

WINNEBAGO COUNTY DRAINAGE BOARD
LARSEN DRAINAGE DISTRICT
Annual Meeting Minutes
7:00 p.m. on June 20, 2024
Town of Winchester, 8522 Parkway Lane, Larsen, WI 54947

I. Call to Order

Board Members:	Howard Miller	PRESENT
	Peter Romberg	PRESENT
	David Sleik	PRESENT
	John Kunde	PRESENT
	Michael Pfankuch	PRESENT
Clerical Support:	Holly Stevens	PRESENT
District Consultant:	Gerald Peterson	PRESENT
Engineer:	Ben Hamblin	PRESENT

II. Approval of Minutes

- A. Approval of the minutes of the January 25, 2024 Winnebago County Drainage Board Larsen Drainage District Meeting.

MOTION:

Motion by Board Member Pfankuch

Second by Board Member Kunde

Motion to approve the minutes from the January 25, 2024 Winnebago County Drainage Board Larsen Drainage District Meeting as presented.

Motion carried by unanimous voice vote.

III. Open Forum: Drainage District related Matters not on the Drainage District Board Agenda:

NONE

IV. Business:

A. McMahon Group

a) 2024 UAV Survey Update

Engineer Hamblin explained they have been experiencing some issues with their subconsultant who conducted the UAV survey and had just recently received the data collected this year. He explained they are working to add the data to the District GIS platform.

Board Member Kunde asked if they are using the same consultant. Engineer Hamblin explained they are but the past couple times they have been struggling to get the consultant to respond. He said that should not happen. He said that McMahon Group

has recently hired someone who holds a UAV license, and they will likely buy a drone so they can keep the work in-house. He said that will get the work done more quickly and more efficiently, eliminating delays like this.

b) 2024 UAV Survey Identified Issues / Maintenance Recommendations

Engineer Hamblin explained that because of the delay in the delivery of the data, they do not yet have the opportunity to review and identify any potential maintenance needs. He said he would let the Board know about any issues they are able to identify.

Admin Stevens asked if the Board wanted to send out letters to property owners regarding any maintenance needed on their property. The Board confirmed that should be done.

MOTION:

Motion by Board Member Kunde

Second by Board Member Pfankuch

Motion to have the engineers identify any maintenance and to provide that information to Admin Stevens to process and send maintenance notices to the respective landowners.

Motion carried by unanimous voice vote.

Chair Miller noted the photos he had provided which showed trees fallen in the river south of the Woodland Road bridge. He asked to include those property owners in the notifications.

B. Chairman's Report

a) Flow Report

Flow at Woodland Road Bridge on June 12, 2024 was at 17 cu ft/sec. Elevation is 747.5 ft which is essentially the same elevation as Lake Winnebago. In the past, the flow was measured as high as 154 cu ft/sec.

C. Bank Brush Cutting / Mowing – 2024 Maintenance Considerations

The Board reviewed images from the GIS platform for the lands between Oakridge Road and STH 45. This is the “next” section of the corridor which was discussed at the last meeting as the logical section to continue routine bank and brush cutting/mowing. The Board also discussed the potential to continue the work further north from Oakridge Road to Hickory (formerly CTR T), however, considering the cost to complete one mile of the corridor was ~\$20,000 last year, increasing the length of the corridor work proposed for maintenance will likely increase costs significantly. It is recommended to develop a maintenance program that incrementally and systematically progresses through the corridor, creating consistency in the volume of work and the costs year over year. This practice also creates a continual maintenance cycle which produces efficient and effective results while incurring consistent and manageable costs.

The Board also reviewed that while numerous requests for estimates were sent out last year, only two proposals were received. One of which varied from the proposal request, adding additional work and costs which were not solicited. TreeOs, a local contractor, estimated the project as requested and completed last year's project in a very timely and effective manner. Considering the work involved in sending out requests only to receive minimal responses, the Board may want to continue the working relationship with TreeOs for two or three years. After which the Board may again go through the full request for proposal process to confirm the costs remain in line with the rest of the market.

Chair Miller said he went out with Gerry Peterson last year and he thought they did a really good job.

Gerry Peterson agreed. He suggested the Board consider spraying the section of the corridor which was cut last year.

Board Member Kunde said that even if it is sprayed, there are usually some "escapes", but spraying will help keep it down.

Gerry Peterson noted that Tordon herbicide lasts about five years.

The Board discussed having TreeOs provide an estimate to spray the section cut last year. They also discussed the timeframe for spraying, noting that it is most beneficial to spray in the spring or early summer.

Board Member Kunde said that should be implemented into our process, having the section last cut each spring and then cutting a new section later in the season.

Admin Stevens suggested the Board request separate estimates for the work—one for spraying and the other for the continued brush cutting/mowing maintenance.

Board Member Sleik suggested requesting the spraying costs from the other contractor that responded to the request last year. He noted that the spray costs could vary a lot.

Admin Stevens suggested the Board set a not-to-exceed amount for the spraying so that if the costs come in below that threshold, the work can move forward. She said if the costs come in over that threshold, it should then be discussed at the next meeting to make sure that the spending is managed.

Board Member Kunde said he would like to know what they are spraying it with. He had concerns about what products could be used next to the watercourse.

Board Member Sleik said they have to be careful with the spending because the general public—he said they have to decide at what level they can respond to basically with the dollar figure. He said basically, if you go back to landowners—every landowner he has talked to isn't ready to start spending to the level we are spending. He said the other idea is to bring in more property.

Admin Stevens noted that had Board Member Sleik read the meeting materials, he would know that is not the recommendation.

Board Member Sleik said Admin Stevens is telling the Board that it is operating in the “red.” He said they have to come up with a consensus of what level can they fund it.

Admin Stevens said that is what the next discussions on the agenda are about.

Board Member Sleik stated that the Board has to basically get public input on that because they are talking about levels that are going to piss people off.

Admin Stevens said that the recommendation is not for a single significant increase but rather a series of small increases over the course of the next few years. She said that is the responsibility of the Board to decide. She noted that the public at large will not want to increase taxes but at the same time will expect the maintenance to continue.

Board Member Sleik said they will have to understand that there is only a certain level of service that can be provided for that cost. He said he is just saying that they are basically working with a finite amount of money and what is the level of service that can be provided.

Admin Stevens explained that is what the next discussion is about.

Board Member Sleik said he is not disagreeing with the financial information.

Board Member Pfankuch said they are getting ahead of themselves.

Chair Miller noted that what is currently being discussed is the spraying of the first section and the continuation of the cutting of the next section. He asked if the Board wants to move forward requesting a quote from TreeOs and if they do not spray, to reach out to other vendors for that.

Chair Miller said last summer he saw a demonstration where they were spraying fertilizers with a drone. He said they were able to do about 40 acres per hour.

Engineer Miller said the Board should determine what the best herbicide would be for the corridor. The Board discussed Tordon, but no one was sure if that is safe by water.

Board Member Kunde noted that contractors licensed to spray usually have certain products they like to use.

Chair Miller said he would also reach out to Bart Chapman to see if he has any product suggestions.

Board Member Pfankuch noted that TreeOs does the spraying for the sanitary district ponds, which is very restrictive to what product can be used.

Chair Miller said they should get the estimate requests out. Board Member Pfankuch said he would reach out to TreeOs.

D. Preparation of 2022-2023 Annual Report

Admin Stevens reviewed that each year, the Drainage Board is required to submit an Annual Inspection Report to WI DATCP and to make the same report available to district property owners. Specific requirements are identified by Statute for inclusion in the report. McMahon Group prepared the Annual Inspection Report for 2020-2021 which has been used by Board Member Pfankuch and Admin Stevens as a template to produce the last two Annual Inspection Reports.

Board Member Pfankuch and Admin Stevens said they are again willing to continue the preparation of the 2023-2024 Annual Inspection Report.

The Board directed Board Member Pfankuch and Admin Stevens to prepare the report for the Board to review at the next meeting.

Admin Stevens requested that Board Members Kunde or Romberg send her some photos of the Pucci project for inclusion in the report.

E. Financial Policy and Determination of Minimum Fund Balance Amount

Admin Stevens reported that during the last meeting, there was discussion about the depletion of the Drainage Board's Fund balance. Concerns were raised about the need to keep the fund balance large enough to deal with potential emergency situations such as a tornado or a flooding event. In such situations, the Board would be responsible for rebuilding or repairing the corridor if substantial damage occurred (i.e. bank failures, blockages, etc.). It is the responsibility of the Board to protect the surrounding lands by restoring drainage, and in order to do so, a certain amount of funding should be reserved to facilitate such work.

Admin Stevens noted that Chair Miller had reached out to Bart Chapman, WI DATCP, to inquire about the State's recommended "emergency fund" amount. Mr. Chapman noted that WI Stats. Chapter 88 states the following:

"The board may establish and maintain a fund for the payment of the costs of normal operations and maintenance and repair and for emergency expenses. Moneys in a fund under this subsection may not exceed amounts reasonably necessary for the purposes under this subsection."

Mr. Chapman response indicated the relevant word in this statute is "may," meaning that the Board is not required to maintain a fund. However, he also noted that it seems prudent to have a reserve available for the administration of the district.

Admin Stevens also reviewed that at the last meeting, Board Member Romberg requested an evaluation of the district's historic operational costs, as well as the projected annual operational costs so the information can be used to create a fiscally responsible plan.

a) Historic Financial Operations Report

Year/Category	Tax Revenue	Administrative	Legal and Related	Engineering	Corridor Work	Fund Balance
2024	\$ 15,683.51	\$ 2,709.15			\$ 20,351.75	\$ 156,608.11
2023	\$ 13,055.71	\$ 2,110.09		\$ 7,046.22		\$ 163,985.50
2022	\$ 12,046.72	\$ 4,754.42		\$ 30,927.65		\$ 160,086.10
2021	\$ 9,769.72	\$ 1,038.64		\$ 21,570.82		\$ 183,721.45
2020	\$ 9,733.87	\$ 1,180.70			\$ 28,431.20	\$ 196,561.19
2019	\$ 12,154.01					\$ 216,439.22
2018	\$ 13,490.05	\$ 986.97	\$ 20,160.63			\$ 204,285.21
2017	\$ 13,482.50	\$ 2,044.12	\$ 13,223.80			\$ 211,942.76
2016	\$ 13,399.49	\$ 1,500.16				\$ 213,728.18
2015	\$ 13,400.97				\$ 31,023.50	\$ 201,828.85
2014	\$ 13,451.11		\$ 5,928.09			\$ 219,451.38
2013	\$ 27,122.83	\$ 1,888.28				\$ 211,928.36
						\$ 186,693.81
Subtotal	\$ 166,790.49	\$ 18,212.53	\$ 39,312.52	\$ 59,544.69	\$ 79,806.45	
% of Total		9%	20%	30%	41%	
				12-Year Total Spending	\$ 196,876.19	
				12-Year Total Revenue	\$ 166,790.49	

Admin Stevens reviewed the historic spending noting that administrative fees are relatively predictable based on per diems for meetings and for administrative services. She noted that legal has been minimal since 2018 when the district was dealing with some issues with the WI DNR. She also reviewed that the last “big” project was bank work totaling approximately \$59,000 which was started in 2015 but was not completed until 2020. She noted that last year’s maintenance work was just over \$20,000. She noted that the spending is outpacing the revenue and has been for several years.

b) Estimated Annual Operating Costs

Admin Stevens reported the estimated annual operational costs identified are based on historic spending and do not include or project for CPI increases.

Administrative	Per Diems 4 mtgs/year	\$1,200
Administrative	Admin Support	\$2,500
Administrative	GIS Platform Fees	\$700
Administrative	Annual Notices x2	\$500
Engineering	Drone Survey	\$4,000
Engineering	Misc.	\$2,000
	Annual Maintenance Work	\$20,000
Estimated Annual Expenses		\$30,900

Admin Stevens noted that if the annual spraying is added to the maintenance plan, the estimated annual expenses should reflect that cost as well.

c) Fund Balance Minimum

Admin Stevens continued stating that considering the annual spending is projected to be almost double the annual tax revenue, the Board is urged to develop a sustainable balance between the two. Because maintenance is necessary and continual, tax rates will have to be increased to cover the costs. As previously discussed on numerous occasions, it is NOT recommended that the Board impose a large increase in a single year, but rather, implement small increases each year over the course of several years to bring the revenues and expenses into alignment. To achieve this goal, the Board will also have to practice restraint in spending, stretching every dollar to maximize its impact. The Board will most certainly be forced to continue supplementing the revenue shortfall with money from the general fund balance which will result in the continued depletion of the balance. If left unchecked, the fund balance will likely be completely erased within the next ten years if not sooner. While this seems like a dire situation, it can be remedied through responsible financial management.

Admin Stevens provided the Board with spread sheets which demonstrated the generated revenue with annual tax increases of 20 percent, 15 percent, and 10 percent along with the comparison of the proposed tax revenue generated in comparison to the estimated annual spending. The information also included calculations of the impact on the depletion of the general fund and how many years it will take to bring the revenues and expenses into alignment. She also provided specific examples of the financial impact the 20, 15, and 10 percent increases would affect individual landowners.

A 20 percent increase year over year would result in equalized revenues and expenses in approximately 4 years and would result in a decrease of the general fund of approximately \$40,000.

A 15 percent increase year over year would result in equalized revenues and expenses in approximately 5 years and would result in a decrease of the general fund of approximately \$50,000.

A 10 percent increase year over year would result in equalized revenues and expenses in approximately 7 years and would result in a decrease of the general fund of approximately \$70,000.

She noted that after the revenues and expenses are equalized, the tax rates can level off presuming spending remains consistent moving forward. She also noted that the annual operating expenses reflect only basic maintenance. She referenced the historic project completed in 2015 and 2020 which cost almost \$60,000 which was for bank repair/rebuilding. She noted that if more extensive maintenance should be needed, the costs would likely be at least that much if not more which illustrates the need for the Board to identify and maintain a minimum fund balance and to implement a financial plan to meet the goal. Admin Stevens explained that this

balance will not be absolute, however, setting a limit will provide data needed to determine the rate for implementation of necessary tax increases which in turn, will allow for the development of a financial plan to make the district financially sound.

Board Member Kunde asked about the engineering costs for 2024. Admin Stevens explained that we have not yet paid the approved cost for the UAV survey which was not-to-exceed \$5,000.

Chair Miller said he wanted the Board Members to stay focused on the question at hand which is what the Board wants to set as a minimum fund balance. He noted that the tax rate will be discussed and determined at the annual meeting in September. He said he thinks it would be beneficial to set a minimum fund balance so that can be used to determine the tax rates at the next meeting.

Chair Miller also noted that State Statutes do not set a specific number, but it does allow for the district to have a fund balance for emergency purposes.

Board Member Sleik stated that most Drainage Districts do not maintain a fund, which is part of the reason they are all bankrupt. He said from what he has researched, most drainage districts don't have any funds. He said he is not saying that is the answer—he is just saying that is where they are at, and it is a big deal with most of them.

Admin Stevens said that credit should be given where credit is due. She said previous Board's built the fund balance up for reasons unknown, but it has put this Board in the position to be fiscally responsible with the ability to maintain a fund balance for emergency situations. However, if the Board does not get a financial plan in place, the existing fund balance will quickly be reduced to nothing. She said the Board is in a position now to "right the ship" over the course of just a few years. She also noted that if they do not act, the Board will find themselves in a position where there is not enough funding to do any work of value for the landowners.

Chair Miller agreed that they do not want to get into the position where there is no fund balance, and something happens which then requires them to raise taxes 80 or 90 percent.

Engineer Hamblin agreed, stating nobody wants to see that on their tax bill. He noted that every utility district that he is involved with forecast their capital improvement program and identify needs because they are not able to tackle it all at once—they have to plan for things over five or seven or ten years. He said the figure out what things are going to cost and spread that cost over the years so that there are not large increases all at once. He said the little, incremental increases are better, so you are not impacting these families so heavily.

Board Member Sleik said that Engineer Hamblin is in a world where engineering alone could cost as much as \$15,000-\$20,000. He said in his world, engineering is

closer to \$100,000 and \$100,000 doesn't even begin to move any dirt. He said they are probably looking at a \$250,000 project in today's money.

Admin Stevens again stated that is exactly why the Board should have and grow a fund balance, but the urgency right now is to stop the bleeding.

Board Member Sleik said that it comes down to basically knowing if people think there is a value in this ditch because if they think there is a value, then they are willing to put money into it. He said that is where he thinks they have to look at this differently. He said they have to come up with "why do we want to keep this thing going?" and "Why do we spend money on it?". He said if you tell somebody that, it is a lot easier than the challenge that we have a landlocked drainage district. He said they don't control basically beyond us. He said the Army Corps can mess them up more than anything else. He said basically if they drop the lake level, it would be great but when they bring it up, we are screwed. He said that is where he is caught. We are fighting with one hand behind our back. He said what they are attempting to do at this point is to maintain. Otherwise, they would be trying to improve and quite frankly there is no way to improve it.

Admin Stevens noted that no one disagrees with that, but the data presented is for exactly that—maintenance. She said it is just the most basic maintenance to prevent the corridor from worsening and turning into a marsh.

Board Member Sleik said they cannot do any major projects because the water has nowhere to go.

Admin Stevens explained again that the fund balance is not for major projects—it is a reserve for emergency situations like flooding or bank failures or other unexpected events. She said if a tornado comes through and dumps trees and debris in the watercourse, the Board will have to pay someone to get those out. She said that is what the fund balance is for. She said the Board has an obligation to the landowners and a responsibility to be able to respond. She said she hopes that never happens, but the Board has to be ready.

Board Member Kunde said the point is that the Board has to decide on a minimum fund balance.

Chair Miller said he thinks a minimum of \$100,000 is a reasonable and good goal, but he would like to hear from the Board Members.

Board Member Pfankuch suggested a compromise of \$75,000 as a starting point.

Board Member Romberg said he thinks that \$100,000 is the better amount.

Board Member Sleik said he thinks it should be \$50,000.

Board Member Romberg noted that the estimated annual basic maintenance costs are \$30,000. He said a \$100,000 balance would only cover operations for 2-3 years if needed.

Board Member Kunde noted that the \$30,000 does not include the cost of spraying.

Engineer Hamblin noted that they can probably get ahead of the mowing and spraying in 4 to 5 years which will hopefully result in lower annual costs which will then allow the Board to build their financial standing without continued tax increases. He said once you get past the initial maintenance hurdle, it should get easier and less expensive. Then you will be in a good position, and you can just maintain the tax rates because you are in a good place.

MOTION:

Motion by Board Member Pfankuch

Second by Board Member Romberg

Motion to establish a financial policy to maintain a minimum fund balance of \$100,000.

Motion carried with a voice vote of 4-1 with Board Member Sleik voting No.

Admin Stevens said she would take the spraying estimates and calculate that into the forecast spreadsheets for the Board to discuss when determining the tax rates at the next meeting.

d) Fund Balance Interest

Admin Stevens explained that Gerry Peterson had requested information regarding interest earnings for the district's fund balance. After speaking with the County Treasurer and the County Finance Director, their departments are statutorily allowed to charge for their services based on the interest earned on the district's fund balance. They have not done that to date.

Admin Stevens further explained that the County Financial Director also noted that while they have not charged for their services, the district's fund balance is not significant enough to generate interest. The County carries the money in a standard account which does not provide for investment returns. So, while the money could be moved to an account which would generate some interest, it is likely the County would then claim those earnings as compensation for their services. Since the County has provided their services at no charge and since the fund balance is not significant and will most certainly continue to decrease, it is recommended to continue the situation status quo so as not to incur any unnecessary costs related to the County services.

F. Watershed Properties / District Expansion

Admin Stevens reviewed that during the last meeting the discussion regarding District Expansion did not produce any immediate path forward. While the financial concerns the district is facing certainly warrant consideration to expand the tax base to the entire watershed area, the cost associated with doing so would likely be significant, further weakening the district's financial state. As such, it is recommended that the district continue to develop and implement a sustainable financial policy and continue basic maintenance practices with an eye to potential expansion in the future. The financial burden for District operations will continue

to fall on the current landowners in the district, but with responsible management, the district can most certainly improve its position and then consider the prospect of expansion in the future.

Engineer Hamblin explained that his now retired boss who helped the district attempt an expansion about 20 years ago and it did not go well. He said with the technology available today, it would be much easier to produce the needed data. He said \$10,000 to \$20,000 would get you everything you need for the proposition.

Board Member Sleik said they will receive a lot of opposition to it.

Engineer Hamblin acknowledged that would be true, but he noted there will also be support for the expansion as well.

G. LWSD Wastewater Treatment Plant – WI DNR Mandated Upgrade to Continuous Discharge

Chair Miller said that he wanted to discuss this because he had initial concerns about the proposed continual discharge into the system. He explained that the Larsen-Winchester Sanitary District (LWSD) operates under the watchful eye of the WI DNR which permits their operations through a WPDES Permit. Governor Evers and his DNR have implemented regulation standards which have imposed a mandated Wastewater Treatment Plant (WWTP) upgrade on the LWSD which may potentially have an impact on the Arrowhead River Corridor. Historically, the LWSD has operated a lagoon treatment system which discharges treated effluent into a secondary ditch twice annually. These biannual drawdowns occur in May and November discharging between 5,000,000 and 8,000,000 million gallons of water into a secondary ditch which connects to the Arrowhead River corridor. Chair Miller noted that it really is not a lot of water, and it has not had a big impact on the river.

However, the DNR mandated upgrade has forced the LWSD to develop a Facility Plan to convert the Lagoon system to a mechanical treatment process. The new system will eliminate the biannual drawdowns and convert the discharge process to a continual discharge flow with the volume estimated at 30,000 gallons daily. He said this is a much lower amount, but it is continual all year long. He said he had concerns about the winter months when the Arrowhead is frozen. He was unsure where the water would go, but after doing some calculations, it should not be an issue only adding about .05 cubic feet per second to the flow.

Chair Miller explained that he wanted to discuss it with the Board, so everyone is informed about the circumstances.

H. Accounts Payable

The Board reviewed the meeting attendance per diem log for this meeting totaling \$272.16. They also reviewed the time log for the Administrative Services provided from January 1 through June with the time estimated for preparation of the minutes for this meeting. The total cost for Administrative Services for the first six months of 2024 is \$1,552.50.

Additionally, they reviewed an invoice from McMahon and Associates for continued Engineering services which are part of the GIS Data Processing Project which was previously approved by the Board at its January Meeting.

Finally, Admin Stevens reported that there were three additional invoices relating to the Pucci project, 2 from Tom Eckstein, LLC and 1 from Kunde Farm Supply, bringing the total accounts payable to \$3,228.59.

MOTION:

Motion by Board Member Pfankuch

Second by Board Member Sleik

Motion to approve and pay the accounts payable as presented.

Motion carried with a voice vote of 4-0 with Board Member Kunde abstaining.

I. Next Meeting and Board Member Requests for Agenda Items

Admin Stevens noted the Board already selected the next meeting date for September 19, 2024 at 7:00 p.m.

V. Adjournment:

MOTION:

Motion by Board Member Kunde

Second by Board Member Pfankuch

Motion to adjourn at 8:10 p.m.

Motion carried by unanimous voice vote.

Respectfully submitted,
Holly Stevens, Clerical Support