January 14, 2015

Minutes of the Regular Meeting of the Board of Trustees of the North Shore Water Reclamation District held Wednesday, January 14, 2015 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex located in Gurnee, Illinois.

The meeting was opened with the Pledge of Allegiance.

On roll call, the following Trustees were present:

Daniel M. Pierce, President
Stephen J. Drew, Vice President
Preston P. Carter, Treasurer
Thomas E. Swarthout
B. Sugar Young

Staff members present were Executive Director Brian Dorn, Deputy Executive Director Dave Miller, Attorney Greg Jackson, Director of Engineering Services Jai Gupta, Director of Laboratory Services Joe Robinson, Director of Operations Phil Connelly and Director of Technology Services Pete Russo.

There were no comments from the Public.

President Pierce presented the Consent Agenda as follows:

A. Approval of the Minutes of the Meeting held on December 10, 2014.
B. Approval of the Minutes of the Executive Session held on December 10, 2014.
C. Consideration of Bills.
   Wastewater Treatment Fund $2,603,063.54
   Check Nos. 167977 through 168356.
E. Orders to Terminate Service.
F. Construction Change Order.
   1. C.O. No. 1, Outfall Restoration Project at the Gurnee STP, Lifco Construction.
G. Authorize Payroll and Finance Department to issue District checks to meet expenses where necessary for payroll and to avoid interest and/or penalties before the next Board Meeting.

It was moved by Trustee Drew and seconded by Trustee Swarthout that the items under the Consent Agenda be approved.

On roll call, the vote was 5 – 0 with all Trustees present voting “Aye”. Motion declared carried.

Executive Director Dorn presented the Management Report as follows:

A. Presented Engineering Agreement.

Executive Director Dorn provided an overview of this project and stated this Agreement was held over from the previous Board meeting at the request of Trustee Carter. Executive Director Dorn indicated that staff and Donohue reviewed the training services portion of the Agreement and worked to reduce the scope of work without compromising the level of required training. As a result of the reduction in scope, the fee has been reduced by $42,370, resulting in the cost of services not exceeding $769,165. President Pierce asked what phosphorus limit the District will be required to comply with, and if this project will achieve that limit. Executive Director Dorn stated that the initial phosphorus limit the District must meet is 1.0 mg/L but that this limit will likely be reduced further in the next permit cycle. The draft permits received by the District require the District to conduct a study to facilitate future limits of 0.5 mg/L. Trustee Carter asked if more chemicals would be needed to meet these limits. Executive Director Dorn stated that the completion of this project will allow the District to meet the 1.0 mg/L limit utilizing biological phosphorus removal and possibly even the 0.5 mg/L limit, but that if the limits are reduced lower than 0.5 mg/L, chemical addition would need to be utilized in addition to biological treatment. Executive Director Dorn
stated that even though this project will address immediate and potential future phosphorus limits, future modifications may still be required to address nitrogen limits. A lengthy discussion ensued regarding the imposition of these limits by the Federal and State governments.

Trustee Swarthout stated that the District has budgeted for this project, it is scheduled to bid in February, and the District needs to move forward with it. Trustee Carter stated that he went through several contracts executed with other consultants and disagrees with the idea that Donohue is charging 110% whereas all other consultants rates were in the range of 80 to 90%. Mike Gerbitz representing Donohue & Associates was present and stated that the project is very complex to sequence and construct and the training, startup, and troubleshooting tasks require an in-depth knowledge of the design. Mr. Gerbitz also clarified that he had previously stated that as a rule of thumb the construction-related service costs are typically 110% of the design service costs. Executive Director Dorn stated that for budgeting purposes typically an estimate of 7% of the estimated construction cost is used for the design fee and 8% for CRS. Executive Director Dorn stated that staff is comfortable with the rate being charged by Donohue and agreed with Mr. Gerbitz that the project is complex and that it is not appropriate to compare other projects to this one due to its complexity. Executive Director Dorn recommended approval of the Aeration System Improvements: Construction-Related and Operations Training Service.

It was moved by Trustee Swarthout and seconded by Trustee Drew to approve the Engineering Agreement with Donohue & Associates, Inc., Aeration System Improvements: Construction-Related and Operations Training Services.

On roll call, the vote was 3-2 with Trustees Swarthout, Drew and Pierce voting "Aye" and Trustees Carter and Young voting "Nay". Motion declared carried.

B. Presented Engineering Agreement Amendments.

Executive Director Dorn gave an overview of this project and stated this Amendment provides additional compensation for the Consultant’s construction phase services. Staff does not believe there is a change in scope in the Consultant’s contract to warrant the additional compensation, and therefore asked that the Consultant explain the request to the Board. Ed McCall from H.R Green addressed the Board and stated that an extra level of effort was required by H.R. Green staff on this project due to additional meetings and additional time spent on shop drawing review with the contractor and equipment suppliers to ensure that the proper equipment is installed for the District. Trustee Drew asked Mr. McCall if there was additional work outside of the scope of the project that was attributable to the contractor, why didn’t he pursue the contractor for this compensation? Trustee Drew stated that the District’s position on matters of this nature is to only pay for additional services when out of scope work is performed, which did not appear to be the case in this situation. Attorney Jackson pointed out to Mr. McCall that the reason all projects are required to be backed by bonds is to protect the District in the case of a Contractor not performing or defaulting on a project. Attorney Jackson addressed Director of Engineering Services Gupta and asked how the District has handled other cases similar to this. Director of Engineering Services Gupta stated the District typically recoups costs attributable to the contractor before the finalization of the project through the change order process with both the District and Contractor agreeing on a final amount in lieu of liquidated services. Director of Engineering Services Gupta stated he had advised Mr. McCall that he needed to address this matter before the finalization of the project, but that Mr. McCall chose not to pursue the additional costs at that time. Trustee Swarthout stated that speaking from experience as a Contractor, you often end up absorbing more costs than anticipated as a course of doing business. Trustee Carter made a motion to approve Contract Amendment No. 1, HR Green Inc., Waukegan Water Reclamation Facility Imhoff Sludge & WAS Pumping Improvements, but the motion failed due to lack of a second.

Deputy Executive Director Miller presented the Administration Division Report as follows:

A. Presented Illinois Funds Electronic Payments Merchant Application.

Deputy Executive Director Miller stated the District offers customers the option to pay their bill with a credit card which is administered through the Illinois E-Pay system. In order to update the Illinois E-Pay website with the District’s name change from North Shore Sanitary District to North Shore Water
Reclamation District a change of information application for credit card processing and funding services is required. Deputy Executive Director Miller requested Board approval of the application.

It was moved by Trustee Drew and seconded by Trustee Swarthout to approve the Illinois Funds Electronic Payments Merchant Application.

On roll call, the vote was 5 – 0 with all Trustees present voting "Aye". Motion declared carried.

Director of Engineering Services Gupta presented the Engineering Services Division Report as follows:

A. Presented Bid Summaries.
   1. Supply and Installation of 400 HP Motor at Zion Biosolids Recycling Facility.

Director of Engineering Services Gupta gave a brief overview of the project and stated the Engineering Staff’s recommendation at last meeting was to rebid the project since only one bid was received and there appeared to be more interest by potential bidders if the project is rebid. The project was rebid and Krause Electrical Contractors bid represents a competitive price for this work. Director of Engineering Services Gupta recommended approval.

It was moved by Trustee Drew and seconded by Trustee Carter to award the Supply and Installation of 400 HP Motor at Zion Biosolids Recycling Facility to Krause Electrical Contractors of Zion, IL.

On roll call, the vote was 5 – 0 with all Trustees present voting "Aye". Motion declared carried.

2. Identification Sign Modifications.

Director of Engineering Services Gupta gave a brief overview of the project and stated the Design & Construction Department’s recommendation is to award the bid to Design Group Signage of Des Plaines, IL, being the lowest responsive and responsible bidder qualified and capable of performing the work as specified.

It was moved by Trustee Swarthout and seconded by Trustee Drew to award the Identification Sign Modifications to Design Group Signage of Des Plaines, IL.

On roll call, the vote was 5 – 0 with all Trustees present voting "Aye". Motion declared carried.

B. Presented Construction Change Order.
   1. C.O. No. 1, Installation of Overhead Door and Miscellaneous Restoration Work at Zion Biosolids Recycling Facility, D Kersey Construction Co.

Director of Engineering Services Gupta gave an overview of Construction Change Order No. 1, Installation of Overhead Door and Miscellaneous Restoration Work at Zion Biosolids Recycling Facility as outlined in the attachment provided in the Board packet and asked for Board approval.

It was moved by Trustee Swarthout and seconded by Trustee Young to approve Construction Change Order No. 1, Installation of Overhead Door and Miscellaneous Restoration Work at Zion Biosolids Recycling Facility, D Kersey Construction Co.

On roll call, the vote was 5 – 0 with all Trustees present voting "Aye". Motion declared carried.

Director of Laboratory Services Robinson presented the Laboratory Division Report as follows:

A. Presented Current Status of Significant Industrial Wastewater Violation(s) in the Service Area of the NSSD.

Director of Laboratory Services Robinson reported that all industries are in compliance with no issues.

Director of Laboratory Services Robinson then updated the Board on both the Commercial and the Industrial User Population Equivalent (PE) Audits as provided in the handout in the Board packet. Director
of Laboratory Services Robinson stated he should have the results of the 2014 audit at the February Board meeting. President Pierce confirmed with Director of Laboratory Services Robinson that he would have the results at the February meeting and felt the process was dragging a bit. There was no action required.

B. Presented Bid Summary.

The Purchasing Department recommends awarding Bid No. 1367 for one new 2015 ¾-Ton Cargo Van to Palmen Buick GMC Cadillac being the only responsive and responsible bidder meeting bid specifications. Director of Laboratory Services Robinson asked for Board approval.

It was moved by Trustee Drew and seconded by Trustee Young to award Bid No. 1367, One (1) New ¾-Ton Cargo Van to Palmen Buick GMC Cadillac of Kenosha, WI.

There was no report by the Operations Division.

There was no report by the Technology Services Division.

There was no Attorney Report.

At this point in the meeting, President Pierce acknowledged the passing of Attorney Murray Conzelman. President Pierce stated that Murray had served as the Attorney for the District for 34 years and that his daughter Anne Linn continues to represent the District as the Assistant Attorney. President Pierce mentioned that both Executive Director Brian Dorn and Deputy Executive Director Dave Miller attended the funeral. President Pierce commented that Murray was a well respected man.

President Pierce presented Other Business as follows:

A. Presented Issues Related to Expired Agreement for Sewage Disposal with County of Lake.
   1. Collection of Unpaid Fees.

Executive Director Dorn stated that the District had invoiced the County of Lake for sewage treatment services in October and November, charging them the same rates as customers within the District boundaries. The total amount invoiced for these two months is $850,351.43 of which the County has only paid $566,147.60, leaving a shortage of $284,203.83. The District has not cashed the checks submitted by the County. President Pierce asked if the District had notified the County of the balance owed to the District. Executive Director Dorn stated that he has been attempting to set up a meeting with the County. Deputy Executive Director Miller stated that the County is submitting their payments based off the expired agreement which results in the shortage. A discussion ensued.

Trustee Swarthout stated he feels the District should not subsidize customers outside of the District and that the District should think about putting more pressure on the elected officials in the communities the District serves. Attorney Jackson commented that the County is allowing communities to connect to the sewer without coming to the District. President Pierce stated the District should send the County a letter documenting that the District has only received partial payments on its invoices and that legal action will result if the total amount due is not paid. President Pierce instructed that the issue with the County be included on the February Agenda and that litigation be discussed in Executive Session.

   2. Village of Mundelein Request Regarding Sewer Service.

Executive Director Dorn stated that the District had been contacted by John Lobaito, Village Administrator of the Village of Mundelein and Ed Sullivan, a Trustee for the Village of Mundelein regarding the construction of a trucking terminal on property directly contiguous to the Village and seeking the District’s support to deny the extension of sewer service by the Village of Grayslake to serve the development. Executive Director Dorn introduced Mr. Lobaito who addressed the Board and stated that he was present today to request the support of the Board in denying sewage treatment service for this truck terminal which is outside of the District’s service area and which could be served effectively and efficiently by the Village of Mundelein’s wastewater treatment facility which has ample capacity. A discussion ensued regarding the dispute between the Village of Mundelein and the Village of Grayslake. Mr. Lobaito voiced the Village of
Mundelein’s reasons behind their request and discussed the amount of investment the Village of Mundelein has made in their infrastructure to be able to service this property.

Executive Director Dorn stated that the Village of Grayslake and the County of Lake would both need the approval of the District to obtain the IEPA permit required to serve this property. The Resolution passed by the Board in October addressing the provision of sewer services to areas located outside the corporate boundaries of the District does not authorize service to non-residential properties that are not located within the Northeast Central Lake Facilities Planning Area as it existed at the expiration of the old agreement. The Board concurred they would honor the Village of Mundelein’s request that the District deny expansion of Northeast Central Lake FPA Boundaries to serve this development.

It was moved by Trustee Swarthout and seconded by Trustee Carter to honor the Village of Mundelein’s request that the District deny expansion of Northeast Central Lake FPA Boundaries to serve the proposed trucking terminal.

On roll call, the vote was 5 – 0 with all Trustees present voting "Aye". Motion declared carried.

There being no further business to come before the Board, on motion duly made, seconded and unanimously passed, the meeting was then and there adjourned until the next regular meeting to be held on Wednesday, February 11, 2015 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex in Gurnee.

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PRESIDENT

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SECRETARY