

**TOWN OF WATERFORD SANITARY DISTRICT NO. 1
MINUTES**

July 14, 2010

Commissioner Hinz called the meeting to order at 4:30 p.m.

Present: Commissioners Hinz, Gerard and Ciesielski
Absent: None
Also Present: Jon Cameron, Ruckert-Mielke; Duane Erickson, Operations Superintendent; and Debbie Nelson, Administrator

Ciesielski motioned to approve the minutes from the June 09, 2010 meeting as printed, seconded by Gerard. All in favor. Motion carried.

Report from WRCSO: None. Tamblyn not in attendance.

Jon Cameron presented everyone with copies of a Sanitary Sewer User Rate Comparison which compared the District's current user rate with other communities, a Sanitary Sewer User Rate Study – Cash-Based Method, Sanitary Sewer User Rate Study - Utility-Based Method, and Sanitary Sewer User Rate Study – Replacement Fund Analysis which were compiled using the district's information obtained from the Town of Waterford Sanitary District No. 1 Adopted 2010 Budget, Waterford Sanitary District No. 1 2010 Equipment Replacement Schedule, and Town of Waterford Annual Report, September 31, 2009. Cameron explained all models and answered questions. During discussion regarding the replacement fund Cameron pointed out that there are a lot of smaller assets that have a short life span and the Commissioners need to decide how they are going to plan for their replacement. Currently the replacement fund gives the District a reliable source of being able to replace these items without any impact on the user rates. Other options discussed were if a loan was obtained from either the State of Wisconsin Clean Water Fund, which would require the District to have a replacement fund, or a loan through a bank which Cameron pointed out would take several months to obtain taking away the ability to replace an item right away. Based upon the studies a 34.8% rate increase was recommended using the cash-based method and a 51.1% increase based upon the utility-based method. The Commissioners had requested and received an e-mail from Bob Kabitzke, the District's accountant, with his opinion of what user rates would need to be increased in order to have a positive cash flow. Kabitzke responded that without considering depreciation or connection fees the Commissioners would need to raise user rates 16.85%. Kabitzke did not include any funding or catch-up funding of the replacement fund in his calculation. Discussion ensued. No action taken.

Ciesielski motioned to set the Preliminary Budget Meeting for August 11, 2010 at 4:30 p.m. and the Budget Hearing for September 08, 2010 at 4:30 p.m., seconded by Gerard. All in favor. Motion carried.

Treasurer Report/Expenses and Cost Cutting Review: Gerard commended Administrator Nelson for recommending the Sewer User Rate Study which provided a clear picture of where the District stands financially and instead of continuing on the way it has been can begin on the road to recovery. Gerard referred back to the graphs he presented at last months meeting showing the decline of funds since 2005 which has contributed to the District being in its present position. To help the financial scenario Gerard volunteered foregoing his Commissioner pay for the rest of the year if the other Commissioners would also agree to do so. Hinz stated he would agree to forego 10% of his Commissioner pay for the rest of the year. Ciesielski said he would go along with Hinz's suggestion of taking a 10% pay decrease until the end of the year, however he feels it would need to be turned over to the Town Board as they determine the Commissioner's pay. No action taken on decreasing the Commissioners pay. Gerard had requested the last six years annual percentage rate of increase from WRCSO however he did not receive the information from the District's WRCSO Representative prior to the meeting. Gerard wanted to compare their yearly rate of increase to what the Commissioners did, if anything, in response as he feels the Commissioners have not kept up with WRCSO raises or with inflation. Gerard said what the Commissioners have done, backed up by Kabitzke and official minutes, was use up the money so there wasn't any. Gerard has been working on his own calculations of what he feels is necessary to cover the expenses, not including the replacement fund, which would increase the rates to \$118/quarter. Gerard explained that he is still working on obtaining a grant from the government towards updating the remaining lift stations to three phase, however there is still a percentage, he believes to be 20%, that the District would have to pay on \$1,000,000, which it does

**TOWN OF WATERFORD SANITARY DISTRICT NO. 1
MINUTES**

not have. Gerard simply said what comes in is less than what goes out and requested that Hinz and Ciesielski give serious thought on how to not only break even but get ahead. Erickson brought up that the Village of Rochester raised their user rates from \$80 to \$120/quarter without any explanation. Nelson questioned what the Commissioners plan was when they lowered the user rates several times, eliminated the tax levy, and decided to use up the District's funds. Nelson pointed out that several years ago she suggested an 18% rate increases due to what the O&M required, not even taking into consideration the replacement fund, and the Commissioners only raised the rates 6.9%. Erickson agreed with Nelson and said he was also involved in figuring the percentage needed. This has had a continual snowballing effect that has now caught up. Discussion ensued. Hinz commended Gerard for meeting with the staff and encouraged him to have further meetings.

Monthly O&M Report:

- The three phase at LS1 is now complete.
- Since the Town is not doing roads in the Sanitary District this year the money in the budget, approximately \$12,000, for manholes will not be spent.

Administrator Comments:

- Nelson asked the Commissioners to give the rate increase some serious thought to get the District back to being whole and financially sound. She suggested increasing the rates to where they need to be once then smaller increases in the future to keep up with WRCSD rate increases and inflation then hopefully there won't be another large increase like this. Erickson said to put Nelson's comments under the O&M Report as he agrees.

Correspondence consisted of:

- WRCSD Agenda & Minutes

Accounts payable were approved on a Gerard/Ciesielski motion. All in favor. Motion carried.

Ciesielski motioned to adjourn at 6:02 p.m., seconded by Hinz. All in favor. Motion carried.

Respectfully submitted,

Debbie Nelson
Administrator