonable method. Sue also added it would most closely match what was previously charged through the tax levy.
  - Sue asked how this would be billed, and Kevin stated staff previously sent a letter to the affected residents notifying them that the charge would be implemented on their annual sewer user fee invoice they will receive in January. Staff fielded numerous calls from residents after those letters were received to explain this. **Peter made a motion to direct staff to use the assessed value method to charge City of Oshkosh properties/second-Chad/carried unanimously.**
- c) Discuss and act on Resolution 2020-12-2 to extend the existing wastewater treatment agreement with City of Oshkosh.
- Kevin read aloud part of the letter the City of Oshkosh sent the District which stated that, due to the computer virus that wiped out their entire network earlier this year and the ongoing global health pandemic, the City was unable to complete the new updated agreement and plans to issue a one-year extension to the current agreement while developing a new master agreement with all of the sanitary districts discharging to the Oshkosh Regional Wastewater Treatment. The City Council approved the one-year extension at their meeting two days prior and Kevin recommended having the Commission approve it as well. The resolution was available to sign along with two copies of the City's resolution signature page, one copy for each entity.
  - Peter asked how many sanitary districts (SD) were included in this master agreement, and Kevin listed the Town of Black Wolf and the Town of Oshkosh, which consists of Island View SD, Sunset Point SD, Edgewood Shangri-La SD, and the area around the Winnebago County Mental Health Institute, which includes about 20 homes. He also mentioned the District is about ten times larger than the next largest sanitary district, which is Black Wolf. Black Wolf is represented by Attorney St. Peter, and Kevin has kept them informed of the ongoing issues with the City. Ray mentioned the District is unique in that it is the only sanitary district that has 10.4% of allocated capacity at the WWTP. **Peter made motion to approve Resolution 2020-12-2 to extend the existing wastewater treatment agreement with the City of Oshkosh for one-year/second-Sue/carried unanimously.**
- 8) Adjourn. **Sue made a motion to adjourn the regular monthly meeting at 1:12 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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Charles Hayes, President