

Minutes of the Board of Trustees of the Fox River Water Reclamation District held on Monday, February 11, 2019 at the Administration Building at 1957 North LaFox, South Elgin, Illinois. Present were President Bruce Corn, Vice President Benjamin Bernal, Clerk/Treasurer Gary Hyman, Trustee Steve Rauschenberger and Trustee Marty McCormack.

Staff present included Executive Director Bob Trueblood, Technical Services Director Beth Vogt, Finance Manager Nazer Uddin, Assistant Clerk Kim Narvaiz and Attorney Doug Scheflow.

President Corn called the meeting to order at 9:11 A.M.

APPROVAL OF DECEMBER 17, 2018 BOARD OF TRUSTEES MINUTES

Trustee Hyman made a motion, seconded by Trustee McCormack, to approve the minutes of the December 17, 2018 Board of Trustees as written. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger, and McCormack. Nays, none.

APPROVAL OF DECEMBER 17, 2018 BOARD OF TRUSTEES EXECUTIVE MINUTES

Trustee Rauschenberger made a motion, seconded by Trustee Bernal, to approve the Executive minutes of the December 17, 2018 Board of Trustees as written. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger, and McCormack. Nays, none.

APPROVAL OF JANUARY 14, 2019 BOARD OF TRUSTEES MINUTES

Trustee Hyman made a motion, seconded by Trustee Bernal, to approve the minutes of the January 14, 2019 Board of Trustees as written. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger, and McCormack. Nays, none.

APPROVAL OF JANUARY 14, 2019 BOARD OF TRUSTEES EXECUTIVE MINUTES

Trustee McCormack made a motion, seconded by Trustee Hyman, to approve the Executive minutes of the January 14, 2019 Board of Trustees as written. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger, and McCormack. Nays, none.

PUBLIC COMMENT

None

APPROVAL OF CASH DISBURSEMENTS

President Corn read aloud the cash disbursement totals per fund from the cancelled January 28th Board of Trustees Meeting. Disbursements for the Sewer Revenue Fund \$278,904.63, Capital Improvement \$271,002.57, Corporate \$67,152.78, Depreciation & Replacement \$316,719.90, and Skyline \$1,897.69.

Trustee McCormack made a motion, seconded by Trustee Rauschenberger, to approve the Cash Disbursements as presented. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

Next President Corn read aloud the cash disbursement totals per fund prepared for today's meeting. Disbursements for the Sewer Revenue Fund \$671,495.99, Capital Improvement \$28,523.57, Depreciation & Replacement \$196,015.53, and Skyline \$440.54. Executive Director Trueblood informed Board members that the Employee Health Reimbursement is included in the Sewer Revenue total which is a BAR for later separate approval. If voted down the checks will be voided, and this total will be reduced.

Trustee McCormack made a motion, seconded by Trustee Bernal, to approve the Cash Disbursements as presented. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

REVIEW OF CONNECTION PERMITS

TSD Vogt reported that staff issued four commercial, and one single family permits between board meetings netting over \$65,000 collected in connection fees from the cancelled January 28th Board of Trustees Meeting. As there were no irregularities, staff recommends approval

Trustee Hyman made a motion, seconded by Trustee McCormack, to approve the Connection Permits as issued. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

Additionally TSD Vogt reported that staff issued one single family permit since January 28th which was in the prepaid service fee area. As there were no irregularities, staff recommends approval

Trustee McCormack made a motion, seconded by Trustee Rauschenberger, to approve the Connection Permits as issued. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

REVIEW OF CONTRACTS AND PURCHASE ORDERS

None

FOIA REQUESTS

None

OLD BUSINESS

None

NEW BUSINESS

BAR – MOTION TO APPROVE EMPLOYEE HEALTH OUT OF POCKET MEDICAL EXPENSE DISBURSEMENT

Trustee Rauschenberger made a motion, seconded by Trustee McCormack, to approve the distribution of reimbursement to employees for eligible expenses for the period January 1, 2018-December 31, 2018.

There were no questions; President Corn called for a vote. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

BAR – MOTION TO APPROVE CHANGE ORDER NO. 3 FOR TIME EXTENSION TO JOSEPH J. HENDERSON AND SON, INC. ON THE ALBIN D. PAGORSKI WRF ANAEROBIC DIGESTION IMPROVEMENTS PROJECT

Trustee McCormack made a motion, seconded by Trustee Rauschenberger, to approve and authorize Executive Director Trueblood to sign Change Order No. 3 for the 240-day time extension to Joseph J. Henderson and Son Inc. for the project. TSD Vogt wanted to clarify that the time extension is for the replacement of the Digester 3 cover. The cost of the new cover was built into the contract price, thus no increase in cost is associated with the time extension. Digester No. 2 cover does not need to be replaced; therefore a credit will be issued for that cover.

There were no questions; President Corn called for a vote. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

BAR – MOTION TO APPROVE CHANGE ORDER NO. 3 FOR TIME EXTENSION TO H. LINDEN AND SONS SEWER AND WATER INC. FOR THE SLUDGE TRANSFER FORCEMAIN PROJECT

Trustee Hyman made a motion, seconded by Trustee Bernal, to approve and authorize Executive Director Trueblood to sign Change Order No. 3 to H. Linden and Sons Sewer and Water Inc. for the project. TSD Vogt commented that the additional time is needed to drill the HDPE the remaining way across the river.

There were no questions; President Corn called for a vote Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

BAR – MOTION TO APPROVE CHANGE ORDER NO. 1 TO MARC KRESMERY CONSTRUCTION LLC. ON THE ALBIN D. PAGORSKI WRF EXCESS FLOW DISINFECTION IMPROVEMENTS

Trustee Bernal made a motion, seconded by Trustee McCormack, to authorize Executive Director Trueblood to execute Change Order No. 1 increasing the price by \$2,767.42 to Marc Kresmery Construction LLC., on the Albin D. Pagorski WRF Excess Flow Disinfection Improvements Project. TSD Vogt reported that this change order finalizes two changes to the contract netting out the deductions and additions already approved.

There were no questions; President Corn called for a vote. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

BAR – MOTION TO APPROVE TIME EXTENSION REQUEST TO H. LINDEN AND SONS SEWER AND WATER INC. FOR THE PUMP STATION 31 FORCEMAIN PROJECT

Trustee Bernal made a motion, seconded by Trustee McCormack, to approve the Time Extension Request from H. Linden and Sons Sewer and Water Inc. for the Pump Station 31 Forcemain Project. Executive Director Trueblood commented that Project Engineer James Kerrigan will be doing a presentation on the progress of this project a little later in the meeting but he did want to point out that the time extension was caused by the delay in getting the permit from Union Pacific Railroad, but the delays did not impact the cost of the project.

There were no questions; President Corn called for a vote. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

FY 2020 BUDGET REVIEW- DISCUSSION ONLY

Finance Manager Nazer Uddin presented the board with the preliminary budget for Fiscal year 2020 for board members to review and make suggestions. This budget includes both separate Operating and Capital Budgets and Combined Budget of all activities along with a summary of changes in the fund balances. FM Uddin pointed out that the last 2 pages of the report is a breakdown of the projects and their budget by plant. Trustee Rauschenberger asked what the corporate revenues are that are not taxes. FM Uddin responded that those revenues are from investments interest. Trustee Bernal asked about the reduction in IMRF from FY 19 to FY 20. FM Uddin responded that FRWRD was over funding IMRF at 7.5 % so they dropped that number down to 5.2%.

Executive Director Trueblood added that staff is looking to add an additional engineer to payroll as the multiple phosphorus capital projects are about to begin; this salary is included in the

budget. ED Trueblood commented that staff is now proposing a smaller rate increase of only 10% than what was initially planned due to projects being delayed. Staff would like to wait and see what the project bids come in at and be able to adjust the rate increase numbers accordingly. Trustee McCormack asked what the average increase of a typical household would look like. TSD Vogt responded that the sewer treatment portion would increase by about \$2 per month depending on usage. Trustee Bernal asked if the rate increase is being used to fund the new capital improvement debt, will there be a time frame when the debt is paid off and the rate will decrease. ED Trueblood commented that staff will have to explore all options. TSD Vogt commented that something to consider is the depreciation of equipment and how to fund maintenance and repairs of the equipment once the loans are paid off. ED Trueblood commented that past Board members decisions not to have a rate increase for over a decade has caused there to be steeper rate increases now to catch up to where FRWRD should be to fund and cover expenses.

Executive Director Trueblood also wanted to point out that there will be some changes to how the District plans to fund post-retirement benefits. Currently the system is a pay monthly as needed, however changes in law will require a transfer of money to ensure that these expenses are fully funded. The District made changes in March of 2015 to no longer offer post-employment benefits to those hired after that date. This financial decision was made to reduce insurance expenses in the future, but until then the district still needs to fund the post-employment expenses.

FINANCE MANAGER'S REPORT

None

TECHNICAL SERVICES REPORT

TSD Vogt reported Governor Pritzker has formally announced the appointment of John Kim to Director of IEPA. John Kim became the acting Director of IEPA on Monday January 21, 2019. John Kim was the Chief Counsel for the agency, and he has served as Acting-Director of the agency in the past during periods of transition. Wastewater agencies see this as a hopeful sign that we can expect some consistency within the agency hierarchy and their approach to stakeholders like our organization.

TSD Vogt also provided Board members with a print out of the PowerPoint presentation that was used at the Capital Improvements meeting with FRWRD's government partners. After all the staff reports, TSD Vogt will highlight some of the key points from that presentation for Board members.

STAFF REPORT OF ONGOING STUDY, DESIGN AND CONSTRUCTION PROJECTS

TSD Vogt provided a written update on all projects. TSD Vogt reported that as previously discussed earlier in the meeting, Digester No. 3 cover is in poor condition and significant repairs would be required, thus cover replacement is recommended. Another area of note is the contractor

is gathering required preliminary contract documentation and insurance information and is anticipated to start televising and cleaning the North WRF sewers in late February.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Trueblood reported that during the extreme cold at the end of January staff had a skeleton crew to remain operating while being safe and cautious of the dangerous temperatures. There were no major problems that resulted from the cold weather. ED Trueblood also reported that he was happy with the Capital Improvements meeting that FRWRD hosted on January 25 which included representative from all our government partners. The agenda and attendance list was provided for board members to review. ED Trueblood again provided a draft schedule of Board of Trustee meetings for the Fiscal Year 2020. Trustee McCormack commented that he had a conflict with 2 of the dates but they do not need to be changed just to accommodate him. Finally ED Trueblood reported that the NACWA 2019 Winter Conference is approaching at the beginning of February; he will provide Board members with an overview at the next board meeting.

ATTORNEY'S REPORT

Attorney Scheflow provided his January Invoice for Board members to review. Also included was the proposed settlement agreement with the Village of West Dundee and HLC Partners, LP regarding recapture fees. Attorney Scheflow also reported that he received the original contract with Bowen Engineering who installed the blowers from Atlas Copco.

PUMP STATION 31 FORCEMAIN PROJECT PRESENTATION

Project Engineer James Kerrigan presented updates on the Pump Station 31 forcemain project. PE Kerrigan explained that 36" casing was installed under the Union Pacific Railroad (UPRR), Metra RR and the Bike Path portion of the forcemain per the requirements set by the UPRR Permit. Pictures in the presentation showed where parts of the old forcemain was installed at ground level, where you could walk right on top of it. Trustee Rauschenberger asked what material the old forcemain was made of. PE Kerrigan responded cast iron. PE Kerrigan explained that fiber optics were installed at this time as well at ADP Facility to allow SCADA connections to some buildings that previously were not connected.

CAPITAL IMPROVEMENTS PRESENTATION

Technical Services Director Vogt gave a brief overview of the Capital Improvements Project presentation that was the focus of the meeting hosted by FRWRD a few weeks prior. The PowerPoint highlighted the major improvements and projects that are currently taking place or will begin in the next year or so and what financial impact that means for our government partners. TSD Vogt provided a breakdown using engineer estimates, as several of these projects have not bid yet, to show what costs Metropolitan Water Reclamation District of Greater Chicago and Village of

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West Dundee should anticipate and plan for in their future budgets as they both share a percentage of capital expenses with FRWRD. In total, the phosphorus projects plus the ongoing Pump Station 31 and Digester projects are estimated to cost almost 90 million to complete. FRWRD Staff has reviewed the proposed user rate increase and is proposing a smaller rate increase than originally projected for this year to better align with capital loans. There was more discussion on when is the best time to implement the rate increase and if the increase gets reversed once the loans are paid off. Trustee Rauschenberger would like to see comparisons on what other agencies are charging. Executive Director Trueblood commented that he will look into this and create a few different scenarios with options for the Board to evaluate.

ADJOURN

As there was no additional business, Trustee Bernal made a motion, seconded by Trustee Hyman, to adjourn the meeting at 11:04 A.M. The next meeting is scheduled for 9:00 A.M. Monday, March 11, 2019. Ayes, Trustees Corn, Bernal, Hyman, Rauschenberger and McCormack. Nays, none.

Respectfully Submitted

Kim Narvaiz, Assistant Clerk

APPROVED:

Bruce R. Corn, President

Gary Hyman, Clerk-Treasurer