



West Jefferson Sewer District

Annual Report/Operating Policy Manual

January 2024



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

Dear West Jefferson Sewer District Property Owners:

The following document serves as the second iteration of the formal annual report and operating policies for the sewer district which will be updated annually and shared with you. As you know, 2023 was a challenging year for operations on the system, with significant work undertaken to discover the source of flow issues.

The main thing you should know is that the system is fully operational, and you should **feel free to use as much water as you would like and there is no need to conserve use.**

When the system began experiencing flow problems in late August, we went through an exploratory process attempting to identify the root cause of why the main line from the lift station to the treatment ponds was experiencing flow problems. Based on our work, we now feel that the line was not installed properly in terms of elevations in certain sections of the line, which is leading to problems with rate of flow, which in turn causes air locks and sludge in the line.

We have temporarily remedied this problem by flushing the system with a considerable amount of clean water, and now have the capability to conduct additional flushes. This can be accomplished now as we have installed two new flushing locations. If the system begins to see decreased flows again, we will be proactive in conducting additional flushes which should alleviate flow problems.

The sewer system has secured legal counsel to seek remedies against the original contractor who built the system, as we feel certain segments of the line need to be installed to proper elevations and/or additional work needs to be done to remedy the air lock and flow issues. At this time, we have no estimates on costs or a timeline, but our hope is that these fixes will occur in 2024 and that most costs will be the responsibility of the contractor.

Once the system is fully repaired and a full accounting of costs is settled, there may inevitably be some costs the sewer district may need to pay. At that point, the sewer district may consider placing an assessment to cover those costs. The earliest possible assessment might appear on 2025 property taxes.

Up to this point, and up to the point of placing a potential assessment, the County will continue to pay for incurred expenses from the County general fund, but inevitably the sewer district will need to fully reimburse the County's general fund for all expenses occurred, as the system is set up as a subordinate district that is solely responsible for all costs of the system.

January 2024



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

In this report you will find the following information:

- General system overview
- Financials and budget
- 2024 base rate and flow rate
- Repair report
- Operating policies

General System Overview

- The West Jefferson Sewer District has been designed and approved for 142 residential connections. All 142 connections are assigned to specific parcels. No new connections can be established in the system without concurrence from the City of Cleveland to add connections as the system is connected to the City of Cleveland's wastewater treatment facility.
- There are currently 129 properties with full connections and 13 properties with partial or stubbed in connections.
- The initial cost of building the system was paid for via a grant and loan program through the State of Minnesota. Assessments have been placed on parcels that are benefiting from the system. Some property owners have paid their entire assessment, while others have chosen to pay their assessment over several years.
- Any new connection that may be authorized in the system will require the landowner to pay for all costs of installation.
 - In addition to paying for the cost of installation, the landowner shall pay a sewer access charge. This charge is currently set at \$5,500, of which \$1,000 is paid by the Sewer District to City of Cleveland.

How Billing is Calculated and Managed

- Users of the system receive a quarterly bill, which lists their usage. Billing is managed by the County Administrator's Office, but costs for billing are reimbursed to the County from the Sewer District.
- The bill lists usage and the amount due, but the bill is calculated using a "base fee" and a "flow charge".



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

- The *base fee* is a flat monthly charge the Sewer District collects for operating costs and to build fund reserves. In an agreement with the City of Cleveland, \$1 per month per hookup goes to the City of Cleveland.
 - Base charge history (per month, per connection)
 - 2020=\$42.95
 - 2021=\$44.21
 - 2022=\$45.50
 - 2023: \$50.00
 - 2024: \$60.00

- The *flow charge* is a fee set by the City of Cleveland per 1,000 gallons of usage. These payments are collected by the sewer district and then paid to the City of Cleveland.
 - Flow charge history (per 1,000 gallons of usage)
 - 2020: \$7.44
 - 2021: \$7.66
 - 2022: \$7.89
 - 2023: \$7.88
 - 2024: \$8.41

Financials and Operating/Capital Reserves Account

- The West Jefferson Sewer District is intended to be a self-funded enterprise, with the users of the system paying for all costs associated with the operation and maintenance of the system. No county levy dollars were intended to be used for operations or maintenance of the system.

- The goal for operating reserves is four months of expenses, along with building an adequate reserve to pay for replacement of pumps when their warranty expires.

- The expected life expectancy of pumps is 20 years.

- In referencing reserve guidance developed by professional municipal advisors, the Sewer District should have \$80,000 in reserves by year-end 2023 (\$35,000 in operating and \$45,000 in capital). Prior to major problems starting in August, the system had around a \$52,000 reserve balance.



Annual Report/Operating Policies

January 2024

HISTORIC FINANCIAL REPORT

Construction Account (Loan Payments)

- The balance of construction account started the year at negative \$112,262 and as of December 31, 2023, now stands at negative \$74,490.
 - *Note: The County has spent general fund dollars to pay for state loan installments as not enough assessment collections have been received to make the principal and interest payments.*
 - The current loan balance with the Public Facilities Authority is \$481,774. The county anticipates collecting just over \$593,000 in future assessments, which should leave a fund balance of around \$111,000 once all assessments are collected by 2031. The fund balance can be transferred to the operating account after the close out of the loan and assessment roll in 2031 or 2032.

Operating Account

- The balance of the operating account since beginning of operations is negative \$152,579.
- For reference, the operating account had a positive \$19,361 balance in January 2023, a positive \$31,189 balance in March 2023, and a positive \$52,654 balance in June 2023.
- Since the system began malfunctioning in August 2023, significant costs have been driving the balance into the negative.
- The goal is to build a MINIMUM \$15,000 in capital reserves each year to pay for future costs and avoid additional special assessments. As recently as 2022, the operating account was in deficit, which required special surcharge and increases of base rate fees to climb into the positive.
 - In retrospect, the sewer district should have placed a larger initial assessment that would have placed dollars into an operating reserve account. Since this was not done, base rate increases and/or additional charges are needed to establish proper operating reserves.



Annual Report/Operating Policies

January 2024

ANNUAL FINANCIAL REPORT AND 2024 BUDGET

2023 Annual Financial Overview

- The operating account experienced a \$171,463 deficit in 2024.

Revenue Summary (January 1-Dec 31, 2023)

- Base Charge=\$78,704
- Flow Charge=\$28,357
- Late Fees=\$319
- Miscellaneous Revenue (Reimbursement from MVEC)=\$1,785
- Partial credit from AMI Global for an overcharge=\$420
 - **Total=\$109,585**

Expenses

- Repairs and Maintenance=\$224,658
 - Flow Charge to Cleveland=\$22,657
 - Administration=\$15,754
 - Utilities=\$9,022
 - Financial Audit=\$4,317
 - Professional Consulting=\$2,490
 - Base Charge to Cleveland=\$1,512
 - Insurance=\$515
 - Postage=\$123
 - **Total=\$281,048**
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WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

2022-2024 Expense Budgets

	2022 Actual	2023 Budget	2023 Actual	2024 Budget
Base Charge to City	\$1,512	\$1,524	\$1,512	\$1,524
Flow Charge to City	\$21,662	\$22,000	\$22,657	\$23,500
Utilities and Telephone	\$7,102	\$10,000	\$9,022	\$11,000
Postage	\$435	\$200	\$123	\$300
Audit	\$2,257	\$2,000	\$4,317	\$4,600
Insurance	\$491	\$500	\$515	\$550
Repairs and Maintenance	\$31,996	\$30,000	\$224,658	\$30,000
Miscellaneous	\$1,298	\$500	0	\$500
Consulting	\$2,250	\$1,000	\$2,490*	\$2,000
Pump Monitoring Service	0	0		\$12,000***
Admin	\$11,609	\$10,000	\$15,754**	\$12,000
TOTALS	\$80,612	\$77,724	\$281,048	\$97,974

*Payment to Bolton and Menk for GIS tool for maintenance work

**Needed to switch billing vendors, charge was \$2,625

***AMI Global 2-year pump service agreement invoice received on December 2023.



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

2024 Revenues and Rates

Flow charge

- The rate set by the City of Cleveland will be going from \$7.88 to \$8.41 per 1,000 gallons (6.7% increase).
 - Estimated revenues that will be passed through to the City of Cleveland is \$23,500.

Base Rate

- 2024 monthly base rate will increase by \$10 per month, from \$50 to \$60 per month for full hookups and partial hook ups pay will by ½ rate or \$360 per year.
- The preliminary 2024 budget has \$74,474 in operational expenses (flow charge to City of Cleveland is excluded).
 - *The largest share of this is \$30,000 annually for repairs and maintenance. Before recent issues which required significant action, we were averaging around \$2,000 per month in repairs and maintenance.*
 - *There will likely be significant costs incurred in 2024 for a long-term fix to the main line from the lift station to the treatment ponds.*
 - *Too early to estimate costs, but the goal will be to pursue legal remedies to have original contractor remedy problems at their expense.*
 - *After the system is fixed, any remaining costs will be accounted for, and a potential assessment may be considered that will bring the financial standing of the system back into the positive and the county's general fund reimbursed.*
- Assuming 129 full connections, and 13 partials the base rate will generate \$97,560.
 - Full connections=\$92,880
 - Partial connections (\$360 per year)=\$4,680
 - Based on \$74,474 in operational expense, estimate \$23,086 surplus.



Annual Report/Operating Policies

January 2024

Operating Policies

The following are all operational policies that have been adopted or reaffirmed. New policies adopted this year are policies 9 through 11. The policy of charging unused hookups $\frac{1}{2}$ base rate was discussed and reaffirmed.

- **Policy #1: Unused hookups**

- *All pumps shall be removed from these properties to preserve their integrity.*
- *If the properties are not connected by December 31, 2022, these properties will be assessed $\frac{1}{2}$ of the monthly base fee starting January 1, 2023.*
- *The cost for reinstallation and electrical wiring of the pumps on these properties will be the sole responsibility of the landowner, not the sewer district.*
- *In 2024 the Sewer District Authority reaffirmed the policy of paying $\frac{1}{2}$ base rate, with payment due by 12/31/2024.*

- **Policy #2: Late Payments**

- *Late payment fee will be set at \$10 per month.*
- *Any sums that are delinquent for more than 12 months will be added to property taxes and assessed to the property. A certificate of delinquency will be filed with a 10% penalty and an interest charge of 5%. Unpaid assessments may be subject to tax forfeiture under Minnesota law.*
- *If the property is sold to a new owner, all assessments must be paid in full.*

- **Policy #3: Excessive Use Readings**

- *Any excessive use and corresponding charges, regardless of cause, shall be responsibility of property owner. The only exception to this is if the excessive use reading can be verified to be a mechanical failure of equipment that did NOT lead to discharge to the system.*
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Annual Report/Operating Policies

January 2024

- **Policy #4: Vacating Property Voluntary Notification**
 - *County and sewer district will have a form available for homeowners to submit when they are vacating the property for an extended period of time. This information will be shared with district maintenance contractor.*

- **Policy #5: Process for Requesting New Hookups for Partial and Stubbed-in Properties that are authorized to use system**
 - *All individuals with partial hookups or stubbed-in properties shall contact the County Environmental Services Department of their intent to hook up to the system BEFORE any work is done. The Department will provide a form that will need to be completed, which will provide directions on hooking into the system.*

- **Policy #6: Process for Requesting New Hookups for Properties that are NOT pre-authorized to use system**
 - *All individuals who are NOT pre-authorized to use the system, but have an interest in joining the system, shall contact the County Environmental Services Department.*
 - *Individuals will be given an application form to complete which will be reviewed by the sewer district for feasibility.*
 - *Those applications that pass the feasibility test will be forwarded to the City of Cleveland for their review and concurrence.*
 - *If the City of Cleveland concurs with adding the connection, the landowner will be given guidance as to contacting the contractor to receive an estimate on costs.*
 - *The \$5,500 sewer access charge must be received before the system is connected.*

- **Policy #7: GIS Mapping System and Locating Services**
 - *Any new connection will pay \$500 to have their property included in the GIS mapping program. This is considered a cost above and beyond the sewer access charge.*
 - *The Sewer District will enter into necessary agreements/contracts with engineer and other partners to insure the system is properly mapped and located as to preserve and protect the integrity of the system.*



Annual Report/Operating Policies

January 2024

- **Policy #8: Payment of Recorder's Office Filing Fees**
 - *Any new connection will be required to pay \$46 filing fee to County Recorder's Office for recording of the utility easement.*
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- **Policy #9: Repair Costs from Grinder Pump to Residence**
 - *All repair costs from grinder pumps to residence are sole responsibility of the property owner, not the sewer district.*
-
- **Policy #10: Repair Costs of Grinder Pumps**
 - *The grinder pump replacements will be paid for by the sewer district, but the cost of the grinder pump replacement may be charged to the property owner if it is deemed failure of the pump is caused by improper use of the system (e.g. placing prohibited items in sewer).*
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- **Policy #11: Potential Placement of Assessment**
 - *The sewer district reserves the right to place special assessments when deemed appropriate.*



Annual Report/Operating Policies

January 2024

REPAIR WORK OVERVIEW

Following is timeline synopsis of work undertaken in 2023 to remedy flow issues on the system.

- On August 31, the system started to experience flow issues. Between September 1 and September 5 maintenance contractor worked to identify the problem by pressure testing, jetting and flushing. All efforts were not successful. Due to this problem, the lift station needed to be pumped out several times as the system was not adequately flowing.
- On September 5, the engineer was asked their opinion on what the problem could be. Their recommendation was digging up the lowest section of the pipe (next to Highway 99 and Cherry Creek), as if there was a blockage, it would likely be there. On September 6, that area was excavated, but no plug was found.
- On September 6 and 7, debris (rocks) were discovered at the very end of the line where both the city and sewer district system enters the pond. These rocks were vacuumed out with the hopes of that being the problem, but that did not address the issue.
- On September 7-8, continued to pressure test system, and it was found that pressure issues were between manhole 2 and 3 near the treatment ponds. The engineer recommended temporarily connecting sewer district line to the City line near Savidge Lake Road, as they believed the problem was at the end of the system. On September 8, meeting was held with City of Cleveland to discuss a temporary solution by connecting the sewer district line with the city line, this would allow the system to be operational, and give us time to further explore the problems on that section of line. System was temporarily connected to city sewer line on September 11, which temporarily improved flow, but not to a satisfactory level.
- After these actions were taken, the engineer believed that the problem was most likely air locks, which are likely caused by high points in the system. The decision was made to start depth locating the line to determine depth of pipe and to see if it was installed to specifications. The initial area explored was from the ponds to the south end of Cleveland. In depth locating the system, along with actual potholing certain sections, high points were identified. Based on recommendations from the engineer, two new air releases were installed, along with a high-capacity flushing port on the south end of Cleveland. At the same time, we disconnected from the City line and reconnected back to the original line on Savidge Lake Road.



Annual Report/Operating Policies

January 2024

- On October 6, a high-capacity flush was done at the new location, which improved flow, but not to the normal flows that are expected.
- The decision was made to depth locate system from the new flushing port in City of Cleveland all the way to the lift station. Based on depth locating, additional high points were discovered.
- During the months of October and early November, the gallons per minute flowing through the system continued to decline, despite efforts by the maintenance contractor who continued to release air every few days.
- The engineer sent information to contractor, Ellingson, informing them of their findings.
- On October 6, a meeting was held with the engineer to develop a strategy to improve flow on the system until a major fix can be deployed. Decision was made to install flushing port at the lift station and pump 30,000 gallons of water through the main line to remove air and sludge in the pipe. This work was done during the week of November 13. This effort was successful, and we were able to obtain normal flow rates. If the system slows again, additional flushing will be done to maintain flow, and there should be no impact to users, and users should feel free to use the system as they normally would and are not asked to conserve use. In fact, we want them to use the system as we need continued flow.
- In November, the system obtained legal counsel and will be pursuing actions against the contractor to make needed long-term repairs to the system.



Annual Report/Operating Policies

January 2024

Contractor Relationships and Key Points of Contact

The following entities are contracted to provide services on the Sewer District

Ellingson Drainage

Serves as authorized contractor for installation of any and all infrastructure (e.g. pipes, pumps, control panels, etc.). Ellingson is not authorized to conduct any work without pre-authorization of sewer district authority.

Cole's Electric Inc

Cole's Electric is authorized contractor for electrical work on panels.

Bolton and Menk

Serves as authorized engineering firm.

Trident Water Systems

Contracted provider for on-site maintenance and service.

AMI Global

Provides readings for pumps and information for billing.

USIC

Provides locating services for sewer district.

Anser

Answering service plan for sewer district.

Banyon Data

Software billing company for sewer district.

Hamer Enterprises

Hamer handles our On-Line payment processing services.



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

Billing questions

All billing related questions should be directed to Pamela Herrmann with County Administrators Office. 507-357-8532. Payments should be mailed or dropped off at the Le Sueur County Auditor-Treasurer's Office, Attn: Dani Ongie, Government Center, 88 S Park Ave, Le Center MN 56057.

Maintenance

All maintenance related questions should be directed to Trident Water Systems/Mike Malterer. 507-720-5239.

New or modified connection questions

All new connection or system alteration questions should be directed to Le Sueur County Environmental Services 507-357-8209, or County Administrators Office, 507-357-8532.



Annual Report/Operating Policies

January 2024

APPLICATION FORM FOR NEW SERVICE

(Part of system, but not currently hooked up)

WEST JEFFERSON SANITARY SEWER DISTRICT

APPLICATION FOR EXISTING HOOKUP TO WJSSD

Date: _____

To: The West Jefferson Sanitary Sewer District Commission and the Le Sueur County Board of Commissioners, Le Sueur County, Minnesota.

The undersigned, being all of the property owners of the following described property:

Property Owner or Owners: _____

Parcel Number: _____

Legal Description: _____

Site Address If Available: _____

Hereby apply for inclusion in WJSSD and sewer service to said property, and represent that this application is being made with the following understandings:

1. All costs incurred in hooking up the above property to sewer service shall be borne by the applicant. This includes, but is not limited to, purchasing an approved sewer grinder/pump station, control panel, connection of all associated sewer lines, and installing all components according to WJSSD policy. The Director of the WJSSD shall always first approve any construction work undertaken to hook up. It is understood that inspection of all sewer service installations must take place before any backfilling occurs and before usage begins.
2. The property is subject to all O&M and usage fees. The Le Sueur county Board of Commissioners may adjust these fees on a yearly basis.
3. Fees:
 - A. A construction fee will be determined by the contractor, Ellingson, 56113 State Hwy 56, West Concord, MN 55985. Phone: (507) 527-2294
 - B. \$500 GIS fee
 - C. \$46.00 filing fee for the Le Sueur County Recorder's Office for recording the Utility Easement



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

Property Owner or Owners Printed Name(s): _____

Property Owner(s) Signature(s): _____

Mailing Address: _____

City, State, Zip: _____

Email: _____

Telephone: _____

For Office Use Only – Required Approvals:

- Joe Martin, Le Sueur County Administrator
- Le Sueur County Board of Commissioners
- Le Sueur County Environmental Services
- Permanent Utility Easement Signed
- Permanent Utility Easement Recorded



WJSD, Le Sueur County, MN

Protecting your Health and Environment



Annual Report/Operating Policies

January 2024

WEST JEFFERSON SANITARY SEWER DISTRICT VACATE PROPERTY FORM

Date: _____

I will be vacating my property for more than 2 weeks.

Date Leaving: _____

Date Returning: _____

Property Owner or Owners Printed Name(s): _____

Mailing Address: _____

City, State, Zip: _____

Email: _____

Telephone: _____

WJSD Account #: _____

*If at any time you plan to shut electricity off, please let Mike Malterer know at twslcmn@gmail.com or 507-720-5239. A power source alarm will result in a service call to your property to investigate.