ORGANIZATIONAL AND REGULAR MEETING,
BOARD OF SANITARY DISTRICT COMMISSIONERS
WEDNESDAY, JANUARY 21, 2015 – 4:00 P.M. – 1100 E. EIGHTH STREET

The meeting was called to order at 4:00 p.m. in the Board Room of the Administration Building, 1100 E. Eighth Street, by the President of the Board, Michael W. Gonder.

Commissioners present for the meeting were Holt L. Edinger, Michael W. Gonder, Frank R. Harris, Garry L. Mitchell, Sr., and Charles G. Peller, Jr.

Staff Members present for the meeting were:
Michael P. Kuss, General Manager
Milorad Milatovic, Water Reclamation Superintendent
Doretha M. Sanders-Malone, Administrative Director
Tina M. Tabisz, Administrative Assistant
Rachel R. McClure, Dispatcher/Receptionist
William J. McNeill, Assistant Superintendent of Operations & Maintenance
James Micheals, Assistant Superintendent of Collection
Terry L. Blanch, Refuse Foreman
James B. Meyer, Legal Counsel

Also present for the meeting were:
Yvonne Hoffmaster, Interim City Controller
John Doyle, John A. Doyle & Associates
Ryan Laughlin, Haas & Associates
Steve Stanford, Weaver Boos Consultants
Mike Edinger, Woodruff & Sons, Inc.
Thomas Gonder, Refuse Department
Andre Steele, Access La Porte County (allcommunity.org)

Mr. Gonder advised that the first order of business is the election of officers and opened the floor for nominations for officers for the year 2015.

Mr. Peller made a motion to nominate Mr. Gonder as President, Mr. Mitchell as Vice President, and Mr. Harris as Secretary of the Board – seconded by Mr. Edinger. There being no further nominations or comments, the motion carried 5 – 0 in favor.

Minutes
Mr. Gonder entertained a motion on the matter of the minutes.

Mr. Harris made a motion to approve the minutes of the Regular Meeting of December 17, 2014, as submitted – seconded by Mr. Peller. There being no questions or comments on the matter, the motion carried 5 – 0 in favor.
Financial Report
Interim City Controller Yvonne Hoffmaster distributed a financial report packet, and read the reconciled cash balances of each of the District’s funds, as of December 31, 2014, as follows:

<table>
<thead>
<tr>
<th>Fund Number</th>
<th>Fund Name</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6201</td>
<td>Operating &amp; Maintenance Fund</td>
<td>$906,404.16</td>
</tr>
<tr>
<td>6209</td>
<td>Vehicle Replacement, Fund</td>
<td>$66,564.24</td>
</tr>
<tr>
<td>6210</td>
<td>Equipment Replacement Fund</td>
<td>$394,518.71</td>
</tr>
<tr>
<td>6207</td>
<td>Revenue Debt Fund</td>
<td>$392,959.41</td>
</tr>
<tr>
<td>6208</td>
<td>Improvement Fund</td>
<td>$887,093.82</td>
</tr>
<tr>
<td>6246</td>
<td>SRF Debt Reserve Fund</td>
<td>$866,361.66</td>
</tr>
<tr>
<td>6248</td>
<td>SRF Bond &amp; Interest Fund</td>
<td>$46,681.41</td>
</tr>
<tr>
<td>8201</td>
<td>Stormwater Fund</td>
<td>$679,897.36</td>
</tr>
<tr>
<td>8203</td>
<td>Refuse Fund</td>
<td>($63,465.46)</td>
</tr>
<tr>
<td>8205</td>
<td>Capital Projects Fund</td>
<td>$5,269.91</td>
</tr>
</tbody>
</table>

There being no questions, Ms. Hoffmaster then advised that Attorney Meyer prepared a resolution for a temporary loan to bring Refuse Fund #8203 out of the red. She explained that this will be a temporary loan that, by statute, must be repaid by June 30, 2015.

Ms. Hoffmaster then noted that she has been advised that the County is back on a normal tax distribution schedule and, therefore, should have receipt of a tax distribution before June 30th.

Ms. Hoffmaster then advised that Attorney Meyer has also prepared a second resolution to assist Refuse Fund #8203 in paying expenditures at the beginning of this year since there will be no significant revenues to that fund until the tax distributions are made in June.

Mr. Gonder entertained a motion on the following resolution:

RESOLUTION NO.________

AUTHORIZING TEMPORARY TRANSFER OF FUNDS FROM SANITARY DISTRICT OPERATING FUND TO SANITARY DISTRICT REFUSE FUND TO ELIMINATE DEFICIT CASH BALANCE IN REFUSE FUND AS OF DECEMBER 31, 2014

WHEREAS, corrections of errors and refunds to taxpayers substantially reduced property tax revenues of the Sanitary District for the year 2014 which has created a deficit cash balance in the Sanitary District Refuse Fund #8203; and
WHEREAS, a cash balance exists in the Sanitary District Operating Fund #6201 in an amount sufficient to temporarily offset this deficit cash balance and pay ongoing Fund #6201 expenses; and

WHEREAS, Indiana Code 36-1-8-4(a) allows municipal entities to make temporary transfers between funds for the specific purpose of eliminating deficit cash balances; and

WHEREAS, Indiana Code 36-1-8-4(a) provides that, ordinarily, the temporary transfers must be returned to the Fund of origin not later than December 31, 2014; and

WHEREAS, pursuant to Indiana Code 36-1-8-4(b), the Board finds that an emergency exists due to the deficit cash balances not becoming known until after the last 2014 property tax distribution on December 31, 2014 and that, therefore, an extension to the repayment of the temporary interfund transfer to not later than June 30, 2015 is appropriate.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Michigan City Sanitary District, Michigan City, LaPorte County, Indiana, that it finds there is a need, due to the deficiency in property tax revenues for 2014 caused by corrections of errors and refunds to taxpayers, to make a temporary interfund transfer of funds pursuant to Indiana Code 36-1-8-4(a) and (b) as follows:

<table>
<thead>
<tr>
<th>TRANSFER FROM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary District Operating Fund #6201</td>
<td>$100,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFER TO</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary District Refuse Fund #8203</td>
<td>$100,000.00</td>
</tr>
</tbody>
</table>

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the above transfer will be posted to the District’s records as of December 31, 2014. Said transfer shall be prepaid not later than June 30, 2015.

This Resolution to be effective upon passage by the Board of Commissioners, any necessary publication, and any necessary approval by the Indiana Department of Local Government Finance.

Adopted this 21\textsuperscript{st} day of January, 2015.

Mr. Harris made such a motion – seconded by Mr. Peller. There being no questions or comments on the matter, the motion carried 5 – 0 in favor.
Mr. Gonder entertained a motion on the following resolution:

**RESOLUTION NO._______**

**AUTHORIZING TEMPORARY TRANSFER OF FUNDS FROM SANITARY DISTRICT OPERATING FUND TO SANITARY DISTRICT REFUSE FUND TO BE ABLE TO PAY REFUSE FUND EXPENSES DURING THE FIRST SIX MONTHS OF 2015**

**WHEREAS,** due to the fact that the first tax distributions for 2015 to the Refuse Fund #8203 will not occur until the end of June but the Fund has to pay expenses before those property tax revenues are received; and

**WHEREAS,** a cash balance exists in the Sanitary District Operating Fund #6201 in an amount sufficient to temporarily offset this deficit cash balance and to pay ongoing Fund #6201 expenses; and

**WHEREAS,** Indiana Code 36-1-8-4(a) allows municipal entities to make temporary transfers between funds for the specific purpose of eliminating deficit cash balances; and

**WHEREAS,** Indiana Code 36-1-8-4(a) provides that, ordinarily, the temporary transfers must be returned to the Fund of origin not later than December 31, 2014; and

**NOW, THEREFORE, BE IT RESOLVED,** by the Board of Commissioners of the Michigan City Sanitary District, Michigan City, LaPorte County, Indiana, that it finds there is a need, due to the delay in receipt of property tax distributions for 2015, to make a temporary interfund transfer of funds pursuant to Indiana Code 36-1-8-4(a) as follows:

<table>
<thead>
<tr>
<th>TRANSFER FROM</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>Sanitary District Operating Fund #6201</td>
<td>$200,000.00</td>
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<tr>
<th>TRANSFER TO</th>
<th>AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>Sanitary District Refuse Fund #8203</td>
<td>$200,000.00</td>
</tr>
</tbody>
</table>

**NOW, THEREFORE, BE IT FURTHER RESOLVED,** said transfer shall be repaid not later than December 31, 2015.
This Resolution to be effective upon passage by the Board of Commissioners, any necessary publication, and any necessary approval by the Indiana Department of Local Government Finance.

Adopted this 21st day of January, 2015.

Mr. Edinger made such a motion – seconded by Mr. Peller. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Ms. Hoffmaster reported that the final budget orders have not yet been received for 2015. However, the preliminary documents for the Refuse and Stormwater tax levy budgets have been submitted to the DLGF (Department of Local Government Finance).

Attorney Meyer asked if the final numbers will be available by the next meeting. Ms. Hoffmaster expected that they will be because the final budget orders are supposed to be complete by February 15th.

Mr. Kuss then distributed his budget report through the end of 2014, and noted that there is a difference in the ending cash balance between his spreadsheet and the amount reported by Ms. Hoffmaster. This is due to the fact that the revenues listed on his spreadsheet contains actual billings and some receipts and Ms. Hoffmaster’s report contains the actual cash balance at the end of the year.

Mr. Kuss then distributed a packet containing a draft of cash flow worksheets for the other District funds.

There being no further questions, Mr. Gonder thanked Ms. Hoffmaster for her report.

Jim Kintzele
In Mr. Kintzele’s absence, Mr. Blanch reported on the following:

- Monthly Tonnage Report through 2014
  - Mr. Kuss requested that a total be added
  - Compacted disposal total increased by 63.95 tons
  - Loose disposal total decreased by 2.06 tons
  - Overall total increase of 4,467.29 tons from 2013

- Resignation of a Driver on Friday, January 16th
  - Asking approval to fill the position by promoting a Loader and hire a Loader
    - Mr. Kuss advised that this did not require Board action and he will work with Refuse Management on the matter.

Mr. Gonder thanked Mr. Blanch for his report.
**Public Comment**
Mr. Gonder called for public comment.

Mr. Kuss noted that Tom Moss had indicated that he would be attending the meeting, but called to advise that he had another matter to address and was not sure that he would be able to attend the meeting.

Steve Stanford, of Weaver Boos Consultants, reported on the following projects:

**Lake Kai Test Wells**
Mr. Stanford advised that the five monitoring wells that were previously authorized were drilled and used a map to display the locations of the monitoring wells, along Lake Shore Drive, south of Lake Kai and at Fire Station #2.

Test results have been received and the groundwater flow directions have been determined. The map also displayed the contours of the groundwater levels between the wells. Almost the entire region is overlain by 20 to 40 feet of sand, of which the bottom 10 to 15 feet are saturated.

The wells were tested for metals such as molybdenum, nickel, manganese, as well as several others.

Mr. Stanford displayed a drawing showing a snapshot of a molybdenum plume that was reported by Arcadis, on behalf of Cytec, which represents concentrations of molybdenum that were measured in 2009. He explained that the darkness of the blue colors denote the intensity of the concentrations, and noted that any of the area shaded blue within the plume is at a concentration above the tap water screening level for safe drinking water.

Mr. Stanford advised that, of the five that were tested, the three wells along Lake Shore Drive were the only ones found to contain molybdenum and nickel. He explained that those wells are downgradient (similar to downstream) from the Criterion site and Lake Kai.

The concentration of SD1 was below the screening level, SD2 was above the screening level, and SD3 was well above the screening level. In fact, SD3 was 48 times the screening level.

Mr. Stanford advised that he does not know how far the plume extends to the east, and he believes that the highest concentrations remain to be found between SD2 and SD3. Although SD1 meets the drinking water screening level, he does not know how far to the west of the molybdenum plume extends.
Mr. Stanford advised that these releases are moving along at the bottom of the aquifer on the top of the clay layer. As far as he can tell, the primary influence from Lake Kai is that it seems to disperse and runs the plume out a bit downgradient. But for that dispersant, he doesn’t believe that molybdenum would have been found at SD1.

Mr. Harris asked about the status of the Lake Kai water itself. Mr. Stanford advised that Lake Kai water was not sampled as part of this study.

Mr. Harris wondered if it had been measured. Mr. Kuss advised that molybdenum has previously been detected in Lake Kai.

Attorney Meyer added that this area has previously been studied by the Arcadis group, which is the technical expert for Criterion/Cytec. The amounts previously detected were below the screening levels.

Attorney Meyer explained that the extrapolation of Arcadis was that the water in Lake Kai was of no threat to human health. They did not sample the sediment in Lake Kai. Attorney Meyer believes that Cytec now has a plan to test the sediment, which has been approved by IDEM.

Mr. Stanford advised that his calculations indicate that, from the edge of the plume at Cytec’s property, it would take approximately 2.2 years for the contaminated water to reach the Lake Michigan City shoreline.

Mr. Stanford noted that the snapshot was taken in 2009, which has been longer than 2.2 years. Therefore, he is quite confident that this is discharging more into the Lake Michigan shore face. Mr. Kuss concurred, as evidence that it was found in SD3.

Attorney Meyer explained that the Cytec plan approved by IDEM did not involve going all the way to the lake. It only addressed going a little bit farther to delineate the plume. However, as the Board is aware from previous meetings, that is the reason the District decided to determine if the problem of the plume is at the lake, which has now been verified.

Mr. Stanford believed that the District’s wells are further north than any of Cytec’s planned wells. Attorney Meyer agreed.

In light of the fact that the excessive concentration have been identified at SD3, Mr. Kuss and Mr. Stanford discussed broadening the search a bit further to see if the plume is decreasing to the east of SD3 or increasing between SD2 and SD3.

Mr. Stanford is proposing to install an additional three wells, SD6, SD7 and SD8, near the city limit boundary with Long Beach. Mr. Kuss recommended proceeding with the installation within the city limits, and requested that the Board consider approval.
Mr. Harris commented that it is apparent that these metals will also be found in these new wells. He asked if an overall plan has been developed. Attorney Meyer advised that the overall plan is to perform one more test to avoid the allegation that this is merely an outlier. The information will then be provided to the regulatory agency so that they can potentially have a basis for speeding up the process.

Attorney Meyer advised that this study has been going on for more than 15 years. There was a release reported back in the late 1980’s or early 1990’s. They have been studying it every three to four years, with testing going a little bit further out in order to delineate the plume and identify where there is no issue.

Mr. Harris commented that the further out the testing, the better. Attorney Meyer agreed.

Mr. Kuss advised that he believes that we should go a little bit further and drill three more wells. Weaver Boos has submitted a proposal for this additional work in the amount of $20,440.00, and Mr. Kuss recommended approval of same.

Mr. Kuss added that, if approved by this Board, the matter would also be brought to the Michigan City Board of Public Works & Safety for their approval to install wells on city property.

Mr. Kuss noted that this proposal also includes monitoring the existing five wells along with these new wells.

Mr. Kuss further advised that the intention is also to reach out to Cytec and Arcadis to determine if they would like to perform split sampling with the District to move this matter forward.

Mr. Kuss commented that the intention of the District is to stop the movement of the plume, contain it, and potentially treat the water at the WWTP to remove the molybdenum and protect the environment.

Mr. Kuss noted that there are others ways for Cytec to address the matter, such as capping the area and keep it in place, ultimately precipitating it out. This will be a decision to be made by Cytec for a proposal to be approved by IDEM.

Mr. Harris asked why the heaviest concentrated area is currently being pumped out for treatment. Attorney Meyer advised that the area is Cytec’s property and they are dealing with IDEM to address the matter.

Mr. Harris asked if there is any way to force Cytec to address this matter now. Mr. Kuss explained that Cytec is under an enforcement action from IDEM. However, sometimes
these things take a long time because they are highly technical, and the wheels of government don’t always move swift enough.

Mr. Kuss advised that representatives from Cytec have met with District staff several times in an effort to explain all of the things they are trying to do. However, the District has been encouraging them to move forward to accomplish something.

Mr. Kuss then reminded the Board of a correspondence from the District addressed to Cytec’s legal counsel because he called the District as a rogue sampling operation because we were trying to speed up this process.

Mr. Kuss stated that he was unsure if the District necessarily has the authority to require Cytec to address the matter, other than the fact that it is on city property. Attorney Meyer noted that the District does not have the authority because of it being on private property and IDEM already has an enforcement action against them.

Mr. Harris commented that it may be possible to force the issue of the public and be more vocal about this matter. Attorney Meyer agreed adding that, if the pollution demonstratively shows up on city property, the City will have a right to take action on the grounds of damaging the public property.

Mr. Kuss added that one of the reasons that this matter hasn’t had a heightened concern about pollution of drinking water is due to the fact that no one in the area is drinking that water out of a private well.

These types of matters (Superfund Sites) are addressed through a scoring process throughout the United States based on drinking water contamination.

However, this matter is now much more cause for concern because it is reaching Lake Michigan at this point.

Mr. Kuss then recommended and requested approval of the Weaver Boos proposal for the additional wells and testing.

Mr. Gonder suggested contacting the Town of Long Beach as well. Mr. Kuss advised that he will do so.

Mr. Kuss then asked if the Board would be willing to approve adding wells in Long Beach if those officials would agree to reimburse the District.

Mr. Gonder entertained a motion on the matter.

Mr. Peller made a motion to approve the proposal of Weaver Boos for additional wells and testing, with the stipulation of adding additional wells in the Town of Long Beach
contingent upon their agreeing to reimburse the District for any wells in Long Beach – seconded by Mr. Harris. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Mr. Harris noted that Long Beach would benefit to authorize this testing because they may ultimately litigate the matter themselves. Mr. Gonder agreed noting that the Town of Long Beach began utilizing treated drinking water less than 10 years ago.

Mr. Peller asked about any problems associated with molybdenum going into Lake Michigan. Mr. Stanford explained that it is almost certainly diluted rapidly.

Mr. Stanford then advised that intake of excessive amounts of molybdenum has adverse health consequences, with the primary being gout. This is caused by a buildup of uric acid, which have various effects.

Mr. Peller questioned if these chemicals in the water drawn from Lake Michigan are removed by water treatment plants. Mr. Kuss advised that WWTP sand filters could actually remove some of the molybdenum, adding that the Water Department has filtration as well.

Mr. Kuss added that aquatic life health effects have to be considered as well as human health effects. He noted that pollutants such as copper is highly toxic to fish, adding that the drinking water standard is approximately 1mg/L for copper but is .023mg/L for aquatic life.

Mr. Kuss stated that this is the first step in addressing the matter, noting that Mr. Stanford has already submitted a draft report for review. Once these findings have been completed, the District will most likely notify the state and federal government of same, and ask how they would like us to proceed.

Mr. Peller commented that the District is being proactive. Mr. Kuss agreed.

Mr. Kuss then clarified that he does not want to be an alarmist. While much of this contamination does exist, there is no doubt in his mind that it is significantly below any standards by the time it is taken out of Lake Michigan. Additionally, the Water Department is required to perform periodic testing, and Mr. Kuss believes that they are in full compliance of the Safe Drinking Water Act in Michigan City.

Mr. Kuss also pointed out that it is also a credit to each of our Commissioners for allowing staff to continue with the work.

Mr. Harris noted that there is an ends to the means.

There being no further questions, Mr. Gonder thanked Mr. Stanford for his report.
Mr. Gonder again called for public comment. There was none.

**Construction and Engineering Reports**

John Doyle, of John A. Doyle & Associates, reported on the following projects:

**Sherman Avenue Sanitary Sewer Extension**

Mr. Doyle reminded the Board that quotes were received for this project at the last meeting. Three quotes were received, as follows:

- **Woodruff & Sons, Inc.**  Michigan City, IN  
  $87,851.00

- **D&M Excavating, Inc.**  Michigan City, IN  
  $99,500.00

- **HRP Construction, Inc.**  South Bend, IN  
  $105,125.00

Mr. Doyle advised that Woodruff & Sons, Inc. submitted the lowest responsible and responsive quote. Therefore, he recommended that the contract be awarded to Woodruff & Sons, Inc.

Mr. Peller made a motion to accept the quote of Woodruff & Sons, Inc, in the amount of $87,851.00, as recommended – seconded by Mr. Harris. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Mr. Doyle then submitted an Engineer’s Pay Request, in the amount of $920.00, and requested approval of same.

Mr. Mitchell made a motion to approve the Pay Request of John A. Doyle & Associates, in the amount of $920.00, as submitted – seconded by Mr. Harris and Mr. Edinger. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Mr. Kuss asked how long the quotes were good for. Mr. Doyle advised that they can be held over for 60 days.

Mr. Kuss noted that, based upon the earlier financial report, District staff will need to take a closer look at the funding of the projects before proceeding with authorization. Mr. Doyle understood and stated that there would also be the possibility of negotiating any extension of times.
Michigan Boulevard Sanitary Sewer Extension Project
Mr. Doyle reminded the Board that quotes were received for this project at the last meeting. Four quotes were received, as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TGB Unlimited dba S/T Bancroft Electric</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>South Bend, IN</td>
<td></td>
</tr>
<tr>
<td>Woodruff &amp; Sons</td>
<td>$130,488.00</td>
</tr>
<tr>
<td>Michigan City, IN</td>
<td></td>
</tr>
<tr>
<td>D&amp;M Excavating, Inc.</td>
<td>$160,303.00</td>
</tr>
<tr>
<td>Michigan City, IN</td>
<td></td>
</tr>
<tr>
<td>HRP Construction, Inc.</td>
<td>$138,016.00</td>
</tr>
<tr>
<td>South Bend, IN</td>
<td></td>
</tr>
</tbody>
</table>

Mr. Doyle advised that Woodruff & Sons, Inc. submitted the lowest responsible and responsive quote. Therefore, he recommended that the contract be awarded to Woodruff & Sons, Inc.

Mr. Peller made a motion to accept the quote of Woodruff & Sons, Inc, in the amount of $130,488.00, as recommended – seconded by Mr. Edinger. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Mr. Doyle then submitted an Engineer’s Pay Request, in the amount of $1,750.00, and requested approval of same.

Mr. Harris made a motion to approve the Pay Request of John A. Doyle & Associates, in the amount of $1,750.00, as submitted – seconded by Mr. Mitchell. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Mr. Doyle then noted that this project will require obtaining easements from two property owners. Attorney Meyer has prepared the easement documents and Mr. Doyle has prepared the legal descriptions and drawings for same. These easements will need to be executed prior to beginning the construction.

Mr. Peller asked if there are funds required to obtain these easements. Mr. Kuss did not anticipate any funds necessary. He explained that the property owners involved in granting the easements are the ones that will be receiving a large benefit by having the sewer service for their properties.
Donnelly Street/Carlon Court Sanitary Sewer Project
Mr. Doyle submitted a pay request from D&M Excavating, Inc., which represents reduction in retainage, in the amount of $6,667.17. He recommended approval of same.

Mr. Kuss asked how much retainage will remain. Mr. Doyle advised that $3,374.43 will remain in retainage.

Mr. Harris made a motion to approve the Pay Request of D&M Excavating, Inc., in the amount of $6,667.17, as submitted – seconded by Mr. Edinger. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Riley/Combs/Michigan Boulevard Sewer Project
Mr. Doyle advised that he has received a status report from the Ohio Farmers Insurance Company relating to the project completion, noting that this is a standard report.

Mr. Doyle advised that the construction is complete and there is simply a matter of some restoration that needs to be completed in the spring.

North End Manhole Inspection Project
Mr. Doyle advised that all field work is complete and they are in the process of finishing up the written report. He anticipates that it will be done by the next meeting.

U.S. Hwy 12/Meer Road Sanitary Sewer Extension Project
Mr. Doyle advised that he has not yet received the documentation requested from the contractor. Some documentation has been received, none of which is significant. He is unable to determine whether the requested cost increases are justifiable.

Mr. Doyle advised that a Notice to Proceed was issued to begin construction by December 30, 2014, and nothing has been done since that time.

Attorney Meyer agreed with Mr. Doyle and advised that there were communications with the contractor, H&G Underground Utilities, and they previously provided a letter that they would hold their bid price until December 31, 2014.

Attorney Meyer advised that the contractor then responded that they had an increased cost due to labor and material increases during that period of time.

Attorney Meyer explained to the contractor that, in order to obtain any sort of change order increase, they must demonstrate the costs at the time of the bid along with the documentation of what the increases are, that justify the increase requested. Attorney Meyer stated that the contractor has provided what they indicate are the new costs but have not provided anything that demonstrate what the costs were included in their bid, including subcontractors, materials, or labor.
Attorney Meyer explained, at that point in early December, Mr. Kuss issued H&G Underground Utilities a Notice to Proceed requiring them to proceed before December 30, 2014. The contractor did not do anything, other than resubmit their request for an increase in the contract.

Another meeting was then held with H&G’s Project Manager, Matt Bernacchi, to again explain the need for documentation to substantiate any increase in the amount of the contract.

There was also discussion about the amount of time extended on the bid, with the contractor stating that they had bid other jobs that construction has since begun. Therefore, they advised that they would not be able to begin this project until May or June of 2015.

The contractor was then advised that there would then be the need for another change order, with the requirement of documentation for justification basis for the extension. They were asked to provide a letter from the owner of those projects explaining that the contractor is engaged in the project and how long the project will take to complete, in order to justify the requested extension. This documentation also has not been received.

Attorney Meyer advised that it was again reiterated that the contractor needs to provide the information justifying a cost increase. The contractor merely resubmitted what they had previously submitted, which was what they are requesting for an increased cost without including the baseline documentation.

Attorney Meyer explained, at this point, the contractor has violated their contract insofar as they have not proceeded within the timeframe that they were required to do under the contract document. He anticipates that their response will be that there has been an entire year, and they were being cooperative by granting an extension of the bid.

Attorney Meyer stated that, for whatever reason, the contractor is apparently unwilling to provide the documentation to substantiate an increase in price. Additionally, they have not provided documentation to justify an extension of the contract.

Attorney Meyer advised, therefore, that the Notice to Proceed gave the contractor until December 30, 2014, to begin, with substantial completion of 90 days.

Mr. Gonder asked how much of an increase is being requested. Attorney Meyer advised that is was slightly under 20%.

Attorney Meyer advised that, under Indiana law, the maximum allowed amount for a change order is 20%, barring an emergency or unforeseen circumstance. The contractor’s requested increase was approximately 19.8%.
Attorney Meyer noted that the contractor has stated that they would be very happy if the Board re-bid this project, reminding the Board that H&G Underground’s bid was substantially lower than the next lowest bid.

Mr. Gonder asked if the District would have to request a new permit from Amtrak. Attorney Meyer advised that Amtrak would have to approve any new contractor, or if anything in the project changed.

Attorney Meyer indicated that he wrote a letter to the contractor advising that their most recently submitted documentation was insufficient and, unless such documentation is provided, they are in violation of the contract. This letter also explained that the Board has the right to take whatever legal action it deems advisable at this point. Nothing further has been received.

Attorney Meyer advised that the options are to either do nothing and re-bid the project, or notify the bond holder, on the contractor’s Performance Bond, that the contractor had a violation and defaulted on the contract. The bond company would either take steps to either have someone else perform the work or encourage the contractor into performing the work.

Attorney Meyer noted that there are a couple of extraordinary circumstances in this case, one of which is that the contractor could not start work for a year due to the inability to obtain permit from Amtrak in that time. The other circumstance is that there are not many contractors that can perform this type of work.

Attorney Meyer noted that Mr. Doyle has been looking for other qualified contractors for this type of work, possibly as a subcontractor.

Mr. Doyle discussed this project with a contractor that he has worked with on another job, and that contractor has advised that they are busy at this time. Mr. Doyle noted that this contractor primarily does the drilling work needed for this project, but is not sure if they have expanded their business enough to perform the piping work.

Mr. Doyle pointed out, however, that there are other contractors that do this type of work.

Mr. Gonder commented that only two bids were originally received. Mr. Doyle agreed, stating that H&G Underground Utilities and Woodruff & Sons were the two bidders.

Attorney Meyer noted that Woodruff & Sons were going to subcontract the drilling work. Mr. Doyle agreed, adding that H&G was going to perform their own work.

Mr. Doyle again stated that there are other contractors that perform this type of work. Although there are extenuating circumstances such as waiting for the permit, there
documentation that has been submitted by the contractor still prohibits Mr. Doyle’s agreement of justification and substantiation of costs and recommendation for the Board’s approval.

Mr. Peller asked if substantiation must be provided to the Board before approval of the 19.8% increase request. Attorney Meyer advised that additional public monies cannot be spent unless documentation is received which demonstrates why it should be done.

Mr. Gonder asked about any timeframes for submittals. Attorney Meyer advised that there has been no response received from his letter, and the deadline was for the date and time of this Board Meeting.

Mr. Kuss stated that he does not believe that there is any value in attempting to continue to discuss this issue with this contractor. There have been multiple meetings held with them, and the information and documentation requested is not being supplied to the District.

Mr. Kuss commented that another option would be to simply wait to see if the contractor begins to work and complete it by March 31st. However, probably by the next Board Meeting, the District will know if the contractor will be able to meet the deadline. However, he does not believe that they will be able to do so.

Mr. Kuss believed that a decision should be made on how to proceed at this point. He asked for Attorney Meyer’s recommendation.

Attorney Meyer stated that it is likely that the cost of the project will increase if the project were re-bid. He suggested sending a letter to the bond company to at least begin the process, so that the District is not waiving any rights.

Attorney Meyer advised that the Board would still have the option to prohibit H&G Underground from bidding, assuming that there are no further circumstances that he would be aware of to declare that they were not a responsible bidder because they did not carry through with the contract the first time. However, this leaves even fewer contractors that could, or would bid this project.

Attorney Meyer advised that his recommendation is to notify the bond company about the apparent default, and then see what happens by the next Board Meeting. The matter can then be again addressed at that meeting.

Attorney Meyer pointed out that this project is under the SRF (State Revolving Fund) funding, and believes that the proposed funding is more than the current contractor price, even with the 19% increase.
Attorney Meyer noted that any additional costs above the amount approved by SRF would then be the responsibility of the District.

Mr. Harris expressed his concern about setting a serious precedent by merely re-bidding the project. This should seriously be considered due to the potential harm with future projects by contractors.

Mr. Edinger pointed out that it was an issue with obtaining the permit from Amtrak that caused this delay, and was out of the control of both parties. The Board agreed.

Mr. Kuss asked if Attorney Meyer would be preparing any letter to the bond company for Mr. Kuss to sign, if approved. Attorney Meyer answered that he would be signing the letter notifying the bond company.

Mr. Gonder entertained a motion that the Board agrees that there is currently a violation of the contract insofar as that H&G Underground Utilities did not begin construction by December 30th, as well as they will not be able complete the project by the date of substantial completion.

Mr. Mitchell made such a motion – seconded by Mr. Harris. There being no question or comment on the matter, the motion carried 5 – 0 in favor.

Attorney Meyer pointed out that the contractor never indicated the reason for the increase was due to the difference between their bid price and the other contractor.

Mr. Gonder thanked Mr. Doyle for his report.

Ryan Laughlin, of Haas & Associates, reported on the following projects:

**Larkspur Lane Drainage Improvements Project**

Mr. Laughlin reported that they have moved forward with the preliminary design, and he anticipates meeting with Mr. Kuss in the next couple of weeks to discuss a couple of design alternatives as well as preliminary rough costs of construction.

Mr. Laughlin then submitted an Engineer's Pay Request, in the amount of $707.20, and requested approval of same.

Mr. Harris made such a motion to approve the Pay Request of Haas & Associates, in the amount of $707.20, as submitted - seconded by Mr. Edinger. There being no question or comment on the matter, the motion carried 5 – 0 in favor.
**Storm Drainage Master Plan for Southwest Michigan City Area.**
Mr. Laughlin reported that they are continuing work on completing the geotechnical investigation, due to some weather setbacks. However, preliminary boring logs confirm the presence of a 10 feet thick very stiff, silty clay layer in the Lake Henry area.

Mr. Laughlin anticipated the remaining borings to be complete within the next couple of weeks.

Mr. Peller pointed out that this layer has been there forever, and was there when the homes were built. Mr. Laughlin agreed.

Attorney Meyer commented that this was caused when the glaciers retreated. Mr. Laughlin agreed, adding that they preliminarily expect the remaining area to be similar to the rest.

Mr. Gonder asked if there have been any flooding issues. Mr. Kuss answered that there never were any flooding issues, explaining that there was only seepage into a few basements. He noted that there have been no new reports of such at this time. However, he reminded the Board that this occurred last year during the winter thaw.

**Southwind Drive & Glencove Drive Drainage Improvements**
Mr. Kuss reported that the District’s video truck was out of service for some time, but has now been repaired. He advised that a large amount of videotaping was done today and the remainder is expected to be done tomorrow.

Mr. Kuss briefly explained that there were some intermittent problems with new sewer video truck, and cable and wiring issues were ultimately discovered and repaired.

Mr. Laughlin advised that they are continuing their work on completion of the final design drawings, but anticipate that they will be complete by the end of January.

In reference to the videotaping, Mr. Kuss noted that the crew discovered a fiber optic cable bored through the Lake Henry drainage pipe. This matter will also have to be addressed.

Mr. Gonder thanked Mr. Laughlin for his report.

**Staff Reports**
Mr. Milatovic, Mr. Micheals and Mr. McNeill joined Mr. Kuss, who reported and briefly discussed, the following:

**Mike Milatovic**
- Monthly Safety Report
• Monthly Report of Operations
  o No violations or exceedances for December
    ▪ Board packets included Root Cause Analysis Report
    ▪ District staff working on corrective measures and training in an effort to avoid future instances
  o No reportable overflows or backups in December

• Continuing to work with Alliance for the Great Lakes on the GLRI (Great Lakes Restoration Initiative) Grant
  o Local partners are Michigan City Planning Department, Park Department, Trail Creek Watershed Group focusing on Winding Creek Cove

Mr. Kuss added that the Park Department Board will also be considering this matter at their meeting on January 22nd. He explained that this grant was for slightly under $30,000 to use as a demonstration project regarding climate change.

Mr. Kuss explained that this project will involve erosion control to the stream banks, as well as a pier and boat launch area that need significant improvements. This will significantly assist with reduction in stormwater causing pollution in Trail Creek.

Mr. Kuss added that city property is being washed away into the creek and devaluing the Winding Creek Cove Park.

Mr. Kuss then took the opportunity to thank Mr. Milatovic for devoting the additional time on this project, as well as continuing efforts.

Jim Micheals

• December Report of work orders completed

• Grease in sewer lines discharged from Hearthside Foods
  o Discovery of paved over manholes, which is a continuing problem in other areas
  o Improper cleaning and maintenance of Hearthside Foods grease traps

• Discussion of natural gas pipe bored through sewer main near Southwind Drive and Ohio Street.
  o NIPSCO to be notified soon to remove their pipe

• Raffle Arm Ditch debris cleaning with LaPorte County’s cooperation

• Michigan Boulevard Phase II Project
  o Video tapes have been reviewed and discovered excess cement, asphalt, and debris
o Some videotaping of sections were abandoned without completion. These will need to be re-done for verification
o Mr. Peller pointed out the City of Michigan City has not yet accepted the project completion.
o American Structurepoint will be notified of the issues

**Bill McNeill**
- December Report of maintenance work completed
  - Continuing to work with the District’s Safety Consultant
    o Reviewing SOP (Standard Operating Procedures) for unloading Chlorine and Sulfur Dioxide containers, as well as changing tanks
    o Michigan City Fire Department on-site visit at WWTP regarding emergency plan and preparedness
    o Working with Fire Department to provide fire extinguisher training for all employees
    o Working on providing First Aid, CPR, and AED (Automated External Defibrillator) training for employees
      ▪ Purchase of AED’s needed
    o Process Safety Management Plan (PSMP) and Risk Management Plan (RMP)

Mr. Peller took the opportunity to note that he was reading about wastewater team competitions, in the latest Water Environment Federation (WEF) magazine, and wondered if the District staff would be interested in participating in the WEF team challenge competitions. Mr. McNeill responded that he has witnessed some of the competitions held at some of the annual conferences, noting that he just joked with the Maintenance staff this morning about potential team names.

Mr. Kuss added that there are similar competitions with the Indiana Water Environment Association (IWEA) held each year.

Mr. McNeill stated that the District has not considered it at this point. Mr. Kuss agreed but this may be something that we may want to do in the future.

In reference to Mr. McNeill’s maintenance work order report, Attorney Meyer asked if the number of work orders completed also the same number of the work orders open. Mr. McNeill clarified that the number merely reflects a running balance of work orders completed within the month, which may include a few that are hold pending arrival of needed parts, or need additional decisions made.

Mr. Kuss reported and briefly discussing the following:
• Sand Filtration Bypass/Leakage Incident – Copy of correspondence to IDEM
  o Root Cause Analysis Report
    ▪ #5 Secondary Clarifier issues with Return Activated Sludge (RAS) pumping ability. Repaired by Maintenance, which resulted in sludge blanket began rising in said clarifier during this time. Once repair was complete, 1st Shift Operator reported the sludge blanket level to relieving 2nd Shift Operator, informing him to review the sludge blanket level.
    ▪ 2nd Shift Operator turned down RAS flow down and failed to take any further readings of the sludge blanket in the clarifier. Said Operator continued to routinely, and possibly too frequently, backwash the sand filters without noticing the sludge blanket level rising, causing the sand filters to be blinded off by the high concentration of solids.
    ▪ Ultimate determine of root cause of operator error.
    ▪ The initial belief was that the water level rose above and over the recently installed bypass elimination weir. However, it was discovered that the water never reached as high as the top of the weir, but there was merely a leak through the weir plate.
    ▪ Report was made to IDEM, with 10 contributing causes to the problem being identified.

Mr. Peller asked if information during operator shift change is written or verbal. Mr. Kuss advised that communication is done verbally, however there is a log book in which some things are recorded.

• Ohio Street Lift Station Failure Report
  o Another response to questions posed by District’s insurance company has been submitted approximately one week ago.
  o Both affected homeowners are expressing their concern about the delay in decision on this matter

James Meyer, Legal Counsel
In reference to Shady Oaks Mobile Home Park, Attorney Meyer advised that nothing has progressed with the annexation process, to the best of his knowledge. However, he reminded the Board that this matter is contingent upon the US Hwy 12/Meer Road Sewer Project.

Mr. Harris then made a motion to approve and allow Tax Levy and Revenue claims for payment – seconded by Mr. Edinger. There being no question or comment on the matter, the motion carried 5 – 0 in favor.
Old Business
There was none.

New Business
There was none.

There being no further business to come before the Board, Mr. Gonder adjourned the meeting at 5:44 p.m.

The next regular monthly meeting of the Board of Sanitary District Commissioners – February 25th, 2015 at 4:00 p.m. at 1100 E. Eighth Street

/ Frank R. Harris /
Frank R. Harris, Secretary