

**GLENBARD WASTEWATER AUTHORITY**  
**Executive Oversight Committee**  
**Minutes**  
**Thursday, January 14, 2009**

Members Present:

Michelle Thorsell	Trustee, Village of Glen Ellyn
William Mueller	Mr., Village of Lombard
Phil Hartweg	Trustee, Village of Glen Ellyn
Greg Gron	Trustee, Village of Lombard
Steven Jones	Manager, Village of Glen Ellyn
Tim Sexton	Finance Director, Village of Lombard
Joe Caracci	Public Works Director, Village of Glen Ellyn
Carl Goldsmith	Public Works Director, Village of Lombard

Others Present:

Erik Lanphier	Wastewater Manager, GWA
Gary Scott	Sr. Maintenance Mechanic, GWA
Rick Freeman	Sr. Plant Electrician/Electronics Technician
Gayle Lendabarker	Administrative Secretary, GWA
Jon Batek	Finance Director, Village of Glen Ellyn
Larry Noller	Assistant Finance Director, Village of Glen Ellyn

1. Call to Order at 8:05 a.m.
2. Roll Call: Ms. Thorsell, Mr. Mueller, Mr. Hartweg, Mr. Gron, Mr. Jones, Mr. Sexton, Mr. Caracci and Mr. Goldsmith, answered "Present". Mr. Hulseberg was excused.
3. Public Comment—none
4. Consent Agenda

**Mr. Mueller motioned and Mr. Goldsmith seconded the *MOTION that the following items on the Consent Agenda be approved: Ms. Thorsell, Mr. Mueller, Mr. Hartweg, Mr. Gron, Mr. Jones, Mr. Sexton, Mr. Caracci and Mr. Goldsmith individually responded "Aye" during a roll vote. The motion carried.***

- 4.1 Minutes from the November 12, 2009 EOC Meeting
- 4.2 Minutes from a special November 20, 2009 EOC Meeting
- 4.3 Vouchers previously reviewed by Trustee Hartweg
- 4.4 Approvals of Change Orders 1 through 4 for the Anaerobic Digester Project

The contractor for the Anaerobic Digester Project has submitted four (4) change orders to date. The change orders have been reviewed and recommended by our Project Engineers and deemed necessary and appropriate by our management team. The Digester Project included a \$50,000 contingency line item to deal with

miscellaneous additions to the contract. Change Orders Nos. 2 and 3 utilized a majority of this contingency, leaving just under \$1,300 left. Change Order Nos. 1 and 4 resulted in net deductions from the contract total. Therefore, the total net change in the contract is a reduction of \$20,767.

**Motion to approve Change Orders 1 through 4 for the Anaerobic Digester Project which results in a total net reduction of the contract in the amount of \$20,767 for a revised contract amount of \$7,429,233.**

**5. Draft FY09 Glenbard Financial Statements**

Virchow, Krause & Co. of Madison, WI has provided independent auditing services to GWA for the Fiscal Year ending April 30, 2009. As a result of these services, two documents were generated and are being provided to the committee for review, the first, entitled "Draft FY09 Glenbard Financial Statements" and the second entitled "Draft Management Letter". Mr. Jon Batek will be available at the meeting to respond to any questions or concerns regarding these documents.

**Motion to accept the preliminary Annual Financial Report of the Glenbard Wastewater Authority for the year ended April 30, 2009, to authorize contribution rebates in the amount of \$115,807 to the Village of Lombard and \$125,385 to the Village of Glen Ellyn based on the results of the audit, and to forward the audit report to the full Authority Board for final approval at the April 2010 annual meeting.**

*Mr. Larry Noller, Assistance Finance Director for the Village of Glen Ellyn, explained that the Authority's current provider is Virchow Krause. This is the fifth year of the five-year proposal to do an audit, and Virchow Kraus has completed the FY09 audit. Mr. Noller indicated that the best place to get the concise understanding of the Authority's financial position is in the management discussion analysis. Mr. Noller explained that the Authority's cash position was down just slightly compared to FY08, by about \$31,000. Operating Fund expenses were up about 4.8%, but below budget by about 5.7%. Mr. Noller added that the Authority ended the fiscal year with an operating surplus just over \$241,000, which will be split between the two villages. The working cash was above the 25% minimum required; it was at 38% of the operating budget. Mr. Noller further explained that the working cash amount, based on 25%, is \$900,022, but the Authority has more than that at \$1.3 million or \$1.35 million. This means that the Authority has about 15% over the 25% working cash right now. Mr. Noller continued that at the end of each year, the Authority "true up" the \$241,000 operating surplus. Based on what the final quote was for the year, it comes out to be \$115,000 or \$116,000 for the Village of Lombard and just over \$125,000 for the Village of Glen Ellyn.*

*Mr. Mueller inquired as to the figures on page four, which show different percentages going to the villages—Lombard showed 100 and Glen Ellyn showed 140. Mr. Noller explained that was the total due at the year end, including the semi-annual flow adjustment that is done at the end of the year, which has already been distributed to the communities. Actual operating surplus just based on the differences between operating expenses and revenues is the \$115,807 and the \$125,385. At the year end, Mr. Noller explained, the Authority also had a flow adjustment based on the last six months of the*

year, at \$15,000 figure was distributed already with the adjustment of one of the flow bills for this fiscal year.

Mr. Noller referred to page six which reflected Operating revenues were up slightly about 2.88%. Mr. Noller continued indicating that the equipment replacement fund had a decline in revenues of about 11.28% and referred to the bottom of page seven where it was reflected that most, if not all of that decline is due to a significant drop-off in connection fee income and investment income. Mr. Noller highlighted that connection fees were down about 70% and so was investment income. Investment income is horrible because of the drop in interest rates and the economy, earning probably about 0.5% on the GWA money in the bank, so it is a huge decline in the last two years.

Mr. Noller referenced page eight as he continued on to discuss operation expenses. The largest dollar entry is in commodities, which were up about 36.5%. This was primarily due to an increase in chemical requirements needed during the year.

Mr. Noller pointed out the single audit portion required because of the digester loan going through the Environmental Protection Agency, this is part of the federal government's requirement for using federal funds, and they require a slightly more in-depth review of those expenditures.

Mr. Noller pointed out that there was a motion on the agenda to rebate the amounts, although there had been some discussion about keeping that money and putting it in the capital fund for the villages. Mr. Noller asked the Committee if they wanted to amend this motion based on these discussions. Mr. Sexton added that he had talked about this amendment with Dave Hulseberg and the two of them agreed that it would be a good idea to put the money in the capital fund. Mr. Caracci believed that historically, the Committee would not have typically given that money back to the two municipalities. The Committee did do that last year, when there had been an excess during the budget panel. They had taken the surplus and given it back, trying to keep the contributions from each community down. At the finance directors' preliminary budget meeting, it was determined to be a good idea to go ahead and pull that in.

Mr. Mueller pointed out that the figures were larger than in the past. Mr. Caracci responded that he thought this was because they did not typically go ahead and rebate those back so it was an accumulation over a number of years, and it started to get to a point where in a tough economic time, it was a good idea to do this to try to keep the contributions down.

Mr. Noller explained that there had been discussion about breaking the fund into multiple funds, based on the different divisions. So the village of Glen Ellyn's share would go into their cash account now, and Lombard's share would go into a separate cash account there. Mr. Caracci added that these shares were in the Glenbard operating and maintenance fund right now and a transfer would be done into the current fund forty capital, and then when the fiscal year starts on May first, the plan is to take the expected dollar figure at the end of April 30, 2010 and split it on a percentage basis among the eight different funds that are being created; It would go into the existing general pot for now and then a small internal audit will be done this year, and the Committee will rely on an asset analysis, the new Johnson study, when the budget is redone for FY12. Steve

Jones added that later in the packet, when the budget is discussed, there is a letter outlining the new division codes for O&M and Capital. Mr. Gron asked if the funds would be broken down again. Mr. Jones explained that once a revised IGA agreement is together, it will have language that will talk about the contributions and all the specific details will be there. Mr. Jones explained that he had put together a draft after a meeting between Lombard staff and Glen Ellyn staff; it is currently being reviewed, but the goal is to present it at the full GWA board meeting in April so that all the finances are now locked in. Mr. Sexton added that there will be more detail and break out to the various capital accounts in the upcoming budget.

**An amended motion was made by Mr. Caracci and Mr. Mueller seconded, to accept the preliminary Annual Financial report of the Glenbard Wastewater Authority for the year ended April 30, 2009 and to authorize the transfer of the stated amount of the rebates from the Operations and Maintenance fund to the General Capital fund, pending final approval of the Audit by the full Authority Board at the April 2010 annual meeting.**

At the request of Mr. Jones, Mr. Noller briefly referred the management letter prepared by the Auditors highlighting various aspects of the audit as well as providing some general observation comments by them. Mr. Noller specifically addressed the questions concerning IT security issues brought up by Virchow Krause. Mr. Noller assured the Committee that the Village was confident with its current level of IT security pertaining to GWA.

**Ms. Thorsell, Mr. Mueller, Mr. Hartweg, Mr. Gron, Mr. Jones, Mr. Caracci and Mr. Goldsmith, Mr. Sexton individually responded "Aye" during a roll vote. The motion carried.**

Mr. Noller brought to the Committee's attention that this is the final year of a five-year contract with Virchow Krause, and it would be going out to RFP for a new auditor and inquired as to the Committee's opinion on giving Lombard and possibly Glen Ellyn's auditors a chance to respond to an RFP. Mr. Noller indicated that in the IGA it indicates that it is up to the EOC as to whether or not to include the auditors. Mr. Noller added that in light of the fact that there has been a lot of consolidation in the auditing industry, and eliminating two auditors gives the Committee a much smaller pool.(18:09) Mr. Jones indicated that whomever the operating agency is could be the one to make the argument that their auditor should not be included. Mr. Sexton mentioned that the last time Lombard did an RFP for audit, only three firms responded—one of which is Lombard's current auditor, the other is Glen Ellyn's. Mr. Batek, Finance Director for the Village of Glen Ellyn, stated that he would welcome the opportunity to include the auditors, but that he agreed with Mr. Jones that Glen Ellyn's auditor should be excluded because it is the operating auditor. Mr. Batek continued that he and Mr. Noller had discussed that they may not invite Baker Tilly/Virchow, Krause et al, the expiring auditor, to propose again as there have been a number of issues with the firm such as timeliness and the continuity of staff, which has changed almost every year. Mr. Caracci inquired if there was a requirement in the agreement to change auditors after so many years. Mr. Batek responded that there was not a requirement, though Lombard does change auditors. Mr. Sexton affirmed that Lombard had just renewed their contract for an additional three years. Mr. Jones suggested that the Committee make the length of time

for the RFP consistent with Lombard's agreement, which could offer the possibility that the Agency and the Village are done at the same time. This locks GWA in with the Lombard auditor, but that might not be a bad idea if the price comes down. Mr. Jones suggested that it may be cheaper if GWA and Lombard were being done together. Mr. Mueller asked what the cost was for Lombard's audit. Mr. Noller responded that the cost was around \$10,000, and then there had been a single audit for another \$5,000.

## 6. **ComEd Capacity Based Load Responses 2009(CLR7) Program Rebate Payment**

At the February 2008 EOC Committee meeting, the committee approved the Authority's participation in Com-Ed's "Capacity Based Load Response Program", known as "Rider CLR7", which they offer to businesses with the ability to manage scheduled interruptions and who have the potential to earn market-based compensation for energy they do not use. This resulted in Glenbard Wastewater Authority receiving a rebate check in the amount of \$66,080.18.

*Mr. Caracci updated the committee on the ComEd CLR7 program, which GWA has participated in for three years. Mr. Caracci explained that if ComEd needs to utilize additional power and would like GWA to go off-grid, the Authority has a CoGen operation that could supply power to the rest of the plant. This is a voluntary program; when ComEd requests it, GWA must go offline. Still, in the three years that the Authority has been in this program, it has not been asked to go offline. In return, GWA is compensated each year. Over the past three years, the Authority has received over \$126,000, so this has turned out to be a very beneficial program. This year, GWA received just over \$66,000.*

*Mr. Goldsmith inquired as to where the funds go. Mr. Caracci responded that the Authority has been going back and forth on where they thought the money should go. If the refunds were put into the capital fund, that might be appropriate because it is paying for the upkeep of the system. The money has changed locations over the years, however, sometimes going to the operating fund, sometimes the capital fund. Mr. Noller added that the money had been going into the operating fund for the past two years. Mr. Batek agreed that this was an operating cost, so the refund was a reduction in the operating cost.*

*Ms Thorsell asked what the monies were from, if they were a percentage based on something. Mr. Freeman responded that there is basically an analysis done of GWA's usage load. Then ComEd will determine an average daily kilowatt usage and, using this number, goes out to bid in the marketplace to secure a price per kilowatt that determines the rebate amount.*

**No action required.**

## 7. **Asset Analysis – RFP Status – No action required.**

*Mr. Caracci gave the EOC an update on the status of the asset analysis RFP. He is currently preparing the RFP, working with Erik Lanphier on getting it done. The real*

goal is to get the RFP done by the start of the next budget year. This would give the Committee enough time to digest what the report comes up with, look at GWA's assets, and prepare the budget more in advance than the past few years. Mr. Caracci hoped to get the RFP done by the end of September, which would allow for enough time to prepare the FY12 budget.

Ms Thorsell asked if there was already a pool of companies that the Committee would be sending the RFPs to. Mr. Caracci responded that they were looking at other agencies, asking about, who they have used for this kind of work and who they are familiar with. DuPage County had recently done a rate study, and GWA was currently looking at the content of that study. This is a new study for GWA, so Mr. Caracci believed that it would take more time and research to put the RFP together. The Authority wants to make sure that it has an RFP with good consultants that are experienced with the work. Ms Thorsell further asked if Mr. Caracci had already seen the information from the County. Mr. Caracci responded that he had a copy of the County report.

**8. Fiscal 2011 Budget Status – No action required.**

Mr. Caracci announced to the Committee that GWA was working on the budget. They have had a brief meeting with the finance directors to discuss the format of the budget. The Authority is looking at splitting capital costs into different divisions. They are also looking at revamping and redesigning the budget so that it is a lot more concise with more spreadsheets and less words. The goal is to have the preliminary numbers done in the next couple of weeks, sit down with the managers, public works directors, and finance directors to fine-tune the numbers. This draft budget will hopefully be brought to the EOC in March so that it can be approved and ready for the full GWA board in April.

**9. St. Charles Road Lift Station Project Status – No action required.**

Mr. Caracci explained that the St. Charles Road project had started; the contractor is working diligently to get through the initial phases of the project. There have been some issues with ComEd, however. The contractor has placed some conduit in the ground, pulled some wires, and the Authority is relying on ComEd to get out there and transfer the temporary power so that GWA can start the digging process. The project has made quite a bit of progress from the contractor standpoint in the past month, and now they are doing as much as they can without the temporary power.

Mr. Caracci continued that the contract specifications had indicated that the access road outside the plant may have to be closed between November 1<sup>st</sup> and March 1<sup>st</sup>. The contractor, however, anticipates keeping that road open and having a temporary road open, which is good for the Village of Glen Ellyn for snow removal efforts and for the park district for access in and out of Ackerman Park.

Mr. Mueller inquired as to the completion date of the project. Mr. Caracci responded that there are a couple of dates that need to be hit. One of these was reopening that roadway, which is in March. Mr. Caracci believed that the final completion date was early 2011, but the majority of the digging should be done by mid-summer, early fall. Mr. Gron asked if there had been any response from ComEd as to why there is an issue with them coming out to work on the project. Mr. Caracci indicated it is a

*communication issue trying to get ComEd to come out and do the work that they should be doing. ComEd has been doing a lot of work in Glen Ellyn, but there have also been a lot of power outages lately. Some of these outages have been related to the work that ComEd has been doing in the area.*

**10. Lombard CSO Project Status – No action required.**

*Mr. Caracci explained that the Authority is working with the engineers to try to keep it on schedule for a summertime project. The best time to do this project is during the low flows in the summer, so this project should be out to bid late April, early May. Therefore the project could be done in June, July, and August.*

*Mr. Goldsmith reminded Mr. Caracci that the plans do need to be submitted to the Village of Lombard's Building Department and indicated that he had put them on alert that the plans would be forthcoming and to "fast-track" as quickly as possible.*

**11. Anaerobic Digester Project Status – No action required.**

*Mr. Caracci stated that the project is hopefully winding down. The contractor is doing a lot of work trying to complete this project. Mr. Caracci wanted to point out to the Committee the issues concerning the digester 3 cover. Last EOC meeting it might have been mentioned briefly that they had considered removing the cover. There had been a small allowance in the contract for some repairs, \$20,000 or so. After doing the analysis, the repairs that were anticipated were going to exceed \$170,000 or \$180,000. Mr. Caracci felt that the RFPs for the repair work that came in from the contractor may have been a little elevated. The Authority felt that the prices were not appropriate and decided to pull the cover repair from the project and do the repairs as a separate project. The RFP could be either for an analysis and repair, or a replacement. There will be a project in the FY11 budget for the digester 3 cover. Mr. Caracci explained that the Committee needs to make a decision as to whether they want to repair or replace that cover.*

*Mr. Caracci continued that in July, the Committee had discussed liquidated damages with the contractor. The EOC had come up with an offer to the contractor to forgive two months worth of liquidated damages and potentially forgive another month if the contractor was able to hit the new substantial completion date. The contractor did not hit this new date, so the Authority intends to apply liquidated damages out to the contract. As the contractor is not too happy about this, claims have started to be made back and forth on the contract right now. The Authority believes that some of the claims that the contractor has made are not really valid—the paperwork is very concrete, but the contractor is trying to manipulate the interpretations of said paperwork. Mr. Caracci wanted to make the EOC aware that this is typical for the wind down of a project, though there might be some litigation in the future. GWA is trying to get its attorneys involved early enough in the project, just to get some ideas on how the Authority should move forward. Mr. Caracci added that the contractor really has not stopped working, and for the most part the communication back and forth is amicable. Still, GWA is anticipating liquidated damages. Mr. Caracci verified that the Authority began charging liquidated damages after October 31<sup>st</sup>, which was the date for substantial liquidated damages and final completion liquidated damages. GWA is charging \$4,000 each calendar day.*

12. Other Business

12.1 Correspondence to Bemis Road Neighbors regarding Sludge Hauling – **No Action**

*Ms Thorsell asked how often this bulk hauling occurred. Gayle responded that it happened only during the winter, and Rick added that it was once every couple of months.*

*Mr. Caracci added that he wanted to give the Committee a quick update on Mr. Lanphier's status. On January 4<sup>th</sup>, Mr. Lanphier did have surgery on his shoulder. It seems to have been a successful surgery and he's in recovery at this point, which is going to take months. He had gone to get his stitches taken out on January 13<sup>th</sup> and the doctor said everything looked well. Mr. Lanphier will be in a sling for another four weeks and probably will not be able to utilize any part of his right arm during that time. He will still be involved in some of the decisions being made at GWA. Mr. Lanphier was hoping to get back to the Authority in early February, but it now looks like he will not be back until late February or early March.*

13. **Next EOC Meeting** – The next regularly scheduled EOC Meeting will be on **Thursday, February 11, 2010 at 8:00 a.m. at the Glenbard Plant.**

**Mr. Mueller moved to adjourn the January 14, 2010 EOC Meeting and Mr. Hartweg seconded the motion. The members responded unanimously to a verbal call of "Aye". The motion carried. The meeting adjourned at 8:45 a.m.**

Submitted by:

  
Gayle A. Lendabarker  
GWA Administrative Secretary