

# Minutes

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## *June 17, 2014- Board Meeting*

On June 17, 2014, 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 5:30 p.m. Upon the roll being called, Trustees Fischer, Moe, Jaeger, and Topcik were present. Trustees Monk and Ruchti were absent. Trustee Mitchell arrived at 5:40 p.m. Mr. M. David Cain from Milburn Cain & Company was present as guest speaker. Also present were General Manager Albrecht, Operations Manager White, District Attorney Kucera, and Administrative Assistant Karen Johnston.

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, 2014, by Mr. M. David Cain of Milburn Cain & Company. Mr. Cain handed out a draft final audit report and attachments. Mr. Cain stated that there was a change in the audit team this year, adding Larry Kreuzscher, a senior audit manager who came in and supervised the basic fieldwork, which allowed Mr. Cain to concentrate on the restricted accounts. He reviewed the structure of the audit, starting with pages one and two, the Independent Auditor's Report, which set the scope of the audit, decided the responsibilities of the auditor and auditee, and expressed the opinion of the auditor of the financial statements. The next section was the required supplemental information, the Management's Discussion and Analysis (MD&A). The initial draft of this report was prepared by Mr. Cain's firm and brought to the management for approval. The basic financial statements consisted of Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Integral parts of the financial statements were the notes to the financial statements that gave additional detail. At the end of the report was the required supplementary information, which consisted of a summary of activity in the restricted net asset accounts, the water and customer rates information, the schedule of insurance coverage, and the annual requirements to retire the bonded debt. The auditor's report, page one, which consisted of the introductory statement stating that they audited the financial statements, and that it was organization's responsibility for producing financial statements that conform to Generally Accepted Accounting Principles (GAAP), as defined in the United States of America. The report laid out the auditor's responsibility and went on to state the auditor's opinion on the financial statements, which declared in their opinion the financial statements referred to above presented fairly in all material respects the financial position of the Lake County Public Water District as April 30, 2014 and 2013, and that changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Mr. Cain went on to highlight information from the MD&A.

- Operations for the year resulted in a net income of \$93,001, but after considering interest income and expense the net result for the year was a \$72,709 loss (rounded).
- The 2014 demand for water decreased 3.4% from 2013 levels, to 941,108,000 gallons. The District delivered 974,652,000 in 2013.
- Total Revenue for 2014 increased by approximately \$168,000, from \$1,933,000 to 2,101,000 due in part to an increase in R&R charges.
- The Customer Delivery Charges were up from \$1,373,000 to \$1,452,000.
- The Renewal and Replacement charges increased from \$80,000 to \$170,000.
- Total Operating Expenses before depreciation increased by \$43,000.
- Depreciation increased \$64,000 from 2013.
- Personnel costs were virtually the same for both 2013 and 2014.

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- Maintenance and Repair Expenses for 2014 were \$25,032 more than 2013.
- Pension costs were up \$1,561 from 2013.
- Insurance Expense for 2014 increased by \$11,132 to \$164,278.
- Electricity Expense decreased by \$25,879 from \$171,856 in 2013 to \$145,977 in 2014.
- The 2015 delivery rate calculation is \$1.5338 per 1,000 gallons. This rate was changed to \$1.6588 after discussion regarding the depreciation charges for the intake pipe.

Chairman Topcik discussed the computation of the 2015 delivery rate calculation. He stated that the rate calculation is understated as the depreciation has been deducted and could result in a shortfall. The board discussed this subject agreeing with Chairman Topcik. Mr. Cain proceeded to recalculate the rate, as shown above. Further discussion of this subject followed with the Trustee Mitchell making a motion to accept the audit report with the newly calculated rate of \$1.6588 and the following wording *"Includes depreciation of intake pipe maintenance"*, which was seconded by Trustee Jaeger and unanimously approved. Trustee Moe made a motion to accept the pension contribution of \$59,547, which was seconded by Trustee Mitchell and unanimously approved. A roll call vote to approve the ordinance approving the audit and fixing the rates and billing adjustments resulted as follows: Trustees Mitchell, Fischer, Moe, Jaeger, and Topcik all voted aye. There were no nays. Trustees Monk and Ruchti were absent.

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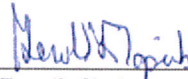
AN ORDINANCE  
APPROVING AUDIT AND FIXING  
OF RATES AND BILLING ADJUSTMENTS

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE LAKE COUNTY PUBLIC WATER DISTRICT as follows:

1. That the report of the audit of the books and records of the District for the fiscal year ended April 30, 2014, and the recommended computation of revised rates applicable to the District's customers, as prepared by Milburn Cain and Company and incorporated herein by reference be and hereby received, approved and placed on file, and
2. That the revised rates therein computed for the sale of water are in accordance with the separate contracts with the City of Zion, the Village of Winthrop Harbor, and with the State of Illinois Department of Conservation, and with applicable requirements of Illinois law and bond ordinances of the District, and are hereby established as the rates to be charged to these three customers effective August 1, 2014.

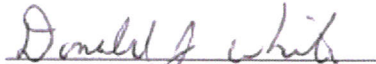
(CORPORATE SEAL)

LAKE COUNTY PUBLIC WATER DISTRICT



Gerold L. Topcik Chairman, Board of Trustees

ATTEST:

  
Donald J. White, Secretary

PRESENTED AND READ: June 17, 2014

PASSED AND APPROVED: June 17, 2014

ROLL CALL VOTE

Trustees voting aye: G. Topcik; D. Mitchell; C. Fischer; R. Moe; D. Jaeger  
Trustees voting nay: None  
Trustees absent: A. Monk; M. Rucht

MOTION CARRIED

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

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## June 17, 2014- Board Meeting

- 5) Minutes of May 13, 2014 and Executive Session Minutes of May 13, 2014
- 6) Disbursements for June, 2014
- 7) End of month May, 2014 Treasurer's Report
- 8) End of month May, 2014 Budget Report
- 9) End of month May, 2014 Monthly Operation Summation

### OPERATIONS & MAINTENANCE ACCOUNT June, 2014 – Disbursements

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
2920	FICA Withholding Taxes (EE Portion)	May-14	3,617.63
2921	Federal Withholding Taxes	May-14	8,579.44
2922	IL Department of Revenue	Monthly Remittance	2,099.62
2923	WI Department of Revenue	Monthly Remittance	472.36
7205	FICA Withholding Taxes (ER Portion)	May-14	3,617.63
7211	Commonwealth Edison	Electricity	18.91
7211	Integrus	Electricity	16,006.29
7215	McHenry Analytical	Sample Testing	92.50
7221	Hydrite	Chlorine Shipment	866.00
7222	Ace Hardware	Misc. Supplies	180.83
7222	Grainger, W.W.	Misc. Supplies	159.78
7222	LAI, Ltd.	Misc. Supplies	235.90
7222	Safety Supply Illinois	Misc. Supplies	135.41
7222	Steiner Electric	Misc. Supplies	151.77
7223	Drydon Equipment	Maintenance Supplies	292.04
7223	Mid American Water of Wauconda	Maintenance Supplies	2,160.00
7223	Newark	Maintenance Supplies	52.20
7223	Peterson, Ernie Plumbing	Test & certify backflow preventors	190.00
7223	Reladyne	Maintenance Oils	103.75
7225	Baxter & Woodman	Firewall Maintenance Contract	1,165.38
7225	Klean Korner	Janitorial Services	565.00

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ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7231	GFC Leasing	Copier Lease	625.00
7232	AT&T	Telephone Service	990.60
7232	Verizon Wireless	Cellular Phone Service	630.56
7234	FedEx	Shipping Charges	20.31
7234	Quill	Office Supplies	135.92
7234	Reliable	Office Supplies	145.47
7235.1	West's Insurance Agency	Package/Property -Renewal for 6/1/14-6/1/15	69,701.00
7235.2	AARP Medical	Medical Insurance for Diane Fragassi	238.25
7235.2	AARP Prescription	Prescription coverage for Diane Fragassi	134.40
7235.2	Euclid Managers (Delta Dental)	Dental Insurance	541.61
7235.2	Humana Choice Care	Monthly Medical Premium	6,243.07
7235.2	Illinois Public Risk Fund	Workers' Compensation for 3rd quarter 2014	3,982.00
7235.2	Secketa, Nick	Insurance Reimbursement	2,376.28
7236	Pintescu, Ioan	Travel Reimbursement	64.00
7236	Thompson, Jeremy	Travel Reimbursement	74.36
7241	Hamlin, James	Payroll Fees - 05/14/14-06/17/14	230.96
7242	Kucera, Daniel J.	General Legal Services	4,440.64
7247	Big Lake Marine	Intake pre-inspection video and report	19,370.00
7251	Aramark	Coffee Service	449.42
7251	Correll Co.	Quarterly Services for period ended 04/30/14	537.25
7251	Zee Medical	First Aid Supplies	98.15
7251	Zion, City of	Elevator Inspection	100.00
<b>FIRST BANKCARD</b>			
	Acct. #7222	Misc. Supplies	127.14
	Acct. #7223	Maintenance Supplies	13.08
	Acct. #7225	Maintenance Service Contracts	19.00
	Acct. #7234	Offices Supplies/Postage	74.99

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ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
	Acct. #7236	Transportation	181.67
	Acct. #7237	Meetings/Seminars	375.46
	Total		<u>\$152,683.03</u>

## ORDINANCES/RESOLUTIONS:

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

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## RESOLUTION

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

WEREAS, 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, 2014, 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.

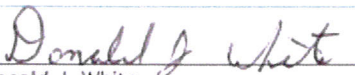
The General Manager of Lake County Public Water District shall mail a copy of this determination to any employer, any association of employers and any person or association of employees who have filed with the District their respective names and addresses requesting copies of any determination stating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

LAKE COUNTY PUBLIC WATER DISTRICT



Gerold L. Topcik  
Chairman, Board of Trustees

(CORPORATE SEAL)



Donald J. White  
Board Secretary

PRESENTED AND READ: June 17, 2014

APPROVED:

ROLL CALL VOTE:

Trustees voting aye: G. Topcik; D. Mitchell; R. Moe; C. Fischer

Trustee voting nay: None

Trustees absent: A. Monk; M. Ruchti

Trustee D Jaeger abstained

MOTION CARRIED

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

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## **OLD BUSINESS**

- **Intake Pipe Permit** - General Manager Albrecht stated that the board had discussed and approved the need for a fee for the permit on the intake pipe project of up to \$10,000. General Manager Albrecht indicated that the check had been mailed to the IDNR, and had been cashed. He also indicated that the permit had not yet been issued. He went on to advise that once the IDNR permit had been issued, the District will still need the Corps of Engineers to sign off on and issue their own permit. He advised the board that an inspection had been performed on the intake to determine that nothing had occurred with the past winter. He felt that it was good inspection. Work needs to be done, but nothing urgent. General Manager Albrecht reminded the board that there is still a contract in place with Big Lake Marine to install six bents. The report assisted in re-identifying the points for the placement of the bents. General Manager Albrecht stated that Operations Manager White learned that the intake pipe needed to be cleaned out. Discussion of this subject followed.
- **Possible Funding - General** Manager Albrecht discussed a number of possibilities for funding. He indicated that he had discussed the matter with Nick Meyer, Senator Melinda Bush's chief of staff, and that he was helpful, but thought the District should discuss it directly with Senator Bush. Discussion of this subject followed. General Manager Albrecht stated that he would get more information for the July board meeting, and that it might be beneficial to invite her to the District.
- **Carollo Engineering** – General Manager Albrecht stated that the board had authorized a contract to be signed with Carollo Engineers for work on SCU #1. However, given that Mr. Len Rago, of Carollo Engineers, had worked with CDM Smith previously, Attorney Kucera felt there could potentially be a conflict of interest and suggested that the District defer signing the contract until the board reviews the report from the metal expert. Discussion of this subject followed.
- **Solids Contact Unit #2** – Operations Manager White stated that an inspection had been done a month ago and more paint bubbling was discovered. Operations Manager White, Tecorp, and Dixon Engineering met onsite and went over the repaired areas. Tecorp felt the sites were fine and that they thought they were done with the project. The District advised Tecorp that they needed to still come out and repair those spots. Tecorp sent a letter back stating that we agreed that they were done. Operations Manager White stated that he never told them that. Attorney Kucera drafted a letter that was then sent to Tecorp, providing dates by which to complete the repairs. Operations Manager White described the damage and discussed having a painting expert assess the work. Discussion of the subject followed, with Trustee Jaeger making a motion to find a painting expert and if General Manager Albrecht felt the cost was reasonable hire such consultant, which was seconded by Trustee Fischer and unanimously approved.



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## Attorney's Report

- **New Legislation** – Attorney Kucera advised that both houses had passed Senate Bill No. 3552, and that it is before the governor for his signature. Discussion of this subject followed.
- **Rusting Issue** – Attorney Kucera stated that the District had hired a consultant, Gary Coates, for this issue, and that he had visited the plant on May 28. Mr. Coates had prepared a report, which Attorney Kucera distributed to each of the trustees. He asked that they read the report to discuss at the July board meeting.

## New Business

- **-R&R Payments- IDNR** - General Manager Albrecht included a memo with two tables regarding the R&R costs and the IDNR's participation in paying those costs. The tables show how not including the State in the replenishing of the R&R fund affects the rate. General Manager Albrecht stated that by contract, the State does not currently participate in repaying those expenses. Discussion of the State's current contract followed. Attorney Kucera stated there is language in the current contract that may allow the District to bill the State for their proportionate share of the cost of some improvements that are funded from the R&R account. In particular, he read: *"in addition to the rates under paragraph 5 the State agrees to pay its proportionate share of the capital costs and debt service attributable to such additional facilities and improvements"*. Discussion of this subject followed. Trustee Jaeger made a motion to bill the state for their share of the R&R charges, which was seconded by Trustee Mitchell, and unanimously approved.

With no further business to discuss, Trustee Mitchell made a motion to adjourn the meeting, which was seconded by Trustee Jaeger and unanimously approved.

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Donald J. White  
Board Secretary