

**Lake in the Hills Sanitary District  
Board of Trustees Public Hearing Meeting & Regular Meeting Minutes  
May 10, 2018**

**Public Hearing – Budget and Appropriation for Fiscal Year May 1, 2018 through April 30, 2019**

**Roll Call:**

The public hearing was called to order by President Hansen at 7:00 pm at the Sanitary District offices located at 515 Plum Street. Roll call was answered by President Eric Hansen and Trustee Terry Easler. Trustee Cheryl Kehoe was absent. Also present were District Manager Rick Forner, District Engineer Brett Postl, District Attorney Ann Williams and District Treasurer/Clerk Karen Thompson.

**Public Comments:**

Joe Greenwood of Lake in the Hills was present. He indicated that he missed last month's meeting because he had a church meeting to attend.

**The Budget and Appropriation for Fiscal Year May 1, 2018 through April 30, 2019 was presented.**

District Manager recapped some items related to the 2017-2018 budget. On the General Fund side, we ended the 2017-2018 year about \$130,000 less than budgeted. On the O&M side, we ended about \$3.1 million less which is due to the fact that the projects that were included in the 2017-2018 budget have not yet been started or billed. That money has been moved over to the 2018-2019 budget.

Regarding to the 2018-2019 General Fund budget there is an 11% increase over last year. The main reason for this is an increase in the legal fees budgeted. This is based on both past billings and the possibility of legal actions that will be required for the land issue. He also anticipates some increases in insurance costs and that is another factor in the 11% increase. He further commented that although an 11% increase may sound high it amounts to an increase of around \$70,000 in the budget. He also stated that even though the budget is increasing, the tax levy will not be increasing and will remain flat. The prior year, the levy was reduced by 11%. Instead we will use up some of the reserves so that the levy can remain flat.

Regarding the 2018-2019 O&M budget there is about a 4% increase overall. This is based on some repairs that are needed in the collection systems and for some generator repairs. For example, the plant generator needs a new radiator. The estimate for this repair is about \$60,000. Also, he anticipates that if we take over the sludge management process we will need to purchase some vehicles. The current dump truck and loader belong to the sludge management company. We have budgeted for used equipment, not brand new equipment. In addition, the professional services budget has increased in preparation for potential legal action on the land.

He further stated that all of the items that were in the capital improvement budget that was presented to the Board last month have been integrated into the 2018-2019 budget.

He repeated that we dropped the District's portion of the tax by 11% the year prior and this year the levy will be flat this year. On the O&M side, he gave credit to the engineering staff for creating savings. The largest savings was from the project for us to thicken our own sludge. This reduced our overall costs by at least \$1 million for that budget line item. He estimates the overall net savings for that project is

approximately \$800,000 per year. Also, we are looking into taking the sludge management process in house later this year, which will save additional money. He further commended the engineering staff regarding the blowers. We've always had constant speed blowers and one of the Districts largest expenditures is electricity to run these blowers. The District Engineer came up with vfd's (*variable frequency drives*) which will be much more efficient and will save money as we can model blower usage with air demands. There is also the possibly to get credit back from ComEd for putting these vfd's in place. He further commended the District Engineer's plans which reused the spoils on the tank constructions. He came up with plans to keep the dirt onsite instead of having it hauled away. This saved the District hundreds of thousands of dollars and also helped shelter the residential neighborhoods from the plant.

All of these plans that are worked on between the design team and staff are done to keeps costs in check. As a result, we have not had to raise our rates since 2014 and we don't see that as a necessity for this year. Also when you compare us to other entities in the county that provide similar services we have one of the lowest rates for both our wastewater fees for users and for our connection fees for developers. We also continue to be a very well-run and well-respected plant by the IEPA as we continue to far exceed our discharge permit requirements.

He further shared a story with some comments from the insurance risk inspector who was at the plant a few weeks ago. He prefaced the story by indicating that the risk assessor is an engineer for a town in Pennsylvania with a similar sized wastewater treatment facility. The risk inspector was amazed at how our wastewater treatment facility and collection system could be maintained so well with such a small staff. The risk assessor further stated that this was one of the cleanest plants he has ever seen. The District Manager believes that this can be attributed to the staff and engineering team for being able to do things efficiently and cost effectively. This allows us keep rates flat while many other municipalities are increasing their rates.

He further commented that in several areas of the budget there were no increases to line items. Other items just need to be tweaked to keep things in line.

He concluded that he would be open to any questions.

There being no further business to bring before the Board, President Hansen asked for a motion to adjourn the meeting. Motion was made by Trustee Easler and seconded by President Hansen. The motion passed after a verbal vote. All Board members who were present voted aye.

The public hearing meeting was adjourned at 7:11 pm.

### **Roll Call:**

The regular meeting was called to order by President Hansen at 7:11 pm at the Sanitary District offices located at 515 Plum Street. Roll call was answered by President Eric Hansen and Trustee Terry Easler. Trustee Cheryl Kehoe was absent. Also present were District Manager Rick Forner, District Attorney Ann Williams, District Engineer Brett Postl and District Treasurer/Clerk Karen Thompson

### **Approval of Minutes:**

Motion was made by Trustee Easler and seconded by President Hansen to approve the Minutes of the Rescheduled Board Meeting of April 18, 2018 as presented. On a roll call vote, President Hansen and Trustee Easler voted aye.

**Public Comments:**

Joe Greenwood of Lake in the Hills was looking for additional information on the credit from ComEd for the vfd's. District Engineer explained the process and that it is a special program for wastewater treatment facilities.

**Consent Agenda:**

- A. Ordinance No. 391, An Ordinance for the combined Budget and Appropriation for Fiscal Year May 1, 2018 through April 30, 2019.
- B. Approval of writing off uncollectible residential accounts per staff's recommendation.
- C. Appointment of George Roach & Associates, P.C as District Auditor for Fiscal Year 2018 -2019.
- D. Designation of signatures' for District's financial accounts.

Motion was made by Trustee Easler and seconded by President Hansen to approve the Consent Agenda as presented (Items A – D). *(Regarding Item D- Per previous conversations between President Hansen and District Manager, Trustee Kehoe will be added to the Districts accounts as an authorized signer.)* On a roll call vote President Hansen and Trustee Easler voted aye.

**Specific Agenda:**

None

**Accountant's Report:**

District Treasurer stated that April was a quarterly bill due month so you can see that reflected in the sewer income on the O&M report. She also reported that the Budget column on the O&M Treasurer report has been updated to reflect the changes that were approved in Ordinance No. 390 that was passed last month. She also indicated that since April 30<sup>th</sup> is the end of our fiscal year you can now see the final numbers regarding income, expenditures and budget.

She further reported that on the Governmental Fund under contractual services you will see some negative numbers for April. That is due to the fact that we reallocated some expenditures that were originally paid from the Governmental (General) Fund and moved these so that they were paid from O&M.

Motion was made by Trustee Easler seconded by President Hansen to approve the April 2018 Treasurer Reports. On a roll call vote President Hansen and Trustee Easler voted aye.

**Approval of Bills:**

District Treasurer presented a list of bills for approval. She indicated that there was nothing atypical on the bills this month and they are all pretty self-explanatory. She also stated that she has copies of the bills if anybody wanted to see any detail.

A motion was made by Trustee Easler and seconded by President Hansen to approve the List of Bills as presented for payment totaling \$ 212,029.07 with \$ 23,473.44 from the General Corporate Fund, \$ 147,584.63 from the Operations and Maintenance Fund, \$ 40,971.00 from the Construction Fund and \$ 0.00 from the Bond and Interest Fund.

The motion passed after a roll call vote; President Hansen and Trustee Easler voted aye. (A copy of the bills approved will be kept with the Board Meeting documents)

**Manager's Report:**

District Manager presented a written copy of the April 2018 Managers Report and provided a verbal recap of some items.

He indicated, as identified on the report, that we have started cleaning and televising lines. He further commented that we had low precipitation for April which is reflected on the plant flows. Regarding personnel activities, we have 2 employees who are working on their Class 1 licenses and they have taken the exams.

The fire department completed our annual fire inspection at the plant. We had no violations and no concerns. Everything looked great.

District Manager has a meeting next Monday with the Village of Lake in the Hills. This meeting will be with the Village's community development department and the developer of the Bee Hive development. He believes that during this meeting the developer will be seeking a reduction in the Sanitary District connection fees. In the past, we have not done any reductions because our fees are set by Ordinance and as previously mentioned we are one of the cheapest for connection fees in the county. If the Board has a differing opinion let him know. President Hansen also offered to attend the meeting to concur with the District Manager on the fact that we will not be offering a reduction in those connection charges.

District Manager has been checking in with Knight Engineering regarding the operational assessment. During the latest communication he had with them on May 9<sup>th</sup> they indicated that the final report is in the hands of Knight's chairman. District Attorney indicated that she did receive a draft copy which was shared with President Hansen. She said that during her conversation with Knight Engineering on May 9<sup>th</sup> they still have some additional analysis they would like to do on it before it is finalized. She anticipates that Knight will do a presentation at the June Board Meeting if that will work for everyone. She further indicated that everyone will have a copy of the final report before Knight's presentation. Knight indicated to the District Attorney that it would take them approximately another week to finalize their analysis and report.

District Manager further reported that we did have a back up at 503 Willow on Monday. It was a blockage in our line. The homeowner does not have backup coverage on their insurance. It has been sent to our insurance company and they have made contact with the customer. The insurance company is doing their analysis now. They will then make their determination on it.

Motion was made by Trustee Easler and seconded by President Hansen to approve the Managers Report for April 2018. On a roll call vote, President Hansen and Trustee Easler voted aye.

### **District Engineer:**

The tank project has been prepped. The excavation has not started. The District Engineer is on them to get moving so that the project does not fall behind. They have been good about getting their submittals to him.

The blower project is moving along well. They have removed 2 blowers to remanufacture offsite. The removal process went swiftly and smoothly. With this project, there are also a large number of submittals to go thru which is time consuming. Submittal review is a necessary part of the project to ensure that the District is getting what they've paid for.

He has the documents ready for the cure in place project that was previously approved. He has received all of the proper documentation from the contractor including insurance information, performance bond and certificates. Everything has been signed by the contractor. The District Engineer will need President Hansen and the District Clerk to sign the required documents after the meeting tonight.

District Engineer has been also working on the barium and phosphorus issues. As previously mentioned, we are doing some additional testing to be sure that we fully understand the sources of the barium. He believes it will be much cheaper for all involved to address and treat the barium at the source.

Regarding the phosphorus study, he is addressing the IEPA's desire for us to look at what it would take to reduce our limit from 1 ppm to .5 ppm. President Hansen wanted to clarify the need for this project. District Engineer said that we are required to address the economic impact of implementing and operating this. The other part of the study is to look at what can be done to reduce the introduction of phosphorus into the plant. The District does not have a high amount of phosphorus coming into the plant. The effective reduction rate of phosphorus at the plant is 92%, which is excellent.

President Hansen asked if there are any new updates regarding barium and the Village of Lake in the Hills. District Engineer indicated that they have ran sampling at various choke points within the system. This allowed them to eliminated vast portions of the Village as being possible contributors. We have 4 more locations that we will be investigating to either eliminate or find the 25-45 lbs. per day of barium we are not able to account for.

### **Attorney Report:**

District Attorney repeated her previous comments regarding the status of the operational assessment. This should be available within the next week or so and she anticipates their presentation and discussion will take place at the June meeting.

Trustee Easler asked about the pending litigation. District Attorney indicated that there are no updates. Storino, Ramello & Durkin has a litigation team who would handle this and they had another pending matter. Anticipates that by next meeting she will have a filing ready. President Hansen wanted to confirm that she has not heard anything back from the seller or broker. She indicated that she communicated with them to let them know that the District is not interested in settling the matter and she has not heard anything back.

### **Unfinished Business:**

None

**New Business:**

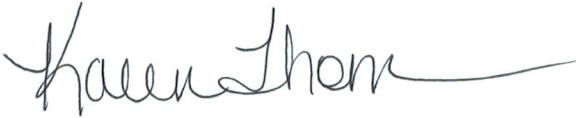
None

**Adjournment:**

There being no further business to bring before the Board, President Hansen asked for a motion to adjourn the meeting. Motion was made by Trustee Easler and seconded by President Hansen. The motion passed after a verbal vote. All Board members who were present voted aye.

The meeting was adjourned at 7:29 pm.

Respectfully Submitted,



Karen Thompson,  
District Clerk

APPROVED this 14<sup>th</sup> day of June, 2018.



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President Hansen