

MINUTES
HAMMOND SANITARY DISTRICT
BOARD OF COMMISSISONERS MEETING
JANUARY 14, 2020
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The Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana held a regular meeting at 4:22 p.m. in the Conference Room of the Administration Building located at 5143 Columbia Avenue, Hammond, Indiana.

President Dimopoulos called the meeting to order at 4:22 p.m. He stated that the Board held an Executive Session prior to the meeting to discuss personnel and litigation matters in accordance with Indiana Codes.

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

Commissioners Absent: N/A

District Personnel: Marty Wielgos, District Manager
Matthew Muta, Deputy District Manager
Rachel Montes, Business Manager
Joe Allegretti, Attorney
Rachel Montes, HSD
Jeff Massey, HSD
Dan Zander, HSD
Becky McKinley, GIS
Jack Smith, Sewer Department
Kaleigh Boyle, HSD
Shannon Ferguson, HSD

Others Present: Natalie Cook, Donohue
Craig Heisel, Donohue
David Nellans, Munster Resident
Diana Hamilton, Sycamore Advisors

President Dimopoulos stated that the first order of business was the election of officers.

Dye **moved** to nominate Sam Dimopoulos as the Board President for the 2020 year.

Moore **moved** to retain the same officers as the Board has right now for 2019 for 2020 Hawkins **seconded**.

Ayes: Button, Dimopoulos, Dye, Hawkins, Moore

Nays: None

Motion **carried** 5-0. The officers will remain the same. Board President- Sam Dimopoulos, Vice-President- Michael Dye, Board Secretary- Rachel Montes, Assistant Board Secretary- Kaleigh Boyle.

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Attorney Allegretti asked the President to include the Secretary and Assistant Secretary- Rachel Montes and Kaleigh Boyle.

Secretary and Assistant Secretary were included in initial vote of officers.

President Dimopoulos stated that the next order of business was the consideration of the December 10, 2019 Board Meeting Minutes.

Hawkins **moved** and Dye **seconded** to approve the December 10, 2019 Board Meeting Minutes.

Ayes: Button, Dimopoulos, Dye, Hawkins, Moore

Nays: None

Motion **carried** 5-0. A copy of the December 10, 2019 Board Meeting Minutes is attached to and made a part of these minutes.

District Manager's Report

District Manager, Marty Wielgos, stated that he passed out copies of letters that he had sent out to our customer communities- Whiting, Highland and Griffith. What the letter is talking about is their fair share based on their percentages of capital costs that were spent by the District and what their share of those capital costs were. Those just went out certified in the mail late last week. He did hear back on Friday from the Town of Griffith (Councilman Ryfa) and he was glad that they received what the number is and they are going to work on how they are going to get those payments to the District. He also knows that Highland had been asking for this for several months so he knows that they received it and he understands that Mayor Joe of Whiting received it. We will wait to hear their official written responses and he will share those with the Board at our next meeting. The only other thing that he briefly wanted to talk about is during our heavy rains—first of all, our staff did a tremendous job. Jeff, you and your staff (the operators) did a great job. Jack and his staff did a good job. He asked Jack Smith to talk about any basement flooding or backups.

Jack said that they had two basement backups, but they were not our problems. One was dry weather and one was wet weather which is on the homeowner. There was one street flooding on the 7500 block of Marshall and they sent somebody out there to prevent property damage. So, that was all taken care of.

Marty replied good job to Jack and his staff. He went on to say that in the midst of all that heavy rain, the new construction project at Headworks there was a leak. A pretty substantial leak along the east wall on the inside of the old building where the connections to the road were made right behind them. We have pictures and video of it and Hasse was called out early hours of the morning and they had a crew out here for about 12 hours trying to shore up the temporary roof that they have up on both of those buildings. The rain came in on the control panel on the inside of that wall that distributes all of the power throughout the Plant so all of the main power comes in to these panels and then it is distributed throughout the Plant. That is where all the water came on to- these panels. His past experience is that when the electrical cables get wet that over a period of time they

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start to corrode and it varies on the length of time, but that corrosion he has seen crawl underneath the insulation of the cable, break the insulation open exposing raw wire and then becomes a major issue somewhere else. You have to remember that this is where all of the power comes in to the building- these are components that are not part of the upgrade at all. He thinks it is in our best interest and he has talked to Mr. Hickey's organization that we hire their electrical engineer as an outside party to come in and take a look at everything and also the roof to see if there are problems that may not be there today, but could cause problems in the future after everyone is long said and done. He is very concerned about that and so is our staff. He asked Dan Zander his past experience with this.

Dan Zander answered that you never want to get electric stuff wet and depending on how wet it got what it can amount to in the future.

President Dimopoulos commented that he thinks it is very prudent on Marty's part to look at it and want to take care of it or see if there is any damage and see what can happen before we have a catastrophe and then we are sitting there with a real problem so he thinks it is a good idea.

Marty asked Jeff to tell the Board what happens if that panel goes down.

Jeff Massey replied that if we that panel goes down that feeds all of Columbia Avenue it would eliminate any power so we would not be able to get any water into the Plant and essentially will flood.

Marty stated even with the backup generator it would not help because it still has to go through that main panel. He said he will proceed with that.

Commissioner Dye asked what the timeframe for electrical engineer to come out and evaluate.

Marty answered that we are going to hear from them today. They are going to introduce themselves since Mike is retired from their firm. His plan is to keep them on in amore limited capacity. Mike is, as you know, under contract with us, but he is still going to need some technical support from his previous employer. They are here today to talk to the Board and he will let them answer that question for you. That is all he has unless there are questions for him.

PERSONNEL REPORT

There was no personnel report.

FINCANCE REPORT

Business Manager Rachel Montes stated she has nothing to highlight other than that there were no funds that ended in a negative cash balance. There will be a period 13 which is an adjustable period where she moves some minor things around that do not need board approval so she will have period 13 and January's next month. Other than that, she has nothing to highlight,

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Marty stated that Diana Hamilton is here and she is the President of Sycamore and she is on a very tight frame, but she made sure she was able to make the meeting. He is wondering if they could jump into having her talk about the billing and also for the Board to answer any questions that you all may have. He would appreciate it.

President Dimopoulos said that would be fine.

Diana stated that she is okay. She does not want to interrupt them. She was late, so she can wait.

President Dimopoulos said that he would like to do it now.

Marty asked Diana to start out by telling the Board and refreshing their memory on who you are, what you are doing for us and the reason why you are here today.

Diana Hamilton explained that she is a financial advisor registered with the SEC (Security Exchange Commission) and the Municipal Securities Rulemaking Board. They help municipalities like Hammond- she was just in a meeting in Chicago with the Regional Transportation Authority who is one of their clients and the reason she was running late is because they just got hired to do a transaction for them. They have offices in New York, Indianapolis is their headquarters and she has done an awful lot of work with Faegre Baker Daniels so Max and Scott are people she has worked with for years. They do an awful lot of work principally in the water, sewer, and storm water area which she always thinks is their own beast. It is not the same as an airport and when you try to talk to people about flows and they look at you like huh, so they are expensive to run, they are expensive to operate and they are expensive to build. The reason she was brought on board and like she said she has a lot of experience with the Consent Decree and water and sewage space and she and Faegre Baker Daniels have worked on numerous different transactions for different storm water districts. The purpose of this, as you know, is you have customer communities and in particular Highland and Griffith are the two they have been negotiating with and the idea sadly enough this has been going on for way too long. She was actually going to show to Max and show the markup they just got. There is nothing polite that she can say when she opened the email. She was brought on to negotiate with John Julian who is the representative for your two customer communities and idea was you guys have been literally tearing over the water for years now. Typically, with a customer community and this is debated one of the things is the US EPA is pushing to regionalize water and sewer facilities so there is a regulatory push from the top all the way down and the reason is because they are so expensive. The other thing is they require quite a bit of expertise to run. What Jeff knows is not how many loads of phosphorus, what does your TSS look like. These are all things- what kind of chemicals, what does it take to break up phosphorus. These are things that are complex questions and require engineering skills, operating skills and things like that so there is a big push to consolidate facilities and because they are so expensive to build you

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unfortunately whether you want it or not you are kind of stuck with these two entities as your customer communities and it is not often you want to fire a customer, but she can imagine this is one you would be glad to get rid of. So their view of the world is you have this utility, you have a Plant and collections systems, chemicals you have all sorts of parts of it that you need to run and then you have significant regulatory requirements that you need to meet so their idea has always been that you want a cost of service that was holistic in nature so you are not just looking and this is where they were headed was well (she is making this up) Patrick went over to lift station 41 and was there for 22 minutes and his hourly rate is \$64 so they are going to pay 19 minutes by \$24 and that is your operating cost. No, that is not your operating cost. That lift station runs 24 hours a day whether somebody has to go over there and fix it on Tuesday or not, they need that lift station and in fact they have always exceeded their capacity limits which puts additional burden on you meaning you have to build more, you need more chemicals, more capital and things like that. The idea was to look at the system holistically and do what they call a system wide view of the cost of delivering service because just like a utility plant if the lights are not on you still need electricity so when you walk in the room and a sewer facility has to work 24 hours a day, 7 days a week and particularly because we have had such unusual rain events it becomes even more complicated because again you are inundated with capacity you did not necessarily plan for 20 years ago. They have, unfortunately, been negotiating and have sent out what they felt was kind of frankly a model solicitation for an RFQ and it was May 29th of last year. They got comments back August or September- it took a long time. Then, dead silence and they kept saying when are we going to hear from them and they basically got it down. Joe is here and they sat at that table and he basically said they have seven points and all they needed to negotiate were those seven points and so they thought and that was February of last year. They thought they were going to work through the seven points and then all of a sudden May comes points 8, 9, 10 and 11. No sooner do you close off the list then something new appears. It has been and Joe said she would get exasperated and she said she is pretty tenacious. They did a redraft, a series of meetings with them and one of the things that she thinks they all found unacceptable one of the problems is that at one point in time when John Julian was being and this may be in the TMI category your consultant so he thinks he knows everything there is to know about this utility and he is convinced, excuse her French, but that you are hiding the weenie and that he is going to find out. They keep doing these circle games of we define something and then he wants to do it again. For instance, one of the issues is your sewer collection system and obviously with the change in the circuit breaker those property taxes are going to phase out over time and you will need to find some replacement fees. He thinks only Hammond and Munster should pay and we are saying they use those pipes too so we are going to look at the flow and we are going to say if they use 17% of the flow because you need it and Highland has quite a spike in their flows then you are going to pay 21% of the cost because they use part of the collection system. Donohue has done a study and an evaluation of the sewer collection system so one of our sticking points right now is no Hammond and Munster are not going to pay. You use it, you pay for it and that is just kind of where we are. Friday afternoon

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and it was literally 5 o'clock and she thought oh God do I want a headache and said she would save it for Monday. She called Max yesterday and asked if he looked a that thing and he said no. and she will show it to you because it is literally nothing but red lines and she is like they are almost two years out in a discussion and he wants to drag this out. She is to the point where she is like we are just going to go do this because you own this utility, they are damn lucky to get access to it—She asked if this is literally being written down.

She was told yes. This is a public meeting.

She apologized. The point is that we need to get out of the cost of service study so that we fairly allocate the costs to your customer communities using this service and that includes things they never been charged in the past for like nitrogen and we need to take into account their peaking factors because you do not build a Plant for what happens every day you have to build a Plant for peak capacity because when it overflows who do you think is going to be running down here and charging you guys fines for overflow. We have been negotiating and she would love to tell you that they have been highly successful, but she feels like they are in a bit of an arbitration with them where also—Max and her have had a conversation about having a meeting with Marty and saying that you all just kind of need to lay down the law at this point and move Forward. You have a Long-Term Control Plan that you have to put in place and the second part of this is not only do you have a system today, but you are going to have to build all of this new capital and this new capital will require O&M. One of the things they want to do is a five-year study that will be base rate by current costs and figure out allocation of those costs and then what they are going to do is layer in increases each year that will cover the incremental costs of the new equipment coming in. the other thing they talked about which will also be a positive for the utility is establishing they will help fund a permanent repair and replacement fund so this burden does not follow entirely on Hammond. That they share in the costs of the R& R fund. The other thing they talked about is establishing a pilot which they will help pay for. There are things that they have come up which represent huge progress, but they have not signed on the dotted line. That is her role and why she is here is because she did not hand into Rachel on a timely basis and she is sure her auditors have beaten her blue—

Rachel said not yet.

Diana went on saying she did not hand in because they started late in 2017 and they did not have a lot of work She actually had the bill prepared and thought she had submitted it, but did not. So often in her business she gets paid when the project is finished, she does not usually submit quarterly or monthly bills. Having reread the agreement, she is to submit monthly bills through Faegre Baker Daniels which she has not done. It has been an unusual year for her personally, but that is no excuse. You have a business to run and she cannot hold you up.

Commissioner Hawkins commented that he has been impressed and has heard about her efforts through Faegre Baker Daniels and Joe over there and has been on a conference call with you and you are a wealth of information and knowledge. He recently has been involved in a cost of

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service study that has been dragged on and it may not be any closer now than when it started, but he is very aware of efforts or lack thereof. It seems like one step forward and then a couple back at times. This District can hear from our friends at any time and they may say this is our decision on the Long-Term Control Plan and at that time the clock starts ticking and we need money because it is going to take a lot with improvements to the Plant and the collection system and our friends especially in Highland who have excess flow right now and as part of this Long-Term Control Plan there are items in there and through the efforts of IDEM that will wake more flow from them and that is going to cost a lot of money so without the efforts of the cost of service study. If we need money two months from now, we do not have it and right now maybe the residents of Hammond and Munster and taxpayers have to come up with it and that is not fair. He looks forward to her efforts and he doesn't know what as far as the financial operations of The District or you submitting your bills all at once may be an issue, but he may ask as a Member of the Board if the District has to dig up this money—

Diana exclaimed no no.

Commissioner Dye asked her to let Commissioner Hawkins finish.

Commissioner Hawkins said he does not know what she is thinking or in terms of needing payment or what has happened or is proper for the District if there could be a discount for a full payment.

Diana answered they could do that, but she would probably prefer to be paid over a longer stretch of time. She would rather be paid for the full amount and just be paid over time. As she said it took her a long time to get these submitted to you and that is her fault. She has been very busy and her father died. However the Board feels is appropriate and fair is their decision. That is what she would say- it is really the Board's decision and she is very comfortable with any decision they make.

Marty added that they love her to death and he always tells the Board and Joe that she is the perfect individual for this rate study component because having to deal with Mr. Julian and they all do agree. Unfortunately, Mr. Julian used to work for the District and he believes he has a lot of inside information that is non-existent, but still gives him an upper hand in at least knowing more about the District than other people who may have been brought in. With all that being said, their major dilemma is the fact that we did not have it budgeted. We knew there was going to be something, but did not know what and the length of time that it goes back. It would be easier for them to try and negotiate something as a lump sum so that it is done and over with because he is sure she is still going to be submitting bills on a monthly basis as our contract calls for. He just does not want to be in a situation where we are paying her over a period of time and having to pay current charges.

Diana responded that this should never- it is 2020- we should not be having. This study should have been done in September. They actually had the timeline and the study was supposed to be

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completed in September so that it was going to be done in time for the submission of the updated Long-Term Control Plan and the study itself is going to take three-four months and the study itself is going to be \$100,000-120,000 and she can go back and get updates, but she thinks that is where they will be. Very substantial firms with national reputations and what they wanted to do was bring in a firm that Julian could not question their qualifications so the idea with the RFQ is to find three firms that will do it/, let them tell us the best way to accomplish this and then let price be the deciding factor because any one of them can do it and there is not one way to skin this cat. There is never one way to do a study. There is always two or three choices on how something gets done. It will get done well, but just not the same way each time. She thinks he is just dragging this out because he does not want this to happen and this is unfair to the ratepayers. She does think things like a pilot that will contribute to, a repair and replacement fund that they would contribute to, a notion that there would be a five-year escalator that they would be paying for phosphorus, they would be paying for nitrogen- all costs they never paid for in the past and they would pay for peak flows, but what he is trying to do is write the RFQ to get to a result. He wants to write the result in the solicitation so there is only one answer at the end of the day. She has an email from him that she would be glad to share with the Board where he says Diana here are the seven outstanding issues and he thinks you and I agree on 1,2,3,and 4 here are these two outstanding issues. They were so close to agreement a year ago and she does not know if it is his client or what. She cannot answer that question. On the budget issue, for all of us, time is money and she would have never expected that she would still be working on this assignment. If you would have asked for a not exceed a year ago, she would have said \$35,000-40,000 because this should be done. She asked Marty and the Board to have a discussion and they can decide what they are comfortable with and then move forward. She appreciates the business and they are in a tough position. There are 100 towns in Indiana with Consent Decrees and Hammond is 77,000, Jeffersonville is 47,000. She has done a lot of Consent Decrees and they are expensive. Fighting with EPA and if you have to DOJ those are tough nuts. She wants to see them clear thought this process and this should be the easy thing.

Marty agreed and asked what the Board desires.

Commissioner Hawkins suggested that since they are discussing things of a sensitive nature that they take this up at their next scheduled executive session which is in two weeks and at that time they will be bale to have the District formulate a response to her.

Diana said that is fine. She has a little bit of travel, but is around.

Commissioner Dye stated at that time Marty will submit their findings to her and they will negotiate that.

Diana responded that is fine. Whatever works for them because she could not have projected a budget for them because she would have never anticipated this level of frankly trivial detail.

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DEPARTMENT REPORTS

There were no highlights or questions on the Department Reports.

CONSULTANT REPORTS

Craig Heisel introduced himself and Natalie Cook to the Board. they are happy to be here today. Mike Hickey is on a well-deserved vacation and as everyone knows he is retired and they are going to miss him. Him leaving Donohue. Not only did he represent the Sanitary District well, he was a great mentor for them working with him. They just wanted to say that. Natalie, himself and others will hopefully be involved aspects of the Sanitary District going forward and then Mike will have a role to play as part of the Long-Term Control Plan and other things that he did with the Sanitary District. He thinks the Board has their status report and they are certainly available to respond to any questions that there are regarding that.

There were no questions.

Craig added that he wanted to say that Marty talked about the electrical gear so they are going to gather some information and take some pictures and they have an electrical engineer that has been involved with the Sanitary District before in Chicago and they will get him scheduled to come out here and work with Jeff and others to take a look at that and then move forward from there. The only other thing he wanted to say was the Long- Term Control Plan was submitted and they are waiting for EPA's response.

RESOLUTIONS

The Board considered Resolution No.1-2020: RE: A Resolution by the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Authorizing the Close of Dormant Fund- Bond and Interest Fund No. 308 and Transfer Balance of Funds to Debt Service Post Fund No. 309

Dye **moved** and Moore **seconded** to approve Resolution No. 1-2020.

Ayes: Button, Dimopoulos, Dye, Hawkins, Moore

Nays: None

Motion **carried** 5-0. A copy of Resolution 1-2020 is attached to and made a part of these minutes.

2020 BOARD MEETING DATES

President Dimopoulos asked if the Board reviewed and was okay with all of the board meeting dates.

Commissioner Dye asked Joe if they had to approve those.

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BANK RECONCILIATION

The Board considered the Bank Reconciliation Document dated December 31, 2019.

Dye **moved** and Hawkins **seconded** to approve Bank Reconciliation December 31, 2019.

Ayes: Button, Dimopoulos, Dye, Moore, Hawkins

Nays:

Motion **carried** 5-0. A copy of Bank Reconciliation December 31, 2019 is attached to and made a part of these minutes.

The Board considered the Claims Approval Docket 01-14-20.

Dye **moved** and Hawkins **seconded** for the approval of the Claims Approval Docket 01-14-20 with the exception of PO # 20-0083 and 20-0084 being omitted to Sycamore Advisors as they are under review by the Board of Commissioners and move forward with the rest of the payments presented.

Ayes: Button, Dimopoulos, Dye, Hawkins, Moore

Nays: None

Motion **carried** 5-0. A copy of the Claims Approval Docket 01-14-20 with PO # 20-0083 and 20-0084 being omitted is attached to and made a part of these minutes.

President Dimopoulos asked if something needed to be discussed because of talking.

Rachel replied that the calendar for the Board Meeting dates goes aside from the normal scheduled dates so therefore it does need to be approved. In November and December, they will only hold one meeting.

Commissioner Hawkins commented that there are two meeting dates for November and December on schedule.

Rachel replied okay then leave it as is. It will be revised later.

President Dimopoulos called for Old Business

There was not any old business.

President Dimopoulos called for New Business

There was no new business to discuss.

President Dimopoulos called for Reports from Commissioners

There were no reports from Commissioners.

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President Dimopoulos called for Public Expression
There was no public expression.

President Dimopoulos called for a motion to adjourn the meeting

Dye moved and Moore seconded for adjournment.

Ayes: Button, Dimopoulos, Dye, Hawkins, Moore

Nays: None

Motion carried 5-0. The meeting was adjourned at 4:57 p.m.



Sam Dimopoulos, President



Michael Dye, Vice-President



Dean Button, PE, Member



Michael Hawkins, Sr., Member



Patrick D. Moore, Member

ATTEST:



Rachel Montes, Secretary

Kaleigh Boyle, Assistant Secretary

Board Minutes Prepared By: Kaleigh Boyle