

MINUTES
HAMMOND SANITARY DISTRICT
BOARD OF COMMISSIONERS MEETING
FEBRUARY 14, 2017
www.hammondsd.com

The Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana held a regular meeting at 4:12 p.m. in the Conference Room of the Administration Building located at 5143 Columbia Avenue, Hammond, Indiana.

President Button called the meeting to order at 4:12 p.m. He stated that the Board held an Executive Session from 3:45 p.m. until 4:10 p.m. to discuss personnel and litigation matters in accordance with Indiana codes.

Commissioners Present: Button, Dimopoulos, Dye, Hawkins, Muta

Commissioners Absent: N/A

District Personnel: Marty Wielgos, District Manager
Rachel Montes, Business Manager
Joe Allegretti, Attorney
Donald Woodard, HSD
Rick Sutton, HSD
Jeff Massey, HSD
Jack Smith, Sewer Department
Rebecca McKinley, GIS Department
Kaleigh Boyle, HSD

Others Present: Mike Hickey, AB&H Donohue
Jim Tufford, Munster Resident
Karl Cender. Cender & Company
David Nellans, Munster Town Council

The meeting started with the Pledge of Allegiance.

President Button stated that the first order of business was the organizational meeting for the board. He asked if there was a nomination for board President.

Dye **moved** and Muta **seconded** to nominate Dean Button as board President.

President Button asked if there was a nomination for Vice-President.

Dye **moved** and Dimopoulos **seconded** to nominate Matthew Muta as board Vice-President.

President Button designated Rachel Montes as board secretary and Kaleigh Boyle as assistant board secretary.

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Dean Button announced that he has been appointed as board President, Matthew Muta as Vice-President, and Rachel Montes and Kaleigh Boyle as appropriate secretaries. He asked for a motion to approve that slate of officers.

Dye **moved** and Dimopoulos **seconded** to approve slate of board officers.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0.

President Button stated that the next order of business is a Public Hearing for the anticipated Sewer rate increase for the Hammond Sanitary District. It is an approximate 49% rate increase which is a reduction from the previous rate increase proposed and for the most part we have removed the costs to make capital improvements as a result of our pending Long Term Control Plan and are only seeking to recover costs to offset our reduced Maintenance expense as well as supporting operational costs as a result of the CSO basin project and other capital improvements at the District. With that in mind, he will open the meeting up for public comment.

Jim Tufford, a Munster resident, stated that he is disappointed that condos are still charged the commercial rate. There were some interesting things on a Munster ordinance about Munster representing 16% percent of the total flow, but they fund 44% of the property tax. They also bring up about the license excise tax being distributed. He mentioned this another time that he was here, but if you put the number of houses on their property that they have, you can maybe fit three houses. This means you would get roughly \$7500 in property tax and they are over \$10,000 property tax on their building alone. There is another condo building in Munster that is probably close to \$100,000 in property tax on that one. They are already supporting a larger share of HSD than if there were houses there. He thinks it is unfair in that regard. Also with the license excise tax, they have 24 cars as opposed to maybe six cars that there would be if those were single family homes, so HSD is getting a lot bigger cut on the excise tax. Another thing, they use between 50,000 and 60,000 gallons of water a month roughly in comparison to let's say the 5,000 gallons that would be used by a house so they are using four times as much water as the single family houses are using, so theoretically HSD is getting a lot more money from them. Nobody knows if that \$1.55 covers your costs or not. Nobody knows, but yet they are still being charged for that. Munster has suggested the MER rate again which it violates the law just like your commercial definition violates the law. The law says that it is based on a meter. The admin charge is based on a meter; not on a per unit basis. He did a little analysis on the MER rate since Munster is calling for a 30-month rate increase at most so if you take the current rates through June of this year, they would be paying more under the MER than they are under commercial. This is for twenty units: for 3,000 gallons, they would be paying about \$200 more; for 2,000 gallons, they would be paying \$2800 more; and if they did 1,000 gallons, they would be over \$5000 more. MER to them is still not very good. The commercial rate violates every definition of residential that he can find. It even violates Munster's code because they are zoned for R-4, which is residential. He has not found a commercial zone yet in Munster. By law, you cannot

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make us commercial. It is just not in the definitions. He does not think Munster or Hammond have gone through the proper procedure to change them from R-4 to C-whatever. He looked online and there were no minutes for the VZA for 2014 and 2015 so he assumes they did not meet at all. Planning Commission only met in March of 2014 so they didn't consider that at all. He questions whether this whole process is proper. Since Munster seems to be supporting HSD more than Hammond does, it seems like they are being screwed more by making them commercial. He is curious what the actual costs are for real so they would know what it is. It would be nice if they were kicked back to residential as they are considered under any federal, state, county law.

President Button thanked him for his comments.

Commissioner Hawkins added that Mr. Tufford was at the Town Council meeting the 6th day of February and that Resolution votes in support of the rate increase under some conditions. One of those conditions that Mr. Tufford was talking about is the proposed rate ordinance presented at the Town of Munster effectively treating all residential including apartments and condos the same by a residential flow fee and an administrative or base fee and a few other items. To make that clear since we are talking about a rate increase here at this meeting.

Public Hearing closed.

District Manager's Report

District Manager, Marty Wielgos, stated that he had the opportunity last night to attend the Highland Town Council meeting where if you saw the paper today it talked about Highland approving the proposal that was negotiated between both the Hammond Sanitary District and the Town of Highland. It was a good day for both sides. He was very impressed with all of the Council members. They were very gracious to both sides and all the hard work that had been done to get to that point. He wants to turn his time over to Rick so he can run down the cost that he spends every week and what has been taken away from him and just go over all that. Please talk about the clarifier project too.

Rick Sutton explained that since we have had such a good break with the weather they have been going full speed ahead with the construction in the plant for the secondary clarifiers. He thinks a total of four or five days is all that they missed. They have actually finished about 95% of the underground piping for the two units so it is several hundred feet of 42-inch and 18-inch piping that had to be snaked around existing obstacles, so good news on the clarifier project. He does not anticipate any trouble completing the project by August 2017 like they told everybody they would. As far as their spending goes, he believes District Manager wants him to emphasize that Operations and Maintenance continues to not aggressively pursue efficiency and optimization projects. They have an idea on what they want to do, but the problem is funding. Last year they ended up spending 2.5 million dollars and they need about 5 million to maintain the plant that is the Hammond Sanitary District. To be clear it is not because they cannot think of what to do, but we do not want to have invoices running in with our current financial situation. The support that

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is given to District Manager will go a long way in helping them to do a lot more with O & M dollars than what has been done the last 2-3 years.

Commissioner Dye thanked Rick for the pictures that he provided them of the updates. It really helps with the visuals since they are not out there with him. He is on the front line and they appreciate him sharing that information with them.

PERSONNEL REPORT

There was no personnel report for this meeting. Rachel stated there will be one for the next meeting.

FINANCIAL REPORT

Business Manager, Rachel Montes, stated that she had nothing to highlight, but would take any questions.

DEPARTMENT REPORTS

GIS REPORT

Becky McKinley stated that she had nothing to highlight, but will answer any questions.

SEWER REPORT

Jack Smith stated that the Sewer Department purchased a new vector that should be here on Thursday at 7 o'clock in the morning.

Commissioner Dye asked what the existing ages of the current units that we have are.

Jack answered that we have a 1994 and a 1997, so one is 20 years old and the other is 23 years old.

Rachel added that we also in the process of getting financing and looking for quotes for financing on purchasing another vector.

Marty commented that currently all the vectors that Jack has are far overdue for replacement and we can no longer wait.

Jack added that the life expectancy of those trucks are five years.

Commissioner Dye replied that they are essential.

President Button stated that with the given condition of the Consent Decree there is a stepped up requirement for sewer cleaning that Jack needs to meet, so all the more reason to need the equipment that can do that.

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2016 HAMMOND/MUNSTER FLOOD PROTECTION ANNUAL REPORT

President Button stated that everybody should have received a copy of that report with packet. If there are no questions, they will make that as an item of record for the board meeting.

CONSULTANTS REPORTS

AB&H Donahue Consultant Report

Mike Hickey stated that everybody should have a copy of the status report. He would be happy to answer any questions.

RESOLUTIONS

The Board considered Resolution No. 8-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Authorizing Execution of a Letter of Understanding and Agreement with Teamsters Local 142 Concerning Medical Coverage.

Commissioner Hawkins asked why these appear to be a year behind.

Rachel replied that Resolution No. 8-2017 that there was an issue coming to an agreement for the weekly costs for the insurance for the union members. We made an agreement back in 2015 and they increased our rate and now they have come to an agreement because it is with the City also and with Obamacare it raised some rates. They are agreeing to lower the rates for those past years. This does not have anything to do with the current contract.

Commissioner Hawkins asked if there is an agreement for this year.

Rachel answered that she believes so but we have not seen the contract.

President Button commented that the Teamsters contract was just negotiated a few weeks ago.

Muta **moved** and Dye **seconded** to approve Resolution No. 8-2017.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Resolution 8-2017 is attached to and made a part of these minutes.

The Board considered Resolution No. 9-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Authorizing Execution of a Binding Letter of Intent with the Town of Highland Resolving Outstanding Claims, Prescribing a Methodology for Rates and Allocation of Long Term Control Plan Costs.

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Dye **moved** and Muta **seconded** to approve Resolution No. 9-2017.

Commissioner Hawkins stated that a lot of work went in to this document. A lot of people in this room and legal counsel and when you read through this document which obviously he has and considering the issues we have had for a number of years considering the fact that we have a contract agreement that is due to end but there is an automatic renewal for another 25 years at current conditions. This is not a perfect agreement, but it is a pretty darn good agreement as opposed to what currently exists. It is a pretty positive thing and it is something to be proud of. More revenue for the District, a considerable amount of revenue for the past capital projects and including a calculation for bondage, interest, etc. that up until now has been bored by the residents of Hammond and Munster. It closely monitors the Griffith agreement when you read them and look at them side to side. It is a darn good agreement considering the alternative that we have experienced.

Marty added that when we started that long journey with all three customer communities almost four years ago the board at that time was very concerned about where that journey may take us and what it would cost to get us to that end because of having a binding contract. The board decided that if we were going to come back to the residents of both Munster and Hammond and ask for rate increase we needed to get the house in better order and that decision was made. If we did not have the push from the regulators on our side with these customer communities he is not sure if we would have this agreement today. Because of their help and the hard work we put in to it, we finally reached an agreement so he thinks just noting how we started and where we ended is really good because we are better today than what we were four years ago.

Commissioner Hawkins stated that he does have some questions on this, but nothing that should be brought up here since it is a confidential agreement with Highland, but he would like some clarification to share with Town Council.

President Button commented that he is happy to hear that the representative from Munster feels so favorably about this agreement.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Resolution 9-2017 is attached to and made a part of these minutes.

The Board considered Resolution No. 10-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Adopting the 2017 Sewer Maintenance Fund (608) Budget of \$3,969,785 and a Tax Rate of \$0.0913.

Dye **moved** and Dimopoulos **seconded** to approve Resolution No. 10-2017.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

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Nays: None

Motion **carried** 5-0. A copy of Resolution 10-2017 is attached to and made a part of these minutes.

The Board considered Resolution No. 11-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Adopting the 2017 Exempt Sanitary Debt Service Fund (308) Budget of \$3,681,283 and a Tax Rate of \$0.0727.

Dimopoulos **moved** and Muta **seconded** to approve Resolution No. 11-2017.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Resolution 11-2017 is attached to and made a part of these minutes.

The Board considered Resolution No. 12-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Adopting the 2017 Special Sanitary Debt Service Fund (309) Budget of \$4,945,641 and a Tax Rate of \$0.1471.

Dye **moved** and Hawkins **seconded** to approve Resolution No. 12-2017.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Resolution 12-2017 is attached to and made a part of these minutes.

The Board considered Resolution No. 13-2017: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Amending the District's Purchasing Policy Regarding Limits for Requisitions for Certain Employees.

Muta **moved** and Dye **seconded** to approve Resolution No. 13-2017.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Resolution 13-2017 is attached to and made a part of these minutes.

The Board considered the Bank Reconciliation for January 31, 2017.

Dye **moved** and Muta **seconded** to approve the Bank Reconciliation for January 31, 2017.

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Ayes: Button, Dimopoulous, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of the Bank Reconciliation for January 31, 2017 is attached to and made a part of these minutes.

The Board considered the Claims Approval Docket 02-14-17.

Hawkins **moved** and Muta **seconded** to approve Claims Approval Docket 02-14-17.

Ayes: Button, Dimopoulous, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. A copy of Claims Approval Docket 02-14-17 is attached to and made a part of these minutes.

President Button called for Old Business

President Button wanted to bring up the fact the plan that we currently do not have a rate resolution on this list. We intend to prepare that resolution for a future board meeting. His hope is that we can reach some agreement with the resolution that the Town of Munster has provided to certain areas. He does have concerns about certain limitations that were put in that resolution by the Town of Munster but we will certainly try to come to a reasonable understanding.

Marty wanted to bring to the attention of the board that there is no board minutes in the packet for the last meeting. Justin Stowe that took care of that meeting left on Friday to go to another position with the City. They will be available at the next meeting. Another thing that he just wants to clarify and Rick has done a great job and he appreciates everything that he does in Maintenance and the whole facility that runs 24/7 and becomes more complicated when we have heavy rains at any given time that the reason why the District has been able to stay afloat for lack of a better term is because of the fact that he has asked Rick to cut back on the amount of money that he spends in Maintenance. That was the only place that he could cut back to be able to pay our bills. As he thinks that everybody in this room knows that it is kind of playing a poker game and sooner or later you are going to have your cards called and we are getting closer and closer to that. He cannot state that enough. He is asking this board to do whatever it takes to come to some resolution on this rate because of the fact that we are at that point that anything can happen. The longer we wait, the longer other equipment doesn't get taken a look at or replaced and the list just keeps getting longer and the dollars bigger. He just feels the need and is compelled to let everybody know that. If people think they need a rate increase, but like they are not seeing a lot of red on the bottom line it is because we are taking it out of Maintenance.

President Button called for New Business

There was no new business.

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President Button called for Reports from Commissioners

Vice-President Muta stated that he is very pleased to announce that the Hammond Sanitary District has a new and functional website for us all to enjoy. It has actually been up for a while, but he was waiting to announce it at the board level because just recently it was linked with Go Hammond. Now, when you go on Go Hammond website, you go to department page and click on it, it will go straight to our website. Before it did not do that. Before it linked to this other page that has been there for a while, but now it goes right to our website. The website looks beautiful. He encourages everybody to go and check it out. Comments are welcome. There are a few small things that still need to be worked out with the website, but nothing big. Jeff, thank you. You have worked on it for a long time and he appreciates it. Thanks for all your input. Tell Bob thank you too when you see him. Everybody who worked on it, it has been a long time that we were working on the website and he thinks it is a good way to reach out to people and communicate with each other. Please go on and check it out. It looks great.

President Button called for Public Expression

There was no public expression.

President Button called for a motion to adjourn the meeting

Muta **moved** and Dye **seconded** for adjournment.

Ayes: Button, Dimopoulos, Dye, Hawkins, Muta

Nays: None

Motion **carried** 5-0. The meeting was adjourned at 4:43 p.m.

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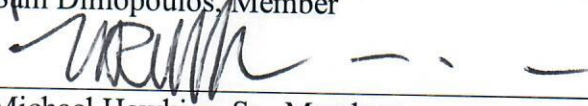
Dean Button, PE, President



Matthew I. Muta, Vice President



Sam Dimopoulos, Member

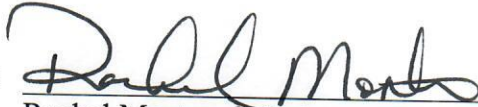


Michael Hawkins, Sr., Member



Michael Dye, Member

ATTEST:



Rachel Montes, Secretary

Kaleigh Boyle, Assistant Secretary

Board Minutes Prepared By: Kaleigh Boyle