

**Town of Algoma Sanitary District #1  
February 8, 2018**

Regular Monthly Meeting.

- 1) Open regular monthly meeting.
- 2) Commission President Jim Savinski with Commissioners Chad Hayes and Peter Cernohous present called the regular monthly meeting for February to order at 12:00 p.m. Also present were Utility Director Kevin Mraz, District Accounting Manager Mike Claffey, District Attorney Ray Edelstein, and Utility Clerk Sara Gonzales.
  - a) Jim 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 January 11 as submitted/second-Peter/carried unanimously.**
  - c) Approve cash receipts and investments for sanitary and water. **Jim made a motion to approve the cash receipts and investments for sanitary and water as submitted/second-Chad/carried unanimously.**
    - i) Note any investment changes.
      - Mike stated the certificate of deposit (CD) the District holds at Choice Bank is due for renewal on February 16. Their current interest rates are 0.7% for a 12 month CD and 0.3% for a money market account. Community First Credit Union (CFCU) offers 0.5% on their money market accounts and the Local Government Investment Pool currently offers 1.35% interest. Mike recommended transferring the funds to CFCU until after making several large bond payments over the next few months. **Chad made a motion to close the CD at Choice Bank and deposit the \$251,062.09 estimated balance in the sewer general funds account at CFCU as suggested by Mike/second-Peter/carried unanimously.**
      - Mike stated the CD at Fox Communities Credit Union (FCCU) is also due for renewal on February 16. Their current rates are 1.1% for a CD and 0.55% for a money market account. He also recommended transferring the balance of \$251,781.93 to CFCU, proposing to transfer the funds to a money market account at FCCU temporarily after the CD comes due. He explained two Commissioners will need to go to the FCCU branch after February 16 to sign a document to close the money market account and move the funds to CFCU. He will send an email reminder once the paperwork is ready for signers. **Peter made a motion to close the CD at FCCU on Feb 16 and deposit the \$251,781.93 estimated balance into a money market account temporarily until the District is able to close that account and transfer the funds to CFCU as suggested by Mike/second-Chad/carried unanimously.**
      - Mike mentioned the District is waiting for a collateral letter of credit from CFCU, which is due February 13. Jim asked if it will provide coverage for the additional funds the Commission just motioned to transfer to CFCU, and Mike explained it covers up to \$3.15 million including FDIC insurance and the state deposit guarantee fund. The District's total balance at CFCU as of January 31, 2018 is about \$4 million, however, there is about \$300,000 to be approved for bond payments and bills for February and approximately \$900,000 in bond payments due by May 1. Kevin mentioned the Commission could transfer funds to the LGIP temporarily and return them after the bond payments are made by May 1. The Commission decided to move funds now to where they would be insured. **Chad amended the previous motions, making the motion to transfer the CDs at Choice Bank and FCCU to money market accounts at their respective banks until after May 1/second-Jim/carried unanimously. Chad made a motion to transfer \$550,000 from Community First CU to the LGIP/second-Jim/carried unanimously.** Mike will edit the two documents for the Commission to sign reflecting these changes and destroyed the old documents based on the amended motion.
    - ii) Note any balance adjustments. None.
  - d) Approve pending bills and previous disbursements for sanitary and water. Mike mentioned the following information regarding pending bills:
    - **Water Utility:** transfer \$7,450.19 from the Sewer Utility to allow the Sewer Utility to fully own the playground equipment the District installed at Our Park, which was previously paid 50/50 by both entities.
    - **Bond Trust Services:** A bond payment of \$232,478.13 that is due on March 1.
    - The District will need to sign a \$100,000 wire in March for the bond principal payment that is due on April 1, with the ACH interest payment of \$35,048.75 being paid by the DTCC.
    - **Jim made a motion to approve the February pending bills and the January 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.
  - Jim stated he met with a group of Cub Scouts as a government official and talked highly of the District's municipal water system. In doing his research for the meeting, he reviewed the District's new website and suggested a few items be added, including a map of the District's boundaries, or made more easily accessible. Kevin and Sara stated they would take care of his requests.
  - Chad mentioned some emails Kevin sent regarding the ground water issues on Harbor Village Drive. He stated it has been an issue for years and that it never flowed correctly since the subdivision was built. A majority of residents allow the cattails to grow in their drainage ditches which blocks the flow of ground water, especially in an area just north of his house.
    - Kevin presented a picture of severe flooding of the road that Chad was referencing and stated the Town is responsible for stormwater. He explained the cattails are an indicator of high groundwater and Chad agreed stating there are springs under that whole area. Kevin explained as sump pumps continue to discharge into the ditch, the water freezes and the ditches fill until they cascade over the road. Chad asked where the ground is pitched to and if the water is to flow north towards the lake. Kevin said ultimately, it flows to the lake, however, the District does not handle stormwater. Chad said he explained that to everyone who

asked him about this and also assured them the condition is not due to a watermain break. Kevin agreed because the water level goes up and down, and if it were a watermain break, the condition would continue to get worse.

- Kevin said he spoke with the Town of Omro Chairman, Brian Noe, about the situation. He explained that, rather than discharging sump pumps into the ditch, he could show homeowners how to disconnect the underground drain tile and shift it to the back of their yards to flow back toward the drainage near the farm field, which may alleviate some of the groundwater issues temporarily since the ditches are not flowing water as they should be. He also said the culverts would continue to freeze. Chad stated the culverts usually stay pretty well open; however, the cattails prevent the water from flowing.
- Kevin stated when the road floods and turns to ice, it creates an unsafe condition. He thought Winnebago County attempted to remove some of the ice recently, and Chad clarified that they dug out some of the cattails. He was not sure if the property owner or the Town was responsible for maintaining ditches. Kevin was also not sure and added he did not know if the road had been dedicated to the Town since it initially was not a Town road.
- Kevin also mentioned the District performed a water pressure test in that area and noted sometimes the dial in the meter at the meter vault at the town line by Bellhaven Lane would stop spinning, meaning less than an eighth of a gallon of water is passing through the meter at that time. He also stated the District received about eight inches more rain annually than normal over the last five to six years, which causes the ground water level to rise.
- Jim stated these are Town-related issues that are not being taken care of and, in winter, they become hazardous. He believes residents should not be allowed to discharge their sump pumps straight into the ditches and there are certain areas that should not be allowed to build a house with a basement. Kevin added the District sees the same ground water issues in the Town of Algoma, even in areas where water utility infrastructure is not installed.

5) Director's Report.

- a) Review of District statistics. The District released one water permit for an existing house on Sheppard Drive that connected to municipal water the previous week.
- b) Correspondence.
  - Kevin presented a map of the Sandhill Farms Subdivision and explained which areas currently have sanitary sewer and municipal water available. He mentioned that Bob Albright, Jr, of ASA Development Corp., signed the Authorization to Design portion of the developer's agreement to install water and sewer services in the remaining areas of the development, stating that Jim will need to sign it as well. The District forwarded the quotes received from the engineers to design the project to the developers to inform them of the estimated costs of their project. The next portion of the developer's agreement would be the Authorization to Let Bids, and the remaining document is the Authorization to Proceed, which would be signed when the developer is ready to proceed with constructing the project. The District has used these developer's agreements that Ray previously drafted for many years and they work well. Kevin expects construction to begin in early spring.
    - o Jim asked for clarification on which areas have existing utilities and/or roads. Kevin explained the former Omro Sanitary District installed about \$500,000 of sewer and water infrastructure that ASA Development Corp. paid for and is ready to be used. He also showed which roads exist and which still need to be constructed. He explained the existence of fire hydrants indicates the presence of the municipal water system, and the sewer system is currently operational with the existing lift station serving the Barony Subdivision. The District pressure tested this area after replacing several copper water services with plastic HDPE pipe the previous summer and will turn on the water once the roads are closer to being completed.
- c) Status of 2018 projects.
  - The backup generators at the Springbrook Road and Young Road Lift Stations were installed last week and are fully operational.
  - Staff will pick up a frost pick for the skid steer to be used for breaking through frost. Although the District has not experienced any watermain breaks, it is important to have the ability to break through frost to access the watermain if one were to occur. The Commission approved this purchase at a previous meeting.

6) Old Business.

- a) Discuss and act on the renewal of the wastewater treatment agreement with the City of Oshkosh.
  - Kevin stated the District did not receive correspondence from the City of Oshkosh this month. He plans to contact them within the next month and also proposes to speak with the other five sanitary districts that discharge to the Oshkosh Regional Wastewater Treatment Plant, who would likely be going through the same process so they can all work together.

7) New Business.

- a) Discuss and act on proposal to provide municipal drinking water to the City of Omro as a wholesale customer.
  - Kevin presented a PowerPoint slideshow for use at a potential future workshop with the City of Omro (City) discussing the details of how this project would impact the City, the District, and water utility users of both entities. In order to provide wholesale water to the City, the District would need to install about three miles of watermain from Harbor Village Drive down Springbrook Road to the City limits. The proposal includes new fire hydrants which would provide public fire protection in this area.
  - **Project Benefits:** Kevin highlighted benefits to the City and the District of providing wholesale water to the City of Omro:
    - o Save City and District residents money.
    - o Provide the City of Omro additional water quantity.
    - o Utilize a greater proportion of the District's available water capacity.
    - o Provide public fire protection from hydrants along the water main route.

- **City Alternative Project Costs:** Kevin noted the City’s Water Utility is similar in size to the District’s Water Utility, as they both sell about 65 million gallons to their residents. The District received information from several sources on water utility project costs the City is proposing:
    - 1) Construct New Well Facility #3: cost estimate of \$1.3 million, plus about \$400,000 in watermain necessary to connect the new well to the existing watermain.
    - 2) Construct Elevated Tower #2: cost estimate of \$1.9 million.
    - 3) Other Watermain Replacement Projects: cost estimate of \$2.1 million.
    - 4) Payment in Lieu of Taxes (PILOT): estimated additional annual cost of about \$62,000 paid to the City by the Water Utility.
  - **Project Timeline - City Projects:** Kevin thought the City’s approximate schedule would be about 12-18 months for their projects. Their first step for the City would be to contact the PSC for a construction authorization for the well and tower construction, which they have not done yet, and they also would need to receive DNR approval at the same time. If the City experiences a catastrophic failure, such as a watermain break, and they do not have an adequate volume of water for their residents, or if they have to issue a “boil water” notice because of a water quality issue, the City could probably condense the project timeline down to six months. In this case, approvals are usually received faster and with less delay prior to beginning this lengthy process, which would allow the City to begin drilling and construction sooner.
  - **Project Timeline - District Project:** Kevin explained the timeline he would anticipate:
    - o First, staff would offer the wholesale rate to the City, then host several workshops in which they would either approve or decline the offer.
    - o If approved by both utilities, the two entities would have the PSC set exact water rates, which would then be presented to the District Commission and to the City Council.
    - o Ray suggested that, at that time, the two entities should enter into an agreement, much like a developer’s agreement, since the City is the primary beneficiary of this project. Kevin agreed and stated that, since the District is considering a 20 year bond to pay for the watermain extension, the terms of the agreement would likely also be 20 years.
    - o Then, the District would sign the design agreement with the engineers for a cost of up to roughly \$75,000 to design the project, receive the permits, and bid the project. Prior to the awarding the contract, staff would verify all agreements are solidified in writing, including the 20 year term and the bids are at or below estimates.
    - o Kevin anticipates construction would begin in the spring of 2019. This project would require a contractor install about 15,000 feet of watermain, and construction crews can usually install about 400 feet of pipe per day. It would only take approximately 40 business days to install, or about two months of field work, which would allow the District to turn on the water valve to the City by the fall of 2019 at the earliest.
  - **Project Financing Costs:** Ray asked what the City’s bond rating is compared to the District’s rating of AA- and Kevin answered he did not believe the City is rated. Ray added this may increase the City’s bonding costs and should be considered when determining how much their water utility projects would cost in the long run. Kevin agreed and added this is the first year their well facility was eligible for Safe Drinking Water funding, which has an interest rate of 3.2%. When Jim asked what other debts the City’s Water Utility has outstanding, Kevin answered he did not think the Water Utility has any outstanding loans.
  - Jim asked if the District received any contact from the City after the numerous articles regarding this potential project were included in the Omro Herald. Kevin answered the District did not receive any comments or feedback from City staff or Council members in response to the newspaper articles. Chad asked when Kevin intends to send the proposal to the City and Kevin answered as long as the Commission approves moving forward, he plans to send the proposal to the City within the next month.
  - **Jim made a motion to have staff continue the proposal for providing drinking water to the City of Omro and to make the appropriate contacts as needed/second-Chad/carried unanimously.**
- 8) **Jim made a motion to adjourn the regular monthly meeting at 1:25 p.m./second-Chad/carried unanimously.**

Respectfully Submitted:

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Michael Claffey, Accounting Manager

Approved:

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James Savinski, President