

Minutes

June 16, 2015- Board Meeting

On June 16, 2015, 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 Topcik, Monk, Fischer, Moe, and Jaeger were present. Trustee Ruchti arrived at 6:20 p.m. Trustee Mitchell was absent. Also present were Acting General Manager Don White, Consultant/Treasurer Arlyn Albrecht, and Administrative Assistant/Board Secretary Karen Johnston. District Attorney Dan Kucera was present via teleconference. Present as guest speakers was Mr. M. David Cain, Milburn Cain & Co. Present for public comment was Mr. Dave Knabel, Finance Director, City of Zion, and Mr. Ron Colangelo, Director of Public Works, City of Zion.

Chairman Topcik stated that the first order of business was the public comment period. He indicated that although this period was normally held to ten minutes, he would allow the guests from the City of Zion to speak as long as necessary. He then turned the floor over to the guests from the City of Zion. Mr. Dave Knabel indicated that Acting General Manager White and Board Chairman Topcik had attended the City of Zion council meeting on June 2, 2015 to discuss the need for a bond issue to pay for necessary projects at the District, in particular the bent systems for the intake pipe, and he thanked them for their attendance. Mr. Knabel stated that although the City of Zion understands the necessity for work, the City's concern is the financing. He stated that both the State of Illinois and the City of Zion are short on funds. He also stated that he was aware that the District has similar issues. Mr. Knabel proceeded to discuss alternate financing sources, such as grants. Mr. Knabel and Mr. Colangelo discussed the number of bent systems that needed to be installed. Discussion of the number, location, and cost of the bent systems followed. Mr. Knabel and Mr. Colangelo indicated that the City of Zion would like to reduce the number of bent systems installed, and requested that they formally go on record as having made that request. Acting General Manager White discussed the details of the bond issue with Mr. Knabel and Mr. Colangelo, including the financial benefits of proceeding with the full \$4.5 million dollar bond issue amount. This topic was discussed at great length. Acting General Manager White reminded Mr. Knabel that the District had not yet received the letter from the City of Zion waiving the 90-day waiting and 30-day comment period. Mr. Knabel stated that he would ask Mayor Hill for the letter. Mr. Knabel and Mr. Colangelo left the meeting at 6:05 p.m.

Chairman Topcik stated that the next order of business was the was a presentation of the annual audit report and supporting documents for fiscal year ending April 30, 2015, by Mr. M. David Cain of Milburn Cain & Company. Mr. Cain handed out a tentative and preliminary draft final audit report and attachments. Mr. Cain indicated that he would address the audit report first. He stated that there was a clean opinion on the financial statements, also known as an unqualified or unmodified opinion. The District has received this opinion since Mr. Cain's firm has performed the audit. He did mention to management that the records were in good shape, and that Administrative Assistant Johnston is doing a good job. One indicator of that is the number of adjusting entries has decreased from 28 last year down to 15 this year, as Administrative Assistant Johnston has made those entries that Mr. Cain's firm would ordinarily make. There was no management letter at this point, and he did not anticipate issuing one, as he had no particular suggestions. He had several items to which he wished to draw attention. On page seven of the report, there was a statement indicating that the District planned to issue new revenue bonds for the rehab of Solids Contact Units #1 and #2, and the stabilization of the intake pipe. There is also a litigation note. He then proceeded to go through the financial statements, with the highlights as follows:

- Operations for the year resulted in a net income of \$22,419, but after considering interest income and expense the net result for the year was a \$133,657 loss (rounded).

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- The 2015 demand for water decreased 2.56% from 2014 levels, to 917,012,000 gallons. The District delivered 941,108,000 in 2014.
- Total Revenue for 2015 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 \$1,452,000 to \$1,475,000.
- The Renewal and Replacement charges decreased from \$170,000 to \$72,000.
- Total Operating Expenses before depreciation decreased by \$19,000.
- Depreciation increased \$9,800 from 2014.
- Personnel costs for 2015 were \$3,500 less than 2014.
- Pension costs for 2015 were virtually the same as 2014 at \$59,987
- Insurance expense for 2015 increased by \$21,047 to \$185,325
- Maintenance and repair expenses for 2015 were \$9,400 less than the 2014 total.
- Electricity expense decreased by \$9,687 from \$145,977 in 2014 to \$136,290 in 2015.
- The 2016 delivery rate calculation is \$1.7338 per 1,000 gallons.

The board proceeded to discuss the audit and the computation of the 2016 delivery rate calculation. Mr. Cain left at 6:30 p.m. Trustee Moe made a motion to accept the pension contribution of \$59,987 (15%), for fiscal year 2015, and 17% for fiscal year 2016, to be paid quarterly, which was seconded by Trustee Jaeger and unanimously approved. Trustee Monk made a motion to accept the audit report subject to receiving the attorney's letter, which was seconded by Trustee Jaeger and unanimously approved. A roll call vote to approve the ordinance approving the audit, fixing the rates, and billing adjustments resulted as follows: Trustees, Monk, Fischer, Ruchti, Moe, Jaeger, and Topcik all voted aye. There were no nays. Trustee Mitchell was 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:

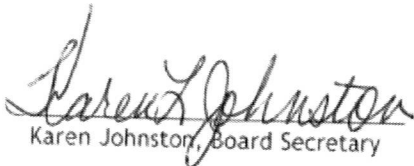
1. That the report of the audit of the books and records of the District for the fiscal year ended April 30, 2015, and the recommended computation of revised rates applicable to the District's customers, as prepared by Milburn Cain and Company and incorporated herein by reference be and hereby received, 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, 2015.

(CORPORATE SEAL)

LAKE COUNTY PUBLIC WATER DISTRICT

Gerold L. Topcik Chairman, Board of Trustees

ATTEST:


Karen Johnston, Board Secretary

PRESENTED AND READ: June 16, 2015
PASSED AND APPROVED: June 16, 2015

ROLL CALL VOTE

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

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 Ruchti made that motion, which was seconded by Trustee Jaeger and unanimously carried.

- 4) Minutes of May 12, 2015 and Executive Session Minutes of May 12, 2015
- 5) Disbursements for June, 2015
- 6) End of month May 31, 2015 Treasurer's Report

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- 7) End of month May 31, 2015 Budget Report
- 8) End of month May 31, 2015 Monthly Operation Summation

OPERATIONS & MAINTENANCE ACCOUNT
June, 2015 – Disbursements

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
2920	FICA Withholding Taxes (EE Portion)	May-15	2,767.26
2921	Federal Withholding Taxes	May-15	4,291.93
2922	IL Department of Revenue	Monthly Remittance	1,073.02
2923	WI Department of Revenue	Monthly Remittance	481.01
7205	FICA Withholding Taxes (ER Portion)	May-15	2,767.26
7211	Commonwealth Edison	Electricity	22.31
7211	Constellation Energy	Electricity	10,738.95
7215	McHenry Analytical	Sample Testing	135.00
7215	Waukegan, City	Sample Testing	20.00
7221	Hydrite	Chlorine Shipment	891.00
7221	Nalco	Nalclear	5,200.19
7222	Ace Hardware	Misc. Supplies	108.92
7222	Bearing Headquarters	Misc. Supplies	27.80
7222	Cla-Val/Griswold	Repair parts for valves	196.57
7222	Hach Co.	Lab Supplies	544.17
7222	Millipore Corp.	Lab Supplies	2,291.81
7222	USA Blue Book	Misc. Supplies	155.28
Test	E. Peterson Plumbing	Test, repair, & certify backflow preventers	1,000.00
7223	HD Supply	Maintenance Supplies	168.19
7223	Kelley's Sanitary Service	Septic Pumping & Repair	1,400.00
7225	Gordon Flesch Co.	Maintenance Charge	46.11
7225	K. Erickson Designs	Landscaping Maintenance	1,425.00
7225	Lakeland/Larsen Elevator	Elevator Maintenance	318.64
7225	Klean Korners	Janitorial Services	565.00
7232	AT&T	Telephone Service	1,408.63

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7231	GFC Leasing	Copier Lease	330.00
7232	Verizon Wireless	Cellular Phone Service	555.38
7234	Reliable	Office Supplies	68.52
7235.1	West's Insurance	2015-2016 Facilities Insurance	71,824.00
7235.2	AARP Medical	Medical Insurance for Diane Fragassi	273.00
7235.2	AARP Prescription	Prescription coverage for Diane Fragassi	51.20
7235.2	Euclid Managers (Delta Dental)	Dental Insurance	557.88
7235.2	Humana Choice Care	Monthly Medical Premium	6,388.12
	Ill. Public Risk Fund	Workers' Compensation 3rd Qtr.	3,921.00
7236	White, Don	Travel Reimbursement	31.26
7241	Hamlin, James	Payroll Fees - 05/13/15-06/16/15	201.27
7242	Kucera, Daniel J.	General Legal Services	5,024.90
7242	Trobe, Babowice & Associates	Litigation Legal Services	6,322.06
7243	Applied Technologies	Replacement Cost Estimate	154.00
7243	Clark Dietz	Professional Services - Tube Settlers	7,325.00
7247	Chase Commercial Diving Service	Intake Inspection	3,600.00
7247	HDR Engineering	Analysis of Intake	1,942.76
7251	Aramark Refreshment Services	Coffee Service	193.44
7251	Correll Co.	Investment Service Fees	576.25

FIRST BANKCARD - MAY

	Acct. 7222	Misc. Supplies	196.95
	Acct. 7225	Maintenance Service Contracts	19.00
	Acct. 7234	Office Supplies	24.99
	Acct. 7236	Transportation	266.94
	Acct. 7237	Meetings/Seminars	171.00
	Acct. 7251	Miscellaneous	30.00
	Total First Bankcard		\$708.88
		Grand Total	\$148,092.97

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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, 2015, 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.

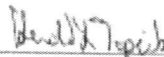
The General Manager of the District shall publicly post or keep available for inspection by any interested party in the main office of the District this determination.

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



Gerald L. Topcik
Chairman, Board of Trustees

(CORPORATE SEAL)



Karen Johnston
Board Secretary

PRESENTED AND READ: June 16, 2015

APPROVED:

ROLL CALL VOTE:

Trustees voting aye: G. Topcik; A. Monk; C. Fischer; M. Ruchti; R. Moe

Trustee voting nay: None

Trustees absent: D. Mitchell

Trustees abstaining: D. Jaeger

MOTION CARRIED

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

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OLD BUSINESS

- **SCU #2** - Acting General Manager White stated that a bid opening had taken place that morning at the District offices for the installation of tube settlers and painting of Solids Contact Unit #2. He stated that there had been only one bid, J.J. Henderson. Unfortunately, the bid was for \$915,000, considerably higher than the estimated \$500,000. He stated he was not sure what the reason was at this time, but hoped to have more information at the next board meeting. Acting General Manager White stated that a rebid of this project would probably be in order. Discussion of this subject followed.
- **Intake Pipe** – Acting General Manager White stated that he had not yet issued an order to proceed on this project. He indicated that he was waiting for a determination on the bond issue. He did suggest, however, that the board allow him to issue the order to proceed and pay for the project with proceeds from the R&R fund, to be reimbursed by the bond issue once that has been settled. Trustee Jaeger made a motion to authorize Acting General Manager White to give notice to proceed for this project, which Trustee Monk seconded, which was unanimously approved.
- **Bond Issue** –Acting General Manager White discussed his June 2 presentation to the Zion city council regarding the proposed bond issue. He reviewed what had been presented to the council, explaining what work was proposed and the drawings included. He also discussed the city council's questions regarding this issue. Acting General Manager White stated that as discussed earlier, the City of Zion agreed to waive the 90-day waiting period and 30-day comment period, and that he was awaiting receipt of the letter. Discussion of this subject followed.
- **Grants** – Acting General Manager White stated that there was not a lot to report this month. He advised that he is still waiting for Sharon Pepin and the IEMA grant information. He also indicated that Seema Wadia has found another possible grant source, but as this was more for generating business in communities, it did not sound very promising. Discussion of this subject followed.
- **Ground Storage Tank & 2nd Warranty Inspection** - Acting General Manager White stated Ray Tombaugh of KTA-Tator performed the inspection of the ground storage tank the day after last month's board meeting. Mr. Tombaugh's initial findings indicated that the repair areas that Era Valdivia addressed last year are in satisfactory condition.
- **SCU #1 Coating & Insulation Inspection** – Acting General Manager White stated that Ray Tombaugh had investigated the peeling issue on this unit. He has still had no response from Mr. Tombaugh yet. Acting General Manager White stated that the previous week Volatile Free, the paint supplier, sent out a firm called Bio-Foam to investigate the tank. Bio-Foam will provide a cost to Volatile Free for repairs. Acting General Manager White would like to bank whatever monies are received on this until the rehab on this unit, so as not to ruin the repairs. Discussion of this subject followed.

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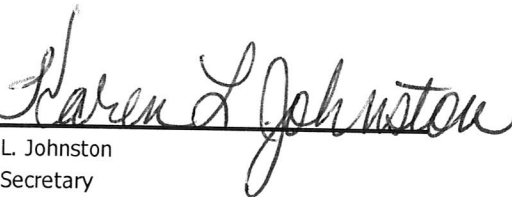
Trustee Ruchti made a motion to move into executive session to discuss potential litigation, which was seconded by Trustee Fischer and unanimously approved.

* * * * * *EXECUTIVE SESSION* * * * * *

The trustees moved out of executive session.

- **Transitional Review** – Chairman Topcik asked Acting General Manager White how the transition of some of his previous duties to the operators was progressing. He felt it was going well. He had the operators working with contractors on various matters. He also had loan Pintescu reading specifications on SCU #2 and had some good questions.

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

X 

Karen L. Johnston
Board Secretary