

# Sanitary District No. 1

Town of Lyndon

Sheboygan County

Wisconsin

**TO: Sanitary District Property Owners**

**FROM: Commissioners – Dave Triebensee, James Weigel, Ray Zimmermann**

**DATE: March 28, 2010**

## 2009 Highlights

- Two residences added to the District; Four Campsite hookups eliminated through excavation and capping; resulting in 150 total billable units in the District for 2010.
- In response to DNR request, reviewed all service to arrive at an approximate population of 190 full time residents in the District.
- Harbor Lights major repair: Replaced one manhole and approximately 180 feet of sewer main under the creek at Harbor Lights Court.
- Expanded statistical analysis of Lift Station performance.
- More closely monitoring Lift Station at boat landing – one of the two pumps is performing erratically and may be failing.
- Began extensive redrafting of the District's Ordinance with the assistance of the District's legal counsel Edgarton, St. Peter, Petak & Rosenfeldt. Planning to enact the new ordinance during 2010.

### Harbor Lights Project

After 18 months of analysis, preparation and extensive permit filing, the Harbor Lights repair project was successfully carried out during October and November by Dorner Construction. The second stretch of potential repair under Harbor Lights Road was avoided after further assessment and recommendation by Dorner and the District's engineer at the outset of the construction. One manhole on Harbor Lights Court was completely replaced because it had sunk and shifted. The sewer main connecting this manhole, and running under the creek to the next manhole (located on Harbor Lights Road) was completely replaced with ductile iron pipe supported by a row of 8 pilings. The pilings and iron pipe were necessary because of the poor soil conditions – peat and silt up to 49 feet in depth. The poor soil condition is what caused the former plastic main pipe to severely sag and the manhole to sink. The pilings and iron pipe eliminate the sinking potential. Several lateral connections intercepting this main were also replaced. Total repair cost was just under \$105,000 which includes the cost of construction financing. The construction loan was paid off in February 2010 with a 20 year Wisconsin State loan.

### 2009 Finances

Included with this letter are financial summaries for: 1) the normal operations of the District; and, 2) a separate accounting of the Harbor Lights project. All income and expense associated with the Harbor Lights Project were segregated from the Operations in order to maintain clarity on sources and applications of fund for normal operations. The tables of Income and Expense for 2008, 2009 and the budget for 2010 are on one page and the tables for Account Balances are on another page. The line numbers/letters on the Income and Expense reports are for reference in the highlights provided below. We have excluded some detail lines on the Income and Expense page in order to fit the report on one page – thus the reference numbers jump rather than going in increments of one. The budget dollars for 2009 were also excluded from the tables to fit this on one page; however, we have identified the actual amounts for 2009 as a percentage of the budget for 2009 so you can see performance results. Highlights of 2009 finances include:

1. **Legal-Professional Fees (line 28)** were \$4,608.92 which was 53.6% over budget. This is due to the legal review associated with the project to redraft the District's ordinance.
2. **Repairs (line 60) were significantly lower than in previous years** - \$1,342.95 which was 77.8% under budget. There were no major breakdowns in comparison to prior years. We attribute this, in part, to the more frequent routine maintenance we are performing.
3. **Utilities: Total Cascade (line 69)** - \$57,945.65 which is 9.4% under budget. In December of 2008 we repaired a lateral on Harbor Lights Road and that has eliminated a significant ground water infiltration and associated cost.

### Commissioners

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4. **Utilities: Total Electric (line 77)** - \$2,315.08 which was 10.6% over budget. We had assumed that the usage would only be 3% greater than in 2008.
5. **Net Operating Income (line 83)** - \$16,006.16 which was 241.2% over budget. This was due to the reduction in Repair expense and Utilities expense paid to Cascade.
6. **Total Reserves Contribution (line 88)** – the decrease in expense resulting in a higher Net Operating Income provided the opportunity to apply \$15,600 to reserves. Since 2005 we have maintained a goal to place \$10,000 per year into replenishment of the District’s reserves. This bonus amount makes up \$5,600 of the \$11,500 we fell short from 2006-2008.

<b>2010 Budget and Planning</b>
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**Cascade Processing Plant** – The Cascade Sewer and Water Commission has been working with the DNR and Strategic Municipal Services engineering firm on the planning for the construction of the new sewerage processing plant to be placed into service later in 2010. This new facility upgrade has been mandated by the DNR. In 2006, the rates for sewer service were increased by Cascade and the Lyndon Sanitary District in order to start accumulating funds for the construction of this plant. The Cascade Commission is anticipating that rates may not have to be increased because of the rate increase affected in 2006. The current portion of the quarterly rates earmarked for the new plant will likely be sufficient to cover the long term State financing for this new facility. The cost of the new plant is approximately \$1.2 million.

**Debt Service and Reserves related to the Harbor Lights Project completed in 2009** – In February, the District paid for the project construction cost via a 20 year State loan in the amount of \$104,783.62. Though the amount of Clean Water Funding subsidy from the State has not yet been established, we are projecting the net (after subsidy) annual loan payments to be approximately \$8,400. Additionally, the District will establish an annual reserve contribution equal to the depreciation of the project, assuming a 30 year depreciation. The amount of the annual depreciation/reserve has been budgeted for \$3,384 which is 1/30<sup>th</sup> of the construction cost. In order to meet this added expense of operation, it has been determined by the District Commissioners that the quarterly rate must be increased by \$5; i.e., the rate will increase from \$150 per quarter to \$155 per quarter. This rate was made effective beginning January 1, 2010 and will be reflected with the billing statement to be mailed March 31, 2010.

**Meter Reading and Routine Maintenance** – for several years, Cascade has read the meters for the District’s Lift Stations at a cost to the District of approximately \$350 per month. Beginning April 1<sup>st</sup>, the Town of Lyndon will assume responsibility for reading the meters. Additionally, routine cleaning and inspection previously done by Jim Weigel and Dave Triebensee (volunteer time, at no cost to the District) will be taken over by the Town of Lyndon. Both jobs will be performed at less cost than previously charged by Cascade for just the meter reading.

**Lift Station Painting** – we are planning to repaint the 6 Lift Station’s exteriors beginning in 2010. The metal surfaces are showing rust because of chipping and flaking of the paint.

**May 11, 2010 Meeting of the Lake Ellen Association** – Kris Hughes, Town of Lyndon Chair Person, has invited the Lake Ellen Association to hold its first meeting of 2010 at the Lyndon Town Hall on May 11<sup>th</sup> at 7:00 P.M. As a result of a Sanitary District presentation to the Town of Lyndon Plan Commission in February, Kris and the Town Board determined that it would be beneficial to repeat this presentation at a joint meeting of the Lake Ellen Association, Lyndon Town Board and District Sanitary Commission.

Respectfully submitted

Sanitary District Commissioners: Dave Triebensee, Jim Weigel, Ray Zimmermann

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