

**GLENBARD WASTEWATER AUTHORITY**

**Executive Oversight Committee**

**MINUTES**

**Thursday, February 14, 2012**

**8:00 A.M.**

**Meeting will be held at the Glenbard Wastewater Plant**

**21 W 551 Bemis Rd, Glen Ellyn, IL**

Members Present:

Peter Breen	Trustee, Village of Lombard
Phil Hartweg	Trustee, Village of Glen Ellyn
Mark Franz	Village Manager, Village of Glen Ellyn
David Hulseberg	Village Manager, Village of Lombard
Julius Hansen	Public Works Director, Village of Glen Ellyn
Carl Goldsmith	Public Works Director, Village of Lombard

Others Present:

Erik Lanphier	Wastewater Manager, GWA
David Goodalis	Sr. Plant Operator, GWA
Gary Scott	Sr. Plant Maintenance Mechanic, GWA
Gayle Lendabarker	Administrative Secretary, GWA
Kevin Wachtel	Finance Director, Village of Glen Ellyn
Christina Coyle	Assistant Finance Director, Village of Glen Ellyn
Tim Sexton	Finance Director, Village of Lombard
Troy Stinson	Strand Engineering
Randy Wertz	Strand Engineering

1. Call to Order at 8:02 a.m.
2. Pledge of Allegiance
3. Roll Call: Mr. Breen, Mr. Hartweg, Mr. Franz, Mr. Hulseberg, and Mr. Hansen answered "Present". Mr. Pfefferman and Mr. Ware were excused. Mr. Goldsmith arrived at 8:22 a.m. during the Facilities Plan presentation by Strand Associates.
4. Public Comment
5. Consent Agenda

**Mr. Hulseberg motioned and Mr. Franz seconded the *MOTION* that the following items on the Consent Agenda be approved. Mr. Breen, Mr. Hartweg, Mr. Franz, Mr. Hulseberg, Mr. Hansen and Mr. Goldsmith responded "Aye" during a roll vote. The motion carried.**

- 5.1 Minutes from the December 12, 2012 EOC Meeting
- 5.2 Vouchers previously reviewed by Trustee Hartweg
6. Facility Plan Discussion Presented by Troy Stinson, Randy Wertz, and Erik Lanphier

Currently Strand is putting the final touches on the FY2013 Facility Plan, but before the plan is finalized GWA and Strand felt it was important to present the 10 year Capital Improvement Plan and the associated financial impact to the EOC in a working session format. The information that will be discussed is information that was presented to GWA in Technical Memorandum 3 which

pertains to all the significant capital projects and the associated financial impacts over a ten year period.

### **No Motion Requested**

*Mr. Lanphier introduced Mr. Troy Stinson and Mr. Randy Wertz from Strand Associates who presented a workshop on the draft facilities plan that Strand Associates was contracted to perform and advised that interaction and questions were welcomed. Mr. Stinson indicated that the facilities plan looked at the needs of GWA, the current process and plans for the future including IEPA's plan to impose phosphorus and nitrogen removal standards on the wastewater industry.*

*Mr. Franz asked if the IEPA is direction from the USEPA regarding the phosphorus and nitrogen removal policies that everyone has been hearing about. Mr. Stinson explained that the USEPA set a standard and advised each state that they either develop their own or begin adhering to the standards the Federal agency has set. Mr. Stinson advised that the ammonia level requirement is also being lowered.*

*Mr. Stinson provided a brief history of the plant highlighting the age of various parts of the plant and what has been done over time to make sure the facility remains in compliance with the NPDES permit requirements as well as infrastructure throughout the main facility that is original to the plant and starting to have small failures.*

*Mr. Stinson highlighted work that is being recommended at the CSO plant which consisted of replacement of the screen, replacement of the clarifier mechanisms, grit removal modifications as well as dredging of the lagoons, which has a lower priority than the other items highlighted.*

*Mr. Hulseberg asked what work was done at the CSO plant several years ago. Mr. Stinson advised that the fiberglass clarifier troughs were failing due to age thus not allowing for proper affluent flow out of the clarifiers and was replaced with a concrete trough and blasted and painted the equipment inside the tanks that move the sludge. Mr. Stinson indicated that it was during the blasting and painting part of the project that the poor condition of the hardware came to light and as the equipment was still operational a priority was not placed on it at that time. Mr. Hulseberg asked if it would have been more cost effective to address the equipment during the project. Mr. Stinson indicated probably not since a general contractor or trades are not required to complete the work; in all likelihood GWA staff could work directly with an equipment manufacturer and order the parts to complete the work. Mr. Lanphier indicated that GA staff has already been in contact with Walker Process, the original equipment supplier, who performed an evaluation of the equipment and made recommendations for what equipment needs replacement. Mr. Hulseberg asked what the turnaround on a project to replacement the equipment would be. Mr. Lanphier advised that it depends on how long it would take for the equipment to be manufactured and shipped which has typically been four (4) months. Mr. Stinson asked if Walker had indicated if the drives on the clarifiers needed replacement. Mr. Scott advised that Walker had indicated the drives were fine and that the costs that had been originally projected are higher than what is being now being proposed.*

*Mr. Hulseberg indicated that this is the first the EOC is hearing that this is the highest new priority. Mr. Lanphier advised that the work at the CSO plant is being highlighted for inclusion in the facilities plan since it came to the attention of staff at the start of the facilities planning process and that the highest priority is the raw pumping station and variable frequency drives (VFD's), which is the project that is going to be worked on in FY2014 and this is one of the major projects over at the CSO plant. Mr. Scott advised that the proposals included in the FY2014*

*budget has this project marked as a Small Capital Improvement project. Mr. Hulseberg advised that with the pricing on everything right now, we would probably want to go ahead and pursue this right away and we will just pay cash for the project; Lombard will just go ahead and say it is one of our expenses and we will go ahead and pay for it right now and just advance it.*

*Mr. Franz asked when the last time the lagoons at the CSO plant were dredged, is it done every ten years, twenty years. Mr. Lanphier advised that they have not been dredged since the facility was built and that the dredging was pulled from the grant project and was turned over to the Village of Lombard and they completed the work as a side project. Mr. Lanphier indicated he has been working with Angela Podesta at the Village of Lombard trying to acquire accurate measurements so accurate information can be provided when the project comes up for bidding. Mr. Hansen asked how much sediment was on the bottom. Mr. Lanphier indicated it is hard to tell, but there is a connecting pipe between the two (2) lagoons and it is probably half (1/2) way filled.*

*Mr. Hulseberg asked if the spoils that comes out of the lagoons is something that will be able to put onsite or will it have to be hauled off. Mr. Lanphier indicated that the material will have to be tested to determine the best method of disposal. Mr. Hulseberg expressed that it should be able to be kept onsite since there is most likely not a lot. Mr. Lanphier indicated that there are also lagoons at the main facility with open space nearby where it could possibly be kept for fill to offset costs associated with special hauling. Mr. Stinson reminded that typically the material is wastewater and usually has to be land applied at certain rates as the IEPA will not allow it to be placed on top of the ground because of run-off concerns, the testing that is required will be a determining factor in what or how the materials is used/disposed of.*

*Mr. Wertz highlighted that no major work was going to be done to the cryogenic plant as it was working efficiently with the only question being that if in the future nitrogen removal limits are placed on the facility, can the cryogenic system meet the standard and based on Strand's research, they feel the system meet the limits depending on what level of removal ends up being needed; if it is a low number, then it will be difficult. Mr. Hansen asked what limit could cryogenic system meet without making any upgrades to the cryogenic system. Mr. Wertz advised a ten (10) milligram per liter nitrogen limit, the facility would be able to meet it; if a three (3) or four (4) is designated it will be difficult to achieve that with the system as it currently exists.*

*Mr. Hulseberg asked if the limit is low is as three (3) or four (4), what is likelihood of receiving federal loans at low interest. Mr. Wertz indicated that there is a potential for federal assistance however not much in the way of grants. Mr. Stinson indicated that the Governor for the State of Illinois has flooded the water/wastewater market with low interest loans in an effort to stimulate employment.*

*Mr. Wertz touched on the fact that the process that GWA uses would not be able to meet any low level phosphorus removal and that a combination of biological and chemical would have to be used to meet low level requirements. Mr. Wertz added that the use of chemicals is expensive and while the facilities to add the chemicals are relatively cheap.*

*Mr. Wertz highlighted a new sand filter system versus the existing system that is outdated and high maintenance; with the recommendation for the installation of five (5) new disk filter systems which will fit into the existing cells. Mr. Goldsmith asked why not replace all ten (10). Mr. Wertz indicated that due to the efficiency of the new style filters, GWA would only require the five (5) units but would have room for future expansion if the need to purchase additional units arose. Mr. Goldsmith asked when this project was planned for in the Capital Improvement Plan. Mr. Lanphier advised it was planned for FY2018.*

*Mr. Wertz highlighted the UV disinfection system was installed in the 1990's and parts hard to locate as the manufacturer of the system ceased existence not long after the installation of the system. Mr. Wertz mentioned that there were three (3) different options considered and all three (3) were equal in costs. Mr. Goldsmith asked if the costs were equal in capital costs as well as operational. Mr. Wertz confirmed that both capital and operational costs were equal for the three (3) different options highlighted when looking at a twenty (20) year cost.*

*Mr. Wertz indicated that they investigated the potential for co-generation options using methane gas produced by the digesters and due to the currently low per kilowatt rate GWA is paying recommended no projects until the cost climbs to \$.08/Kwh. Mr. Franz asked if any co-generation using methane gas was currently. Mr. Lanphier advised that only the digester boilers are currently running off of methane. Mr. Stinson indicated that with using the methane gas to fuel the burners, there is no need to "clean" the gas like there would be if trying to use the methane to fuel vehicles or other plant operations.*

*Mr. Wertz provided a summary of projects by fiscal year out through FY2024 for all of the facilities that comprise GWA. Mr. Stinson advised that the plan was developed after several working sessions with GWA staff to develop the project priority list.*

*Mr. Goldsmith asked what the annual impact on the O&M side of the budget GWA could anticipate experiencing when phosphorus removal is mandated. Mr. Wertz advised that their calculations estimate \$300,000 to \$500,000 annual impact depending on the amount of additional sludge, as it can never be predicted how sludge a plant will produce in addition to the cost of the chemicals being the major expense.*

*Mr. Franz asked if an increase in sludge volume would equate to more methane production. Mr. Wertz advised it does not as it is all chemical sludge that would not generate methane.*

*Mr. Goldsmith asked Mr. Lanphier how the project priority list would change if all financial limitations were removed. Mr. Lanphier advised that the capital plan was developed based on project need and worked the financial aspects around the projects and not by looking at the financial aspect first then plug in the projects. Mr. Lanphier added that there are a few projects that when combined together would support seeking financing through the IEPA Revolving loan fund which would move up the dates the projects could be undertaken. Mr. Lanphier added that another consideration was given to GWA's history with contractors defaulting on the work on some of the plant's larger projects, GWA staff was looking at the projects from the stand point of not putting their trust on a single contractor by creating a large project but possibly breaking the projects apart to allow for diversity in contractors.*

*Mr. Franz asked about a project being planned for in FY2032. Mr. Stinson indicated that project related to nitrogen removal which may eventually become necessary but at the current concern by the IEPA is phosphorus removal.*

*Mr. Wachtel asked what the capital contributions from the Villages is being anticipated. Mr. Lanphier explained that in the budgets which will be discussed later, the budget reflected a \$300,000 contribution in FY2014 which is an eleven percent (11%) increase and then a nine (9%) percent contribution in future budget years or an annual contribution of \$300,000 increase from FY2013 to FY2014 and is roughly a \$300,000 contribution per year up through the long term planning, if all of the projects are needed.*

*Mr. Franz asked who handles the debt service process. Mr. Lanphier explained that the process requires ordinances from both villages as well as the GWA Full Board approval.*

*Mr. Lanphier highlighted the efforts of the DuPage River/Salt Creek Workgroup's and their proposal to the IEPA to delay the phosphorus restrictions for two (2) permit cycles, thus allowing the group time to use habitat restoration efforts to improve the quality of the streams instead of simply placing a phosphorus standard on the plant. Mr. Franz asked what the timeline was for finalizing the facilities plan. Mr. Lanphier said that the last step is sitting down and discussing the Capital plan and review the financial impacts that are being projected.*

*Mr. Stinson indicated that if GWA is looking to secure funding for any projects through the IEPA's revolving loan fund, the final version of a current facilities plan must be submitted along with other required documentation and usually takes approximately one (1) year for the IEPA to review before granting funding approval.*

*Mr. Goldsmith asked if a policy or threshold has ever been established to assist in determine when to seek out IEPA funding for projects. Mr. Lanphier indicated that to his knowledge there is no policy in place regarding when to seek out funding for project work. Mr. Lanphier expressed his opinion that this particular facility plan is one of the most comprehensive plans he has seen for GWA and feels that it is related to the thirty (30) year age of the facility. Mr. Hansen asked if there were any life extending steps GWA can take to extend the life of areas where the concrete is fifty (50) years old. Mr. Stinson advised that GWA has been taking the necessary proactive steps to keep the concrete in optimal performance. Mr. Lanphier indicated that the work done on the digester as part of the anaerobic digester project, resulted in the demo and build of the rebuilding of the top two (2) feet of the wall as this area was seeing the largest deterioration.*

*Mr. Stinson indicated that the plan could be finalized for formal presentation within in several weeks. Mr. Hulseberg indicated that once a funding strategy was reached the plan could be finalized.*

**7. Draft FY2012 Glenbard Wastewater Authority Annual Financial Report**

Wolf & Company LLP has provided independent auditing services to GWA for the Fiscal Year ending April 30, 2012. Financial highlights for the Authority's 2011/12 fiscal year are presented on pages 3 and 4 of the draft Annual Financial Report. A complete narrative summary of the Authority's operations and financial position is found in Management's Discussion and Analysis on pages 2 through 9. Ms. Christina Coyle will be at the meeting to present to you highlights of the 2011/2012 draft Annual Financial Report.

**Motion the EOC to approve the draft Annual Financial Report of the Glenbard Wastewater Authority for the year ended April 30, 2012 and to forward the audit report to the full Authority Board for final approval at the April 2013 annual meeting.**

*Ms. Coyle, Assistance Finance Director for the Village of Glen Ellyn, provided a summary of the draft FY2012 Audit as prepared by Wolf & Company.*

*Mr. Hulseberg advised that some of the text in the Management Discussion and Analysis section of the audit report had been changed from the previous year and this text needs to be changed back to the text featured in the FY2011 Audit report before approval of the Audit will be permitted.*

*Mr. Franz asked Mr. Lanphier if he foresaw any major operational changes that would impact the FY2014 budget. Mr. Lanphier advised that the overall total increase in the FY2014 budget is close to \$400,000 with \$300,000 being the increase in the Capital Fund contribution and \$90,000 being attributed to the DuPage River/Salt Creek Workgroup special assessment.*

*Mr. Sexton suggested that the surplus outlined in the FY2012 Audit either be refunded back to each community or deposited in a capital account that is one hundred percent funded by each community i.e. the CSO capital fund for the Village of Lombard and the SRI for the Village of Glen Ellyn. Mr. Wachtel indicated that the first question that needs to be answered is how much since there is an O&M surplus greater than the overage of the minimal working cash fund. Mr. Wachtel indicated the recommendation he would like to make is to draw down the minimal working cash fund by the \$294,287 and then contribute this amount to the Capital fund since the Villages have not made the full contributions as desired to the Capital fund. Mr. Hulseberg indicated if the plan is to use the main Capital fund, we would have the two (2) segregated components of what the Village of Lombard contributions are and what the Village of Glen Ellyn contributions are and if that is something you do not want to entertain then I think Mr. Sexton's idea of into whoever's one hundred percent (100%) account that exists, so for us it would be the CSO plant and you, the SRI; that would be the other alternative that the Village of Lombard would support. Mr. Franz asked if they would support depositing the funds into Capital Fund 40. Mr. Hulseberg advised that they would not as the primary issue is how is it going to be marked.*

*Mr. Breen indicated that as an elected official, he likes rebating things to Villages and then letting us figure it out as the money is going to be spent eventually, so it seems as if a rebate is the cleanest way to handle the matter. Mr. Franz indicated he understands Mr. Breen's philosophy absent of the fact that the Villages are looking at funding \$50,000,000 million in capital needs, it makes sense to help support that fund. Mr. Breen understands Mr. Franz's point, but feels that each Village can make its own decision at a board level as to what it wants to do with it, hold the money aside, say we are going to put it back into capital or rebate it this year and we will have our funds available next year, he just prefers the flexibility from his board's side.*

*Mr. Hulseberg asked if this was a decision that should be considered at next month's meeting. Mr. Franz agreed that it would have to be given some thought.*

*Mr. Breen indicated that a decision needs to be reached regarding how to handle the \$294,287 surplus in the working cash fund and the background text. Mr. Franz indicated he would take a look at the background text as he feels some clarifying language needs to be provided as he feels there needs to be some history as to the deviation from the 1998 IGA document in having a budget that had eight (8) O&M funds and Capital funds, just so the history is accurately documented for the future as well. Mr. Breen indicated that he feels the best way to accomplish that goal is to refer back to the FY2011. Mr. Franz asked Mr. Hulseberg if the two of them could work on this issue outside of the Committee. Mr. Breen stated that the item will hopefully be resolved in time for a final document to be placed on next month's agenda and with that understanding we will figure out what to do with the excess.*

*Mr. Hulseberg clarified the options available for distribution of the working cash surplus are: 1) Full Funds go to Fund 40 not designated; 2) Separate in Fund 40 by Community; 3) Separate into each 100% responsibility i.e. SRI or CSO; 4) Rebate to each Community; 5) Some combination thereof.*

*Mr. Franz asked what has taken place in the past. Mr. Lanphier advised that it has been all over the board, as it is an administrative decision. Mr. Hulseberg indicated that in the last ten (10) years rebates have been used eight times for over \$2,000,000, \$1,051,000 to the Village of*

*Lombard and \$1,020,000 to the Village of Glen Ellyn. Mr. Franz asked what option was chosen. Mr. Hulseberg stated that he could not advise what Glen Ellyn might have done in each of those years with the funds, but for the Village of Lombard it is a bit more clear; for Lombard it is a clearer issue because wherever we spend it, it goes back to the residents that we serve.*

**Mr. Hulseberg motioned and Mr. Franz seconded the motion to table the approval of the FY2012 Annual Audit report pending revisions to the Management Discussion and Analysis section of the report. Mr. Breen, Mr. Hartweg, Mr. Franz, Mr. Hulseberg, Mr. Hansen and Mr. Goldsmith responded “Aye” during a roll vote. The motion carried.**

**8. Other Business**

**8.1 Single Stage Carbonaceous Effluent Box Modification**

*Mr. Lanphier provided a brief summary of small scale projects being done to assist with improving the flow through the plant.*

**8.2 Access Road Update**

*Mr. Lanphier advised that the project is currently under review by the Transmission Department at ComEd and he is awaiting a response from them as to whether or not they would permit a road to be put in.*

*Mr. Hulseberg indicated that he feels the project should be taken to the DuPage County before continuing on the path. Mr. Lanphier advised that a meeting was held with DuPage County prior to taking the project to ComEd and a concern was expressed by them in regards to the type of material to be used which led Trotter and Associates to research other options and come back with the recommendation for a permeable or pavers solution that would eliminate the issue of wetland compensation the County was wanting. Mr. Hulseberg asked if the idea of the permeable pavers has been brought back to the County yet. Mr. Lanphier advised that it has not as he is awaiting a decision from ComEd as to whether or not they would approve a roadway before taking the item back to the County for further consideration. Mr. Lanphier indicated there is still a lot leg work that has to be done; however, the County stated that if the project could meet the compensation criteria then they would most likely be in favor of the project.*

*Mr. Hulseberg expressed concern over the lease term of five (5) years that ComEd is proposing. Mr. Lanphier advised ComEd that the length would have to be greater if the project were to move forward as a five (5) year lease is too short of time for GWA to agree to. Mr. Lanphier added that the contacts at ComEd advised him that they would only act to cancel the lease agreement would be if there was an immense amount of negligence on the part of GWA.*

*Mr. Hulseberg reminded everyone of the option Mr. Goldsmith had investigated with the Lombard Park District and building a dumping site which would be less risk. Mr. Franz indicated that the benefit that would appeal to the County is removing all trucks coming to the plant from the neighborhood roads.*

*Mr. Lanphier stated that the intake of leachate is really a small driver behind this project as the long-term picture of being able to take in industrial waste and produce enough methane to allow the GWA the ability to function off the grid from electric and/or natural gas supplies; even though the facilities plan is not recommending any projects for moving off the grid due to the low prices GWA is enjoying from the electrical supplier; electrical pricing will not remain at the low prices currently being paid indefinitely.*

### **8.3** NRI damage during the Prairie Path Bridge Project Update

*Mr. Lanphier advised that the meeting minutes were a draft and he had forwarded changes to them where the County had tried to be vague in the work to be done.*

*Mr. Hulseberg asked what type of warranty comes with the work the County is recommending to fix the damage. Mr. Franz asked if there was any way to insist on replacing the pipe as both communities would be liable if the fix were to fail after the warranty was up. Mr. Lanphier indicated that the standard one (1) year. Mr. Goldsmith indicated that an agreement can be made with the County to indemnify GWA and extend the warranty for a longer period of time. Mr. Franz indicated that he did not think the County would agree to a thirty year repair agreement. Mr. Lanphier indicated that he did feel that the GWA nor the Village want to take the time to have the County replace the pipe, as it would mean the project would take longer and could leave the system exposed to a problem in the event of unexpected high flows due to storm events and the County not having the proper by-pass equipment on hand to handle the flow that results during rain events.*

*Mr. Hansen suggested that we have the County repair with the proposed lining as a short term fix, but request some sort of compensation that could be held in escrow in the event of a failure down the road.*

*Mr. Lanphier agreed that a twenty (20) year bond in the event of a failure after the repair would be something the County would probably agree to and he would pursue with the County.*

### **8.4** 60 Day Prompt Payment Law Agreement – Direct Energy

**8.5** Budget / IGA Discussion

Follow up discussion regarding position letters that were distributed by Chairman Pfefferman on January 4, 2013

*Mr. Franz asked where things stood with the budget and if there was a draft available for review. Mr. Lanphier indicated that a draft based on the agreement of reverting back to the 1998 IGA is complete. Mr. Franz asked what the procedure was the previous year. Mr. Hulseberg advised that every line will need a cost center associated with it for the sake of transparency and as Lead Agency, the Village of Glen Ellyn will need to review it then forward to the Village of Lombard for review then the parties will sit down to discuss changes. Mr. Franz wanted to clarify since he wasn't completely up to speed on the budget process last year, the budget it is GWA's budget and that the Village of Glen Ellyn will certainly take a quick look at and do the overhead fee formula and plug in the number. Mr. Hulseberg commented referring to Mr. Franz's comment on the overhead fee, indicated that the dollar amount has already been set and cost already put in. Mr. Franz stated that the Village of Glen Ellyn has had some position changes and wants to make sure things are being kept up-to-date each year and will be adding a cost of living increase that was not done last year. Mr. Franz continued by stating that last year, he was given the impression by Mr. Hulseberg that GWA's budget is prepared by the Village of Glen Ellyn, thus making it Glen Ellyn's budget, when in fact it is not. Mr. Hulseberg indicated that as Mr. Lanphier's supervisor at the end of the day, the Village of Glen Ellyn is responsible to have that product produced and it runs through their systems and community for final approval and the dollars getting disbursed. Mr. Franz agreed but in terms of the budget approval, the two communities; this should not be perceived as Glen Ellyn's budget as it is not, it is Mr. Lanphier's budget. Mr. Franz continued that the budget should be four cost centers with Valley View, still being considered as 100% Glen Ellyn's responsibility as viewed by Mr. Hulseberg but going to the four (4) costs centers does not change that view.*

**9. Next EOC Meeting – The next regularly scheduled EOC Meeting will be on Thursday, March 14, 2013 at 8:00 a.m. at the Glenbard Plant.**

**Mr. Hulseberg moved to adjourn the February 14, 2013 EOC meeting and Mr. Breen seconded the motion. Mr. Breen, Mr. Hartweg, Mr. Franz, Mr. Hulseberg, Mr. Hansen and Mr. Goldsmith responded “Aye” during a roll vote. The motion carried.**

Submitted by:

