

Minutes

June 20, 2017- Board Meeting

On June 20, 2017, 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, Mitchell, Monk, Moe, and Jaeger were present. Trustee Ruchti was absent Also present were General Manager Don White and Administrative Assistant/Board Secretary Karen Johnston. District Attorney Dan Kucera was present via telephone. Mr. Dave Cain of Milburn Cain & Co. was present as guest speaker.

Chairman Topcik stated that the first item would be the presentation of the annual audit report and supporting documents for fiscal year ending April 30, 2017, by Mr. M. David Cain of Milburn Cain & Company. Mr. Cain handed out a tentative and preliminary draft final audit report and attachments. He indicated that there were some minor changes, including depreciation items that had been discussed with Chairman Topcik, General Manager White, and Secretary Johnston that morning. Based on those changes, Mr. Cain stated that the numbers shown in the handout had been revised, with exception of the customer refund. The handout showed the customer refund as \$229,016. That was the number he had at in morning. That number after the revisions is now \$207,101. The net effect would be to increase the net income on the financial statements by approximately \$22,000. He then proceeded to review the other numbers in the documents. 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 then proceeded to go through the financial statements, with the highlights as follows:

- Operations for the year resulted in an operating income of \$661,444, but after considering interest income and expense the net result for the year was a \$458,134.
- The 2017 demand for water increased .49% from 2016 levels, to 886,160,000 gallons. The District delivered 881,864,000 in 2016.
- Total revenue for 2017 of \$2,478,922 is approximately \$405,000 more than the \$2,074,104 reported in 2016. The increase is attributable primarily to increased availability charges and higher water delivery rates.

The following were the significant factors affecting the change in net position for 2017:

- Personnel costs for 2017 were \$70,000 less than for 2017.
- Maintenance and repair expenses for 2017 were \$37,899 more than the 2017 total.
- Pension costs for 2017 were \$3,925 less than 2016 at \$64,478.
- Insurance expense for 2017 increased by \$13,205 to \$184,896.
- The District's depreciation charge for 2017 of \$592,588 was \$24,123 less than the 2016 total.
- Electricity expense increased by \$8,331 from \$134,277 in 2016 to \$142,604 in 2017.
- Legal fees decreased from \$124,007 in 2016 to \$54,335 in 2017, a reduction of \$69,672.
- The 2018 delivery rate calculation is \$1.752 per 1,000 gallons.
- There is a refund on the R&R account of \$207,101, to be allocated to the customers based on delivered gallons of water actually billed.

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Mr. Cain indicated that books were in good shape, compared with a year ago when he had to address the 2015 A&B bond issue, and that the conditions for the audit were good. Chairman Topcik stated the audit needed to be approved this month. Mr. Cain indicated that these numbers were fairly firm. Chairman Topcik stated that the next item on the agenda was the approval of the audit report, pension contribution, and the rate adjustment. Mr. Cain left the meeting.

Trustee Jaeger made a motion to approve the audit in substantial form as presented, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

Trustee Mitchell made a motion to approve the pension contribution of 17% for fiscal year 2018, which was seconded by Trustee Monk; Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

Trustee Jaeger made a motion to accept the new rate of \$1.752, which was seconded by Trustee Moe. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

Chairman Topcik indicated that he would accept a motion to place the following items on a consent agenda and to accept that consent agenda, but that he would like to withdraw the disbursements and minutes for discussion. Trustee Moe made the motion to place the following items on the consent agenda, and approve the consent agenda, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

- 6) Treasurer's Report for May 31, 2017
- 7) End of month May 31, 2017 Budget Report
- 8) End of month May 31, 2017 Monthly Operation Summation

Trustee Moe stated that he would like the minutes to reflect that he abstained from voting on the disbursements, with regard to the payment to Waldron Construction as the materials were purchased from Trustee Moe's business. Trustee Jaeger made a motion to approve the June 2017 disbursements and the May 9, 2017 minutes, which was seconded by Trustee Mitchell. As there was no further discussion, and upon the vote, the motion was carried with Trustees Mitchell, Monk, Jaeger, and Topcik voting aye, Trustee Moe, abstaining, and the motion was carried.

General Manager White indicated that the minutes reflected at the last board meeting, Mr. Brent Jones, of West's Insurance stated that the District was in the second year of a three-year rate guarantee. However, upon further investigation, it was clarified that the District is in the third year of the three-year rate guarantee. General Manager White would like the board to be aware of that item. Trustee Moe made a motion to approve the May 9, 2017 minutes with the correction of the insurance rate guarantee, which was seconded by Trustee Jaeger. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

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OPERATIONS & MAINTENANCE ACCOUNT June, 2017 – Disbursements

ACCT. #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
2920	FICA Withholding Taxes (EE Portion)	May-17	2,293.44
2921	Federal Withholding Taxes	May-17	3,459.30
2922	IL Department of Revenue	Monthly Remittance	697.04
2923	WI Department of Revenue	Monthly Remittance	434.41
7205	FICA Withholding Taxes (ER Portion)	Apr-17	2,293.44
7211	Commonwealth Edison	Electricity - May-17	65.83
7211	Dynegy Energy Systems	Electricity - May-17	9,160.71
7215	Eurofins Eaton Analytical	Sample Testing	395.00
7215	McHenry Analytical	Sample Testing	92.50
7221	Hydrite	Chlorine Shipment	891.00
7221	Usalco	Aluminum Sulfate	6,218.21
7222	Ace Hardware	Misc. Supplies	70.90
7222	Cintas	First Aid Supplies	72.38
7222	EMD Millipore	Misc. Supplies	1,575.41
7222	Grainger, W.W.	Misc. Supplies	101.72
7222	Hach	Lab Supplies	93.77
7222	VWR	Lab Supplies	59.37
7223	Campanella & Sons, Inc.	Remove & replace existing check valve	3,044.51
7223	DH Wireless	Warranty Return	50.00
7223	Erickson, C. Designs	Mulch	1,192.50
7223	Il. Office of State Fire Marshal	Air Tank Certificate Fee	95.00
7223	USA Blue Book	Maintenance Supplies	111.36
7223	Visu-Sewer	Chemical Grout Sealing	20,332.50
7223	Waldron Construction	Installation of sliding door	3,740.55
7223	Waukegan Roofing	Roof Repairs	994.82
7223	Zion Auto Parts	Maintenance Supplies	128.99
7225	Erickson, C. Designs	Landscaping May-17 to Jun-17	1,425.00
7225	Hansen Associates	Jun-17 Copier Service Agreement	95.00
7225	Klean Korner	Janitorial Service	565.00

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7225	Lakeland/Larsen Elevator Corporation	Elevator Maintenance	3178.64
7231	DeLage Landen Financial Services	Jul-17 Copier Lease	124.12
7232	AT&T	Telephone Service - May-17	1,427.63
7232	Verizon Wireless	Cellular Phone/Data Service	556.17
7234	Office Depot	Office Supplies	112.12
7235.1	West's Insurance Agency	Public Officials Bond	1,500.00
7235.2	AARP Medical	Medical Insurance for Diane Fragassi	71.00
7235.2	AARP Prescription	Prescription coverage for Diane Fragassi	284.75
7235.2	Blue Cross/Blue Shield	Jul-17 Health Insurance	7,137.69
7235.2	Euclid Managers (Delta Dental)	Jul-17 Dental Insurance	494.14
7235.2	Humana	Jul-17 Vision/AD&D	100.29
7235.2	IL. Public Risk Fund	Workers' Compensation for 3rd quarter 2017	2,499.00
7235.2	White, Don	Deductible Reimbursement	412.80
7241	Hamlin, James	Payroll Fees - May-17	193.94
7242	Kucera, Daniel	General Legal Services May-17	4,269.90
7243	Clark Dietz	Certificates/Professional Services	5,886.77
7245	Baillie, Anthony	Reimbursement for Operator License Test	125.00
7255	Correll Company	Investment advisory service fee	1,336.25

FIRST BANKCARD

	Acct. 7222	Misc. Supplies	79.13
	Acct. 7223	Maintenance & Repairs	114.35
	Acct. 7225	Maintenance Service Contracts	38.00
	Acct. 7234	Office Supplies	74.99
	Acct. 7236	Transportation	128.34
	Acct. 7237	Meetings/Seminars	205.98
		Total First Bankcard	640.79
		Grand Total - Operations	\$79,892.64

R&R FUNDS

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ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7286	Shabica & Associates	Consulting Agreement - Revetment Project	6,000.00
7290	Clark Dietz	Zion Generator Replacement	615.00
		Total	\$6,615.00

CONSTRUCTION FUNDS

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7283	J.J. Henderson & Son.	Solids Contact Unit #1 - Payout #2	173,771.17
7283	Clark Dietz	SCU#1 Struct Rehab & Tube Settler Addition	6,000.00
		Total	\$179,771.17

Chairman Topcik asked if any committees had reports to present, which they did not.

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, 2017, 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.

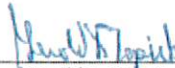
The General Manager of the District shall publicly post or keep available for inspection by any interested party in the main office of the District this determination.

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.

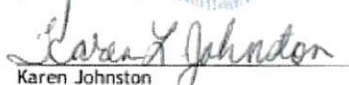
The General Manager of Lake County Public Water District shall mail a copy of this determination to any employer, any association of employers and any person or association of employees who have filed with the District their respective names and addresses requesting copies of any determination stating 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)



Karen Johnston
Secretary

PRESENTED AND READ: June 20, 2017

APPROVED:

ROLL CALL VOTE:

Trustees voting aye: D. Mitchell; A. Monk; R. Moe; G. Topcik

Trustee voting nay: None

Trustees absent: M. Ruchti

Trustee Abstaining: D. Jaeger

MOTION CARRIED

Trustee Monk made a motion to accept the prevailing wage ordinance as presented, which was seconded by Trustee Mitchell. Chairman Topcik declared the motion carried on the following roll call vote.

Ayes: (4) Mitchell, Monk, Moe, Topcik

Nays: (0)

Absent: (0)

Abstained: (1) Jaeger

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UNFINISHED BUSINESS

- **Intake Project** - General Manager White stated that notice to proceed was given to Michels Foundations on June 5, 2017, for the project start date of June 12, 2017. However, before installation can begin a dive inspection of the intake must be performed. General Manager White indicated that Carl Chase had not yet been out to inspect the intake. The contractor does have 93 days to complete the contract. General Manager White is confident they will be able to complete the contract within that time frame. Discussion of this subject followed.

- **Rehabilitation Solids Contact Unit #1**– General Manager White advised that the painters had completed the sandblasting of the unit, which revealed more areas in need of replacement/repairs of steel. Sean, an engineer from Clark Dietz investigated the areas. He outlined the additional work in a memo, which has been submitted to J.J. Henderson. Subsequently, Tom Foley from Clark Dietz was at the site, spoke with Frank, the foreman from J.J. Henderson, and took more pictures, resulting in a revision to Sean’s memo. General Manager White indicated that he would be asking the board to approve a change order not to exceed \$15,000 for the steel work. He reviewed that at the previous month the board approved a change order from the painting contractor and J.J. Henderson for removing and installing new insulation on Solids Contact Unit #2. However, the painting contractor since that time has indicated that they will be unable to perform the work for that price, and has retracted his proposal. General Manager White stated that he had met Clark Dietz, the foaming contractor, and J.J. Henderson to discuss the possible ways to remove the roof insulation. After reviewing the costs for the proposed changes, the price for Solids Contact Unit #2 has increased by approximately \$70,000. General Manager White stated that price increase from the painting contractor of \$40,000 is not acceptable, and we need to find a different contractor for doing the work, or postpone until next year. He went on to state that J.J. Henderson is researching different methods to perform the work, and that the change order is currently on hold.

General Manager White then went back to discuss Solids Contact Unit #1. He reviewed the additional work that the structural engineer recommended. General Manager White indicated that the work be under a change order not to exceed \$15,000, and asked the board for that approval to keep the project moving forward. Trustee Jaeger made a motion to approve a resolution for a change order not to exceed \$15,000 for additional work on Solids Contact Unit #1, which was seconded by Trustee Monk. Chairman Topcik declared the motion carried on the following roll call vote.

Ayes: (5) Mitchell, Monk, Moe, Jaeger, Topcik

Nays: (0)

Absent: (0)

- **Zion Pump Station Generator** – General Manager White stated that the draft report and pricing from Clark Dietz had been updated. The current issue was the JULIE locate to verify the utilities. JULIE will only perform the locate for contractors or engineers, and this is an approximate two to three week process. Once all the utilities are confirmed, the final design can take place. After the final design is approved, bidding can

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take place. General Manager White indicated that the generator would be located outside the building, which was desired by the City of Zion. Discussion of this subject followed.

- **Solids Contact Unit #2** – General Manager White stated there was nothing new to report regarding this issue.
- **Right of Ways- Redundant Raw Water Main** - General Manager White stated that Tom Foley of Clark Dietz had completed the draft report on the raw water transmission main. General Manager White indicated that Attorney Kucera expressed some concerns regarding AC (asbestos cement) pipeline, and that there should be some language in the report stating that the raw water transmission main is safe for drinking water purposes. General Manager White included maps with his memo showing the layout. The various routes were discussed. General Manager White suggested that the report be sent to the appropriate parties in Springfield, with the changes suggested by Attorney Kucera. He stated that he would have a revised report for the next board meeting. Discussion of this subject followed.
- **Low Lift Pump Station** – General Manager White stated he had been in contact with Mr. Jon Shabica of Shabica & Associates. He indicated that the project had been put on hold, as the Army Corps of Engineers had thought it would qualify as emergency repairs, however, the Army Corps currently has no funding. General Manager White stated that he wanted to get this project back on track. He indicated that he had been in contact with both the Army Corps and Jon Shabica to check the status. General Manager White stated that Mr. Shabica has contacted Storm Water Management to see what they require. Discussion of this project followed. General Manager White stated that he hoped to get all needed information together and have the project lined up for August or September.
- **Intake Pipe Survey** – General Manager White stated that he had received proposals from two firms regarding this subject. He stated that he had consulted the Army Corps of Engineers manual on Design Hydrographic Surveying to compare the proposals concerning accuracy. General Manager White explained the survey methods and reviewed both proposals for the board. He indicated that Affiliated Researchers stated they could be within +/- 2-inches accuracy. General Manager White also stated the other firm, American Surveying & Engineering felt that two inches of movement would be difficult to detect. General Manager White went on to state that he was concerned about attainable accuracies and was not going to ask for board approval of either proposal at the current time. Discussion of this subject followed.

ATTORNEY

- **Pending Legislation** – Attorney Kucera reminded the board that last month he discussed Senate Bill 1555, deregulating the placement of telephone on water tanks. He indicated that the bill had passed the senate, was currently in front of the house, and had been amended quite extensively. Attorney Kucera indicated that the

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legislation may not pass the house, but he would continue to monitor this subject. General Manager White indicated that he had contacted the City of Zion regarding this subject, who then contacted the representatives for the area and let them know their thoughts on this subject.

NEW BUSINESS

- ***Winthrop Harbor Presentation*** – General Manager White stated that he made a presentation to the board of the Village of Winthrop Harbor, at Tim Nearingard's request explaining the need and purpose of the bond issue. General Manager White included in the board packet a copy of that presentation, as well as a copy of the article about the subject from the Zion Benton News. General Manager White also enclosed Tim Nearingard's report explaining why the Village of Winthrop Harbor needed to raise their water rates. Discussion of this subject followed.

- ***Possible Addendum to Water Contract*** –. At the May board meeting General Manager White discussed the refund based on the annual audit, and suggested that it could be used to offset the R&R charge for the coming year. General Manager White included a draft addendum prepared by Attorney Kucera and stated that the District could approach the City of Zion and the Village of Winthrop Harbor, with an addendum stating that for one year the refund could be used to offset the R&R charges. In addition, this would be for a twelve-month period, rather than the current nine-month period for the refund. Discussion of this subject followed. Trustee Jaeger made a motion to adopt the resolution to the water contract as presented, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

- ***Addendum for Reinsulating Solids Contact Unit #2*** – General Manager White attached an addendum for additional engineering services for Clark Dietz for reinsulating of Solids Contact Unit #2. Clark Dietz has already done work for this project, and needs to be compensated for that work. The cost is \$9,000 for work done and remaining work on the change order. If the change order is approved, the \$6,000 will be available for the construction services for the additional work. If the change order is not approved, that \$6,000 will not be billed. In the amendment the construction services phase is listed as time and materials billing, so if there is no time on that phase nothing will be billed. If the board chooses to wait on the additional work, the \$6,000 will not be billed, and any future work would need to be under a separate contract. If this happens, there will be additional costs for preparing the bid documents, bidding, meetings, etc., as it will essentially be a new project. Trustee Jaeger made a motion to approve the amendment for additional engineering services for \$9,000 for Clark Dietz, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

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- ***Zion Pump House Generator Addendum*** – General Manager White included an addendum for engineering services for Clark Dietz for the referenced project. General Manager White indicated that he advised the board previously that if Zion wished to have the replacement generator moved to the outside, there would be a \$6,000 charge for surveying and engineering of the new location. The attached addendum is for those services. However, that estimate of \$6,000 was high and the actual charge will be \$4,000. General Manager White asked the board for approval of this addendum. Trustee Jaeger made a motion to approve the addendum for the additional engineering services for \$4,000, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

- ***Video Security System Update*** – General Manager White stated that this subject had been discussed a few months ago. He indicated that he was to receive pricing from Kelso Burnett and Graybar in April, but had not received it until May. The pricing was approximately \$40,000. This would not be possible without bidding the project. Therefore, General Manager White suggested keeping existing cameras, change the video recorder, and add additional camera locations. General Manager White asked the board if they felt this was a practical option. Discussion of this subject followed.

- ***KTA Warranty Proposal*** – General Manager White stated that he had been in contact with KTA Tator regarding a proposal for the warranty inspection for Solids Contact Unit #2. This inspection should take place in mid to late August. General Manager White asked the board to approve KTA Tator’s proposal for \$5,035, which General Manager White stated had been reviewed by Attorney Kucera. Discussion of this subject followed. Trustee Jaeger made a motion to approve KTA Tator’s contract for the warranty inspection on Solids Contact Unit #2, which was seconded by Trustee Mitchell. Chairman Topcik asked if any further discussion was desired. As there was no further discussion, and upon the vote, the motion was carried unanimously.

- ***General Manager Vacation*** – General Manager White stated that he would be on vacation from June 25 to July 1. He would, however, be available by phone. He stated that the operators were aware of all emergency procedures.

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

X

Karen L. Johnston
Board Secretary