

# Minutes

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## *June 22, 2011 – Board Meeting*

On June 21, 2011, the Board of Trustees of the Lake County Public Water District met in a regularly scheduled meeting at the hour of 5:30 p.m. in the conference room of the District, 500 – 17th Street, Zion, Illinois. Chairman Topcik opened the meeting at approximately 5:50 p.m. Upon the roll being called, Trustees Jaeger, Ruchti, Mitchell, Monk, Moe, and Topcik were present. Trustee Hill was absent. Also present were General Manager Al Albrecht, Operations Manager Don White District Attorney Dan Kucera, and District Secretary Karen Johnston. Mr. M. David Cain from Milburn Cain & Company was present as guest speaker.

Chairman Topcik stated that the first order of business was a presentation of the annual audit report and supporting documents for fiscal year ending April 30, 2011, by Mr. M. David Cain of Milburn Cain & Company. Mr. Cain began his presentation by handing out the draft audit report. He directed the board's attention to the independent auditor's report on page one. He stated that this report has a clean opinion, stating that the financial statements fairly present the financial position for the District resulting from operations over the past fiscal year. He then went on to discuss each section of the audit report and highlighted the following:

- ❏ Operations for the year resulted in a net loss of \$19,000 (rounded number).
- ❏ In July of 2010, the District's 6.5 mgd plant upgrade was placed in service.
- ❏ The 2011 demand for water decreased 3.4% from 2010 levels.
- ❏ Depreciation increased by \$229,000 to \$539,000. This depreciation figure includes the completed portions of the projects financed by the bond issue.
- ❏ Personnel costs were up from up \$30,000 from 2010.
- ❏ Pension costs were up \$20,000 from 2010.
- ❏ OPEB accrual down significantly due to the death of former General Manager Phil Fragassi.
- ❏ New rate calculation, decreased by 0.0062 cents per 1,000 gallons to a new rate of \$1.4893 per 1,000 gallons.
- ❏ New R&R Contribution amount for FY2012 changed to \$216,076. A discussion of the ratios owed by each of the District's customers followed.

Mr. Cain then took questions from the board. He indicated that management should get credit for reducing costs, as they were down from the previous year. He did not include an auditor's commentary letter as had been done in previous years as there was significant improvement in the accounting. Trustee Ruchti then made a motion to accept the pension contribution of 53,292, which was seconded by Trustee Mitchell and unanimously approved.

Trustee Monk made a motion to accept the rate adjustment of \$1.4893 per 1,000 gallons and \$216,076 as the amount to be contributed by the District's customers to replenish the R&R fund, which was seconded by Trustee Ruchti and unanimously approved.

Trustee Jaeger made a motion to accept the audit report as presented, which was seconded by Trustee Mitchell and unanimously approved.

Chairman Topcik stated that he would accept a motion to place the following items on a consent agenda and to accept that consent agenda. The motion was made by Trustee Jaeger, seconded by Trustee Mitchell, and unanimously carried.

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- 4) Minutes for May, 2011
- 5) Disbursements for June, 2011
- 6) End of month May, 2011 Treasurer's Report
- 7) End of month May, 2011 Budget Report
- 8) End of month May, 2011 Monthly Operation Summation

Trustee Ruchti then made a motion to accept the executive sessions minutes of May, 2011, which was seconded by Trustee Monk and unanimously approved.

## OPERATIONS & MAINTENANCE ACCOUNT June, 2011 – Disbursements

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
2920	FICA Withholding Taxes (EE Portion)	May-11	2,617.22
2921	Federal Withholding Taxes	May-11	8,993.00
2922	IL Department of Revenue	Monthly Remittance	1,882.44
2923	WI Department of Revenue	Monthly Remittance	432.45
7205	FICA Withholding Taxes (ER Portion)	May-11	3,543.64
7211	Commonwealth Edison	Electricity	16.34
7211	Integrus	Electricity	23,988.93
7212	North Shore Sanitary District	Wastewater Charges	1,978.73
7215	McHenry Analytical	Sample Testing	1,130.00
7221	Hydrite	Chlorine Shipment	1,717.00
7221	Mosaic	Fluoride Shipment	10,185.09
7221	Usalco	Aluminum Sulfate Shipment	5,948.69
7222	Ace Hardware	Misc. supplies	44.46
7222	Grainger	Misc. supplies	131.76
7222	HD Supply	6" Omni T2 Measuring Chamber	4,851.87
7222	McMaster-Carr	Misc. supplies	61.91
7222	Olson Service Co.	Fuel for Generator	435.44
7222	Steiner Electric	Transfer Switch	2,194.00
7222	Zion Auto Parts	Misc. supplies	50.48
7223	Electrical Contractors	Repair of damaged gate	15,438.00
7223	K. Erickson Designs	Landscaping	5,316.25

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7223	Precision Roofing	Roof repair work	860.00
<b>ACCT #</b>	<b>VENDOR NAME</b>	<b>DESCRIPTION</b>	<b>AMOUNT DUE</b>
7223	SKF Reliability	Vibration Testing	690.00
7225	K. Erickson Designs	Landscape Maintenance	934.50
7225	Klean Korner	Monthly Janitorial Services	565.00
7225	Lakeland Larsen	Elevator Maintenance	318.64
7232	Cimco Communications	Telephone service	1,307.88
7232	Verizon Wireless	Cellular Phone Service	231.76
7234	Baxter & Woodman	BWCSI Support Services	131.25
7234	Reliable	Office Supplies	416.43
7235.1	West's Insurance Agency	Comm'l. Package Renewal	41,246.00
7235.2	AARP Medical	Medical Insurance for Diane Fragassi	207.10
7235.2	AARP Prescription	Prescription coverage for Diane Fragassi	30.60
7235.2	Humana Choice Care	Monthly Med/Dent Premium	5,019.27
7235.2	Thompson, Jeremy	Deductible Reimbursement	3,024.68
7239	Bull's Eye, Inc.	Move concrete blocks	1,340.00
7241	James Hamlin & Co.	Payroll Fees - 05/11 to 06/21	169.79
7242	Daniel J. Kucera	General Legal Services	1,958.95
7247	Chase Commercial Diving Service	Intake Inspection - Diving Service	2,800.00
7270	White, Dennis	Intake Pipe - Inspection; block placement	1,785.00
7251	Correll Co.	Investment services fee	340.00
7251	Filterfresh	Coffee Service	284.17
<b>FIRST BANKCARD</b>			
	Acct. 7215	Sample Testing	48.00
	Acct. 7222	Misc. supplies	128.86
	Acct. 7234	Office Supplies	65.99
	Acct. 7236	Transportation	367.33
	Acct. 7237	Meetings	296.37
	<b>TOTAL</b>		<b>\$156,431.82</b>

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## CONSTRUCTION FUND EXPENDITURES

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7269	Clark Dietz	Chlorine Gas Scrubber	480.00
7272	BioTechnical Erosion Control	Streambank stabilization project	6,210.00
7272	Huff & Huff	Streambank stabilization project	759.00
7272	Copernhaver Construction	Streambank stabilization project	62,415.00
	Total		<b>\$69,864.00</b>

## R&R FUND EXPENDITURES

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7274	Dixon Engineering	Maintenance inspection, professional fees - North Solids Contact through 5/12/11	5,975.00
	Total		<b>\$5,975.00</b>

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## **ORDINANCES/RESOLUTIONS:**

➔ **Prevailing Wage Ordinance:** The Chairman then presented the following Resolution:

### RESOLUTION

WHEREAS, the State of Illinois has enacted the Prevailing Wage Act, 820 ILCS 130/0.01, et seq (1996) ("Act"); and

WHEREAS, the Act requires that the Lake County Public Water District ("District") investigate and ascertain the prevailing rate of wages for laborers, workers and mechanics employed in performing construction of public works of the District, all as such terms are defined in the Act;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LAKE COUNTY PUBLIC WATER DISTRICT AS FOLLOWS:

To the extent and as required by the Act, the general prevailing rate of wages in this locality for laborers, workers and mechanics who become engaged in construction of public works of the District is hereby ascertained to be the same as the prevailing rate of wages for construction work in Lake County area as determined by the Department of Labor of the State of Illinois as of June, 2011, a copy of which determination is attached hereto and incorporated herein. The definition of any terms appearing in this Resolution which are also defined in the Act shall be the same as in the Act.

Nothing contained in this Resolution shall be construed to apply to any work or employment except public works construction of the District to the extent required by the Act.

The General Manager of the District shall publicly post or keep available for inspection by any interested party in the main office of the District this determination.

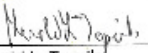
The District Secretary shall promptly file a certified copy of this Resolution with the Illinois Secretary of State.

The District Secretary shall cause to be published in a newspaper of general circulation within Lake County notice of this determination.

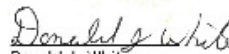
The General Manager of Lake County Public Water District shall mail a copy of this determination to any employer, any association of employers and any person or association of employees who have filed with the District their respective names and addresses requesting copies of any determination stating the particular wage rates and the particular class of workers whose wages will be affected by such rates.

LAKE COUNTY PUBLIC WATER DISTRICT

(CORPORATE SEAL)

  
\_\_\_\_\_  
Gerald L. Topcik  
Chairman, Board of Trustees

ATTEST:

  
\_\_\_\_\_  
Donald J. White  
Board Secretary

PRESENTED AND READ: June 21, 2011

APPROVED:

ROLL CALL VOTE:

Trustees voting aye:  
Trustee voting nay:  
Trustees absent:

MOTION CARRIED

Trustee Ruchti made a motion to accept the prevailing wage ordinance as presented, which was seconded by Trustee Mitchell. Upon a roll call vote, Trustees Mitchell, Moe, Monk, Ruchti, and Topcik all voted aye, and no nays. Trustee Jaeger abstained. Trustee Hill was absent.

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- **Procurement Ordinance:** Chairman Topcik indicated the following resolution had been previously approved, but not signed by the previous board secretary. Therefore the ordinance needed to be vote upon again. Chairman Topcik read the following resolution:

## PROCUREMENT

### LAKE COUNTY PUBLIC WATER DISTRICT PROCUREMENT PROCEDURES ORDINANCE

WHEREAS, the Board of Trustees of the Lake County Public Water District desire to establish administrative procedures applicable to contracts for construction work and for the purchase or lease of supplies, equipment and facilities,

NOW, THEREFORE, be it ordained by the Board of Trustees of the Lake County Public Water District as follows:

#### Chapter 1

#### WORK AND PURCHASE CONTRACTS

Section 1. All contracts involving expenditure of more than \$20,000 (or the amount indicated in the current Public Water District Act) for construction work or for the purchase of equipment as improvements, extensions or replacements shall require the prior approval by the Board of Trustees and shall be executed by the Chairman of the Board upon such approval.

Section 2. All such contracts shall be entered into only after public bidding, as required by Section 11 of the Illinois Public Water District Act.

Section 3. Expenditures of \$20,000 or less may be executed by the General Manager.

#### Chapter 2

#### WRITTEN CONTRACTS FOR PURCHASE OF SUPPLIES

Section 1. Written contracts for the purchase of supplies from one vendor involving an annual expenditure of not more than \$75,000 may be executed by the General Manager.

Section 2. Written contracts for the purchase of supplies from one vendor involving an annual expenditure of more than \$75,000 shall require prior approval by the Board of Trustees and shall be executed by the Chairman upon such approval.

Section 3. The General Manager shall exercise best efforts to obtain quality suppliers and supplies at reasonable costs, and shall recommend to the Board of Trustees that certain supplies be procured through public bidding when the General Manager believes such procedure would be beneficial to the District.

#### Chapter 3

#### LEASE CONTRACTS

Section 1. Leases of equipment involving an annual expenditure of not more than \$10,000 may be executed by the General Manager.

Section 2. Leases of equipment involving an annual expenditure of more than \$10,000 shall require the prior approval by the Board of Trustees and shall be executed by the Chairman after such approval.

Section 3. The reference to "leases" in this chapter is to true leases which are not lease-purchase contracts. The later shall be governed by Chapters 1 and 4 of this Ordinance.

#### Chapter 4

## ORDINANCE

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## CONTRACTS IN EMERGENCIES

Section 1. The Board of Trustees recognize that the District's objective is to provide safe, adequate and reliable water service to the District's customers. However, at times it is possible that emergency situations can arise. "Emergency situation" means any situation which unexpectedly threatens the safety, adequacy or reliability of the water supplied by the District to its customers.

Section 2. The Board may, at its discretion, pre-approve contractor(s) and suppliers for use in an emergency situation.

Section 3. In an emergency situation, the General Manager shall enter into such contracts as are reasonably necessary to maintain the safety, adequacy and reliability of the water supplied to the District's customers, without regard to the regular procedures stated in Chapters 1 through 3 herein. The General Manager shall obtain the co-execution of such contracts by the Chairman and/or Vice Chairman.

Section 4. Notwithstanding, the General Manager shall use best efforts to advise the Board of Trustees of the emergency situation and to obtain any prior Board approvals ordinarily necessary, if the emergency situation permits. In the event of such Board approval, the contracts so approved shall be executed by the Chairman and/or Vice Chairman.

Section 5. At its earliest opportunity, the Board of Trustees will adopt a Declaration of Emergency confirming the emergency situation, confirming the action taken by the General Manager and Board Chairman, and confirming the expected end date of the emergency situation.

Section 6. Upon the conclusion of an emergency situation, the General Manager shall make a full written report to the Board of Trustees of the emergency situation, the responsive action taken, and the contracts made.

## Chapter 5

### PROFESSIONAL SERVICES CONTRACTS

Section 1. The Board will procure architectural, engineering and land surveying services in accordance with the Illinois Local Government Professional Services Selection Act. That Act provides for a process of selection from a minimum of three providers of the one which is top ranked by the Board, subject to negotiation of a satisfactory agreement.

Section 2. The Board reserves the right to select other professional services in a manner substantially the same as that described in Section 1 of this Chapter, but is not obligated to do so.

Section 3. The Board reserves the right to establish a selection committee from its members, staff and customers.

Section 4. Notwithstanding Sections 1 and 2 of this Chapter, the Board reserves the right to select particular professional services from existing providers whenever it determines that it has a satisfactory relationship with such providers. Additionally, the District may select a particular provider without compliance with the process described in Sections 1 and 2 of this Chapter whenever an emergency situation exists and a provider must be selected in an expeditious manner, or the costs of the services are expected to be less than \$25,000.

## Chapter 6

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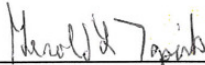
## MISCELLANEOUS

Section 1. When execution of a contract by the Chairman is required by this Ordinance, the Vice Chairman may execute the contract in the event that the Chairman is not available.


Section 2. This Ordinance shall be in full force and effect from and after its passage and signature by the Chairman.

APPROVED:

(CORPORATE SEAL)

  
\_\_\_\_\_  
Chairman, Board of Trustees  
Lake County Public Water District

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Trustees  
Lake County Public Water District

PRESENTED AND READ: June 21, 2011  
PASSED AND APPROVED: June 21, 2011

ROLL CALL VOTE:

Trustees voting Aye:  
Trustees voting Nay:  
Trustees absent:

Trustee Ruchti made a motion to approve the resolution, which was seconded by Trustee Jaeger. Upon a roll call vote, Trustees Mitchell, Monk, Moe, Ruchti, Jaeger and Topcik all voted aye, no nays. Trustee Hill was absent.

## **OLD BUSINESS:**

➔ **Plant Upgrade to 6.5 mgd Project** – General Manager Albrecht indicated that Maxim Construction had finally signed the change order approving the District withholding \$45,000 in liquidated damages. He stated that the contractor still has some minor items to address. Maxim still needs to put together a final pay estimate. They are evidently still negotiating with Fairbanks Morse regarding the pumps. Discussion of this subject followed.

➔ **North West Lake Michigan Planning Group:** - General Manager Albrecht stated that the group did approve to have some additional engineering done. He also indicated the Mr. Frank Tiefert, of Applied Technologies, would be at the District offices the following afternoon to discuss building a plant for the group on the District's land. Separate from that,



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Mr. Bill Balling and representatives of the Village of Volo and Wauconda met with General Manager Albrecht and Chairman Topcik for a tour of the District's plant. General Manager Albrecht and Chairman Topcik discussed the meeting with these representatives.

- **Kellogg Creek:** - General Manager Albrecht stated that the work on this project had been progressing steadily for the past two weeks. He invited the board members to look at the work being performed. He stated that this project should come in on budget. SMC (Stormwater Management Commission) has looked at the construction and is happy with the work. General Manager Albrecht stated that this project should accomplish the desired result.
- **Chlorine Scrubber** – General Manager Albrecht stated that he had not had contact with Bullseye, but had heard from a representative of their bonding company. In addition the District had received and complied with a FOIA request for a copy of the bond. The board proceed to discuss this subject. Attorney Kucera discussed the lien against the monies owed to Bullseye by the District. He indicated that the court would decide this matter.
- **Second Raw Water Crossing Project** – General Manager Albrecht indicated that a report had been tendered at the last board meeting. The construction costs would be approximately \$100,000 plus approximately \$10,000 in engineering costs. He stated that perhaps the District should wait until the other bonding projects have been completed. Discussion of this subject followed.
- **Intake Pipeline Project:** Operations Manager White stated that Mr. Dennis White and Carl Chase, Chase Commercial Diving Service, had inspected the intake pipe. The inspection revealed many voids and the need for stone placement. Operations Manager White included a memo in the board packet regarding this subject. The District's consultant on this project, Jere Lapish, has come up with a plan to use a "bent", which Operations Manager White explained in his memo. The District is finalizing a bid package for this project. General Manager Albrecht advised the board that this is a serious matter. He stated that they hoped to have a recommendation for at the next board meeting. Discussion of this project followed.
- **North Solids Contact Unit** – Operations Manager White stated that phase one of this project is completed, however, the contractor is late on this project and General Manager Albrecht wrote a letter to the contractor assessing liquidated damages. Operations Manager White went on to discuss problems that Tecorp found with this unit, and is asking for approval of a change order in the amount of \$16,465 to repair these items. Trustee Jaeger made a motion to accept the change orders in the amount \$16,465, which was seconded by Trustee Monk and unanimously approved.
- **Plant Survey** – Operations Manager White indicated that Howard Survey had been out at the plant. The surveyor could not find the back posts. The surveyor indicated that he would go to the county offices and look through the plats to obtain further information. He will call Operations Manager White and give him a price to do the survey.

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- **Stainless Steel Rusting** – Operations Manager White indicated that there were still rusting issues in the new solids contact unit. Discussion followed regarding possible solutions to the problem

## **NEW BUSINESS:**

- **Representative JoAnn Osmond's Visit** – General Manager Albrecht indicated that Representative JoAnn Osmond would be attending the July board meeting. The main subject to be discussed will be the intake pipe. The board discussed this upcoming visit and what they would discuss at that time.
- **Roofing** – Operations Manager White stated that he had had a few roofing companies out to inspect the roof of the building as there had been some leaks. Some minor repairs were made, and one contractor advised that major repairs could be put off for approximately another year. Operations Manager White indicated that he would call other companies for bids at that time.
- **Raw Water Pump** – Operations Manager White indicated that the seal failed on one of the new pumps. He contacted Fairbanks Morse and they had the pump removed and are repairing it. Discussion of the subject followed.
- **Replacement Gate** – Operations Manager White stated that this damaged gate had been replaced and brought up to code. The District had a \$1,000 deductible and is working with the state attorney to recover this amount from the party responsible for damaging the gate.
- **New Legislation** – Attorney Dan Kucera indicated that new legislation had been passed as it relates to public meetings and appointed officials. Discussion of this subject followed.

With no further business to conduct, Trustee Mitchell made a motion to adjourn, which was seconded by Trustee Moe and unanimously approved.