

REGULAR MEETING, BOARD OF SANITARY DISTRICT COMMISSIONERS
WEDNESDAY, JANUARY 27, 2010 – 1:10 P.M. – 1100 E. EIGHTH STREET

The meeting was called to order at 1:10 p.m. in the Board Room of the Administration Building, 1100 E. Eighth Street, by the President Pro Tem of the Board, J. Jeffrey Jones, PhD.

Commissioners present for the meeting were J. Jeffrey Jones, Ph.D., Judith A. Paul, Linda G. Simmons and Ronald J. Strauss. Commissioner Boyd W. Phelps was absent.

Staff Members present for the meeting were:

Alan J. Walus, General Manager
Daniel R. Olson, Plant Superintendent
Michael A. Hoffman, Collection System Superintendent
Doretha M. Sanders, Administrative Director
Tina M. Tabisz, Administrative Assistant
William J. Nelson, Jr., Legal Counsel

Also present for the meeting were:

Tom Cipares, General Insurance Services
John Doyle, John A. Doyle & Associates
Adam McAlpine, Haas & Associates
Mike Edinger, Woodruff & Sons
Ryan Miller, D&M Excavating
Andre Steele, ALCO TV

Dr. Jones entertained a motion in reference to the minutes of the Regular Meeting of December 16, 2009.

Ms. Paul commented that there is one correction. Ms. Paul noted that Page 1 of the minutes incorrectly listed her name as Judith A. Phelps as one of the Commissioners present and should be changed to Judith A. Paul.

Dr. Jones asked if there were any further corrections or comments. There were none.

Mr. Strauss then made a motion to approve the minutes, as corrected– seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

In reference to the Financial Status of the District, Mr. Walus advised that Mr. Schaefer is finalizing the year-end report and requested that his financial report be tabled for this month. He will then attend the February meeting to provide the Board with an update.

Dr. Jones read the financial status of the District as follows:

**FINANCIAL STATUS – SANITARY DISTRICT
January 23, 2010**

OPERATION & MAINTENANCE FUND #6201	\$524,203.04
SEWAGE WORKS SINKING FUND #6207	\$914,433.84
SEWAGE WORKS IMPROVEMENT FUND #6208	\$121,887.26

Public Comment

Dr. Jones recognized Tom Cipares of General Insurance Services (GIS) to report on the insurance renewal update.

Mr. Cipares reminded the Board that he appeared before them at the November 2009 meeting and advised that he would come back to the Board at the January 2010 meeting with the proposed renewal for the March 1st Commercial Package Policy. Additionally, he plans to come back at the February meeting to present the Workers' Compensation renewal offer from Indiana Public Employers' Plan (IPEP).

Mr. Cipares explained the quote presented by Trident Insurance/Hylant Administrative Services represents a 4% increase due to experience rating. It also is based on utilizing the same expenditures as were used in the 2009 policy year.

The number of vehicles in the fleet has been increased by two; buildings and contents have increased by 5%, part of which is due to an inflationary bump, however the District has also invested in some additional lift stations so that the property schedule has grown a bit.

Additionally, the District disposed of one of its larger pieces of equipment so the inland marine schedule is down by 6% total value.

Therefore, the total quote is up 5% mostly because of the 4% increase due to experience rating and the remainder is due to exposure changes. This 5% represents a premium increase of \$6,707 compared to the policy currently in force.

Mr. Cipares briefly reviewed the proposed quote, as follows:

The total insured amount of values for buildings and contents is \$44,284,000. The carrier is using a 10¢ rate, which is the same rate that they used on the prior coverage. In other words, for every \$100 of insurance, the District is paying 10¢ for the property insurance.

This does include earthquake and flood coverage, which also has sub-limits of \$1,000,000 for those causes of loss. Those losses are subject to a \$50,000 deductible whereas the property deductible is \$1,000.

This property schedule also includes the equipment breakdown which is boiler and machinery coverage. Therefore, for all sudden and accidental breakdowns to the machinery and equipment, the District would have the ability to file a claim for repairs under this policy, which again is subject to the \$1,000 deductible.

The proposal included a copy of an illustration of the extensions on the property coverage, which is also identical to the current policy in effect.

The Commercial Inland Marine coverage relates to District equipment that can, and does, leave the premises so that the coverage is not tied specifically to a location. The total scheduled property is \$1,116,132 as well as some miscellaneous unscheduled property of \$67,724.

These figures are derived from lists that are reviewed each year with the District management team.

There were no real changes to the General Liability coverage. The premium for this coverage is increased a bit, which again is due to the trending loss history. However, 2009 has been a good year.

The deductible on this coverage is \$5,000 for general liability claims, which is a per-event deductible. Therefore, if there was a rain event that affected 25 locations, there would be one deductible, rather than one for each location. This is also the same as the current coverage.

The current proposal offers an option this year due to a change of state law with regards to uninsured and underinsured motorist coverage.

The first option is the same as the District's current coverage and what the District has historically carried. There is a \$1,000,000 primary auto liability coverage as well as \$1,000,000 uninsured motorist and \$1,000,000 underinsured motorist coverage.

Mr. Cipares explained that, because of the change in state law, the insurance carrier has to offer the District a lower limit as being an option.

Therefore, the District could select the second option, which lowers the uninsured and underinsured motorist coverage down to \$100,000 each, or even completely reject it totally if the District chooses to do so.

If the coverage were lowered to the \$100,000 level, the premium savings would be \$793 per year.

Mr. Cipares advised that he would not recommend lowering this coverage. He explained that most of the District's vehicles are driven, for the most part, on the clock. They are driven by employees so that, if they are injured in an automobile accident, they will be afforded coverage under workers' compensation insurance.

However, there is the opportunity for exposure if they are driving the vehicle off the clock. In particular, Mr. Cipares is thinking about the management group. If they are involved in an accident using a Sanitary District vehicle and they are not on the clock, it is for their own personal use. If the responsible party that causes the accident brings the employee severe injury and they do not have adequate insurance, there would be a claim made under the uninsured or underinsured motorist coverage.

Mr. Cipares did not believe that it is a good idea to either lower or eliminate the coverage.

Mr. Cipares asked if there were any questions at this point. There were none.

Mr. Cipares continued his report, as follows:

The entire automobile section is on a fleet automatic basis. In other words, any additions that take place during the year are automatically covered with no additional premium charge when this is done. The premium is charged up front. However, each addition to the fleet is reported to the carrier. Typically, the changes are a swap-out of vehicles with buying one and selling one.

The Public Officials' and Employment Practices Liability proposal has no change in the design of coverage. However, there is an option that the District can select which he will address a bit later.

The current policy offers \$1,000,000 coverage for each wrongful act and \$3,000,000 in aggregate. The umbrella coverage also lays over these limits as well.

The Employment Practices Liability is a separate line item but also has the same limits as above.

Mr. Cipares advised that there is a reduction in coverage proposed which is for employment practices claims that may be brought before the EEOC (Equal Employment Opportunity Commission).

Currently, the District has \$50,000 for the defense of any one claim and \$100,000 in the policy. They are lowering the per-occurrence limit from \$50,000 to \$25,000, although the aggregate is still the same at \$100,000.

The Non-Monetary Defense line item limit of \$50,000 for each occurrence and \$50,000 aggregate is an additional coverage that they are including in the premium quote.

The wrongful acts definition includes that there needs to be a claim for monetary damages. However, if an individual were to file a claim but wasn't necessarily asking for monetary relief, but was asking for some other sort of relief in their employment relationship, there would be \$50,000 of coverage. Therefore, there does not have to be a trigger of monetary damages for the coverage to respond.

Mr. Cipares asked if there were any questions.

Dr. Jones commented that his assumption of this coverage would be something like restoration of an employment position or something like that. Mr. Cipares agreed stating that this would be the best example he could give in the area of employment practices.

Mr. Cipares asked if Attorney Nelson had any comments. Attorney Nelson agreed with Dr. Jones' example.

Dr. Jones then asked how the \$50,000 would mitigate that circumstance. Attorney Nelson advised that this would be utilized to defend the action. Mr. Cipares agreed.

Mr. Cipares continued his report.

The Commercial Excess Liability policy contains \$5,000,000 limits and does, in fact, lay over the General Liability, Public Officials' Liability, Employment Practices Liability and Commercial Auto Liability coverage. It does not, however, lay over the uninsured and underinsured motorist coverage.

The insurance carrier's summary of premium includes separate pricing with terrorism coverage or without terrorism coverage. The District has historically elected to carry the terrorism coverage. If the District chose to do so again, the total premium figure would be \$134,431.

The Board can choose to elect to secure coverage for non-monetary defense under the Public Officials' coverage.

Mr. Cipares gave the example of the District proposing to do a particular project and a property owner, or group of property owners, objected to the project. The District has not caused them any harm up to that point. The District then moves along with the

project and they attempt to bring the District into some kind of litigation. The District would then have ability to secure coverage for either \$10,000 each occurrence/\$50,000 aggregate or \$50,000 each occurrence/\$100,000 aggregate, depending on which option is chosen. This option is a new offering from the insurance carrier. Mr. Cipares advised that he asked the carrier to keep it out of the quote so as to not cloud the issue.

Finally, Mr. Cipares explained that his firm prepared a comparison, by line item, of the cost of premiums over the past three years to compare to the new proposal.

Mr. Cipares advised that he would be happy to answer any questions the Board may have.

Ms. Paul noted that there is a \$1,000 deductible under the Commercial Property coverage but there is a \$5,000 deductible under all of the other coverages. She asked if there is any reason that there is a lower deductible for the one coverage. Mr. Cipares stated that there is no specific reason.

Mr. Cipares added that, if the deductible were raised to either \$5,000 or \$10,000, the premium would be lowered. He advised that he would be happy to obtain alternate quotes at \$5,000 and \$10,000 deductibles. Ms. Paul stated that she would like to see the differences in premiums for the higher deductibles.

Mr. Cipares advised that he would be happy to do so and actually would be able to have those alternate premiums within a day, which he could then forward to Mr. Walus for distribution to the Board. Mr. Cipares advised that he will also be back at the February meeting to formally revisit the matter at that time.

Dr. Jones asked if it would still be timely. Mr. Cipares advised that it would be because this renewal comes due on March 1st. Therefore, the matter can be deferred to the February 24th meeting.

Dr. Jones asked Mr. Cipares his opinion if it would be a good idea for the District to look at a \$10,000 deductible on all lines of coverage. Mr. Cipares advised that he does not necessarily recommend doing so on the general liability side.

Mr. Cipares explained that the District had nine claims filed in 2009 in the general liability area and most of them resulted in claims that the District paid because the amounts were under the \$5,000 deductible. The total amount paid out was \$9,000 plus out of the District's pocket.

Mr. Cipares again stated that he wouldn't necessarily recommend raising the deductible on the general liability. He recalled that there is approximately \$20,000 of premium to work with in the general liability section.

Mr. Cipares stated that it would probably be best just to ask for pricing for a \$10,000 deductible and then the Board can decide.

Mr. Cipares commented that he did not believe that there would be much savings seen on the general liability. However, he believed that there would probably be enough savings seen on the property coverage to make it attractive.

Mr. Cipares advised that he will obtain the quotes and come back at the February meeting for the Board's final decision. The Board agreed.

In reference to workers' compensation, Mr. Cipares advised that he recently went through a review with the City of Michigan City with City Controller John Schaefer in attendance.

Mr. Cipares explained that the City of Michigan City self-funds their workers' compensation coverage utilizing the services of the reinsurance and a third party administrator (TPA) to pay the claims. In the meeting with the representatives of the reinsurer and the third party administrator, the concept was brought up of possibly including the Sanitary District into that program, at the request of Mr. Walus.

Mr. Cipares advised that he has submitted claim and premium history to the TPA and they are reviewing the information. Mr. Cipares will be able to provide some insight into this possibility when he appears at the February meeting.

Dr. Jones thanked Mr. Cipares for his report.

Dr. Jones called for any further public comment. There was none.

The following departmental status reports were given:

Al Walus

In reference to the Trail Creek Watershed, Mr. Walus advised that he and Plant Superintendent Dan Olson have been working with IDEM to submit a grant to the Great Lakes Restoration Initiative. Those grants are due on Friday, January 29th.

Mr. Walus explained that IDEM has taken information from several parties to prepare a grant application to perform some river modeling of tributaries in northwest Indiana to then take the results of that information to Michigan State University to perform some modeling of Lake Michigan along the southern coast of Lake Michigan. Additionally, we are proposing to perform bacterial source tracking.

IDEM has submitted the grant and have received letters of support from the City of Michigan City, Northwest Indiana Regional Planning Commission, City of Whiting, Town

of Beverly Shores, Save the Dunes Conservation Fund, Michigan City Sanitary District, Department of Natural Resources and the City of Gary.

The EPA will be reviewing the grant application for completeness and advising IDEM if there is anything additionally needed. In the coming months, they will identify if we were successful in obtaining that grant.

Mr. Walus explained that the proposed funding amount of the grant is in the order of \$776,000. This is a significant grant to look at northwest Indiana's regional watershed to really answer the question of what is happening in the rivers with *E.coli* loading before it gets to our beaches in Lake Michigan. The result of this work will provide a way to prioritize projects to reduce pollution.

Mr. Walus stated that they are very pleased that IDEM and the DNR took a leadership role in putting this grant application together and we are hopeful to obtain one of the grants.

Mr. Walus advised that, if successful, we would be performing activities this summer and fall in river modeling and potentially perform the sampling of the different tributaries in 2011 during the spring and summer seasons. This would be a great effort for our region if we get approval of the grant.

Mr. Walus advised that bids were received at the December 2009 meeting for the Meer Road/U.S. Highway 12 Sanitary Sewer Extension Project; however, he has not had an opportunity to meet with the developers that are proposed to fund the project. Therefore, he will be doing so in the coming weeks and will report back to the Board with an update at the February meeting.

Mr. Walus then advised that bids were opened for the Golf Course Daylighting Project at the December 16, 2009 meeting. Project Engineer Dave McCormick submitted our Stormwater Pollution Prevention Plan on January 4, 2010 to the MS4 Coordinator. Approval of the Stormwater Pollution Prevention Plan was received on January 7th.

Mr. Walus advised that he appeared before the Board of Public Works & Safety on January 19th, at which time they approved a Letter of Understanding for the Daylighting Project.

Mr. Walus explained that the Letter of Understanding identifies the need for the project and its relationship to the necessity to install the 48 inch pipe under Freyer Ditch in the Coolspring Project.

As part of the Coolspring Project, improvement of the ditch was required through our permit process with IDEM to perform mitigation since we were encasing storm sewer under an existing ditch. IDEM requested, and we agreed, to daylight a stream that was

previously encased in years past. We worked with the Park Department and Golf Course to do so.

Additionally, the Coolspring Project contains funding for the mitigation project and those funds are administered by the Board of Works.

Therefore, when Mr. Walus appeared before the Board of Works on January 19th, the Board of Works did provide funding for the daylighting work in an amount not to exceed \$250,000.

Mr. Walus advised that he also appeared last Thursday, January 21st, before the Michigan City Park Board. Mr. Walus presented the plans and provided a summary of the project to the Park Board. The Park Board then gave approval, by and through a motion and approval, allowing the Sanitary District to engage a contract and build the Daylighting Project pursuant to the plans submitted to the Park Department.

Therefore, Mr. Walus recommended that the Board consider and approve the Letter of Understanding between the Sanitary District and the Board of Works regarding this project.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to approve the Letter of Understanding Between the Sanitary District of Michigan City and the Michigan City Board of Public Works & Safety Regarding the Golf Course Daylighting Project, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Mr. Walus thanked the Board and then submitted the award recommendation advising that Mr. McCormick has reviewed the bids submitted on the Daylighting Project. Mr. McCormick is recommending the bid of D&M Excavating in the total amount of \$198,544.00, subject to review and approval by legal counsel.

Mr. Walus advised the contract specifications to all of the bidders contained a draft form of agreement. Mr. McCormick can then insert the actual bid numbers as quoted by D&M Excavating into the draft form of agreement.

Mr. Walus asked that the Board consider approving the form of agreement with D&M Excavating to construct the Daylighting Project in the bid amount of \$198,544.00 subject to final legal review by District counsel.

Dr. Jones entertained a motion to award the contract to D&M Excavating, Inc. in the amount of \$198,544.00, subject to final review and approval by legal counsel.

Ms. Simmons made such a motion – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Mr. Walus added that there is an April 15, 2010 deadline for completion of the project, which is why we are trying to expedite the process as much as we can. Mr. Walus will work with Attorney Nelson to finalize the review quickly so we can determine a course of action on the project.

Mr. Walus reminded the Board that he reported at the December meeting, in reference to the Lafayette/Barker Storm Sewer Interceptor Project, that the Redevelopment Commission was moving forward with the bid bond sale process and the Sanitary District then entered into a Letter of Understanding with the Redevelopment Commission.

Mr. Walus then asked Burke Engineering to prepare the form of agreement for constructing the Lafayette/Barker Tunnel Project. Therefore, Burke Engineering submitted the suggested form of agreement between the Sanitary District and Super Excavators to Mr. Walus.

Mr. Walus advised that he is not asking for any formal action from the Board at this time. However, he advised that he would present the proposed form of agreement to Attorney Nelson for legal review to then bring the proposed contract back to the Board at the February meeting.

Mr. Walus advised that the bonding agency for the Redevelopment Commission will be meeting at 4:00 p.m. today to take the next steps in order to complete the sale of the bond. According to City Planner John Pugh, that process is expected to be completed on or about March 1st.

If the bond is sold, the District would be in a position to award the contract at the February 24th meeting, or even call a special meeting in early March to potentially do so.

Once the contract is finally awarded, this will kick in the items of the tunnel boring machine and there will be a several week period before they are actually boring the tunnel.

In the mean time, there are also draft agreements that will be forwarded to Attorney Nelson for the utility relocation. Woodruff & Sons is the apparent low bidder in that aspect of the contract. This will be brought to the Board at the February meeting as well.

Mr. Walus advised that we are making progress on the project. Additionally, he has been in communication with Mr. Pugh and Umbaugh & Associates, the financial consultants for the Redevelopment Commission, regarding all the bond documents.

In reference to the Personnel Policies Handbook, Mr. Walus reminded that a Personnel Committee was appointed comprised of some key staff members as well as Commissioners Simmons and Strauss. There have been several meetings on the handbook.

The Committee has been asked to review the handbook from front to back. The current handbook was prepared in 1995. After the handbook was approved by the Board of Commissioners at that time, there have been a few updates here and there. However, there have been different changes in federal law as well as other matters. Therefore, it was believed that now would be a good time to review the entire handbook. There have been several meetings held on August 26th and November 10, 2009 as well as January 10, 2010.

Mr. Walus advised that the Board now has before them the handbook in its current form that shows current language in black, proposed deletions with blue highlighted strikethrough text and proposed new text in red lettering.

Mr. Walus then reviewed the entire handbook with the Board, discussing each section of the handbook and explaining any proposed additions, deletions or changes.

Mr. Walus stated that, should the Board of Commissioners decide to approve the recommended handbook changes today, District management would prepare a summary document identifying the changes in the handbook. Those changes would then be reviewed in face-to-face meetings with District staff.

Mr. Walus advised that we would need some time to schedule meetings with all of the staff to go over the changes and provide whatever final version of the handbook that is approved by the Board. This might take a couple of weeks to fall into a pay period schedule.

Mr. Walus advised that Friday, February 19th, would be our target date to make the potential new handbook effective for the District. This would give us time to quickly prepare a summary of the changes, meet with all staff to review those changes, and get a final version of the handbook printed out for distribution to everyone and still give employees a little bit more time to become familiar with the new changes.

Mr. Walus advised that we can then begin the process where the management team can then start meeting with employees to go over the job descriptions and expectations that they will be rated on in their performance evaluations later in the year.

Mr. Strauss asked if the process is being rushed a little since everyone is very busy. He suggested rounding off the effective date to March 1st or something like that so it wouldn't have to be tied to a pay period. Mr. Walus explained that we would like the

effective date to be tied to a pay period because there is language that addresses tardiness issues to time periods, etc., and it would make it clearer.

Mr. Walus added that we are anxious to get started too because we want to sit down and start having appraisal meetings with the employees. He explained that we want to get started now because, as we go through the course of the year, we can define expectations to the employees. We can then potentially meet the employees again in six months to let them know how they are doing before we get to the formal process of performance evaluations later in the year.

Ms. Paul asked if the handbook would be approved at this meeting. Mr. Walus agreed asking for the Board consideration for approval at this meeting. That would then allow us to prepare the summary of changes and begin having meetings with employees so that they can be comfortable with it on February 19th.

Ms. Paul then asked if all of the old passage dates referenced in each section would be removed. Mr. Walus advised that this is correct.

Mr. Walus explained that the original handbook was put together in 1995. He further explained that we are trying to format the handbook similar to the City's handbook that differentiates each section by referencing the section and issue date. Therefore, each individual sheet will have a heading that will then display the section reference and approval date.

Additionally, there may be conditions in the future where we may want to change one paragraph of a policy. We would then bring that change to the Board for approval and then just print the specific page that has the change and the rest of the handbook will be intact.

Dr. Jones noted that the final draft date on the cover of the proposed handbook incorrectly references 2009. Mr. Walus noted the error and advised that the date will be changed if the Board approves the handbook.

Ms. Simmons advised that she wanted to comment as one of the two Commissioners that were part of the entire personnel handbook process.

Ms. Simmons stated that Mr. Strauss was on this team along with Mr. Walus and his staff. She stated that you can obviously tell that this work began August of last year and here we are today trying to wrap this up.

Ms. Simmons stated that this was a huge eye opener and learning experience for her and, she is sure, for Mr. Strauss as well.

Ms. Simmons advised that this was taken step-by-step to make sure that all of the bases were covered and meetings were held with all different levels of management to go through this process.

Ms. Simmons stated that she is very impressed with the amount of work and time that everyone put into this process to, at the end of the day, come out with a handbook that she personally feels that covers all of the bases. Although there will always be something that might come up, Ms. Simmons believes that we have made huge strides comparing what the handbook was to what it is today.

Ms. Simmons stated that she felt very comfortable in making a recommendation to the Board to approve the handbook as presented.

Dr. Jones asked if Ms. Simmons would like to put that in the form of a motion.

Ms. Simmons made a motion to approve the Personnel Policy Handbook, as presented – seconded by Ms. Paul.

Mr. Strauss stated that he thinks that we did a really good job on the handbook and that primarily Mr. Olson and Ms. Tabisz did a lot of work.

Dr. Jones agreed and further commented that the entire Board has had a chance to review the handbook individually prior to this meeting. Dr. Jones noted that he had the opportunity to review the handbook in some detail with Mr. Walus.

Dr. Jones suggested that Ms. Simmons' motion should include that the effective date of the handbook will be February 19, 2010. Ms. Simmons agreed to amend her motion accordingly.

There being no further question or comment on the matter, motion carried 4 – 0 in favor.

Dr. Jones thanked the staff, on behalf of the Board, as well as the fellow Commissioners for their hard work. He noted that when you think about 1995, it doesn't seem that long ago, but it has been 15 years since the last update. He believes that it will serve us well as we move forward. Additionally, there have been a lot of things that have changed in this world in the last 15 years, legally and practically.

Dr. Jones thanked Mr. Walus for his report.

Dan Olson

Mr. Olson advised that there were no violations of the NPDES permit during the month of December. He advised, however, that there were three overflows that occurred in the Collection System, all of which were caused by various reasons.

Additionally, there was one bypass in the treatment plant that he reported at last month's meeting that occurred.

Mr. Olson advised that all four of these bypasses were reported to the State in accordance with state regulations and our permit conditions.

Mr. Olson then advised that the District has an annual report that is due to the US EPA Region 5 in February. This report has already been submitted and is basically a 503 report, which is Section 503 of the Clean Water Act and deals with sludge handling and disposal. These are reported to the EPA because EPA retains the authority for that portion of the Clean Water Act. They have not given the authority to the states yet.

During 2009, the District disposed of 672.57 metric tons of sludge, all of which was land applied to farm lands pursuant to our permit.

Mr. Olson then reported that, on January 11th at approximately 5:00 p.m., we had a sump alarm in the east pipe gallery. This is the float switch that is located by Return Sludge Pump #2.

The operator returned to his station and, when he saw the alarm, went down and inspected the area. The gallery was completely flooded and the level was up over the motors. We lost all four return sludge pumps on that side of the treatment plant. We had to shut off flows to half of the plant so that we could get down to the area. This meant that we had to set the maximum flow rate through the plant to 6.5 MGD rather than 12 MGD.

The crews worked diligently to see if the motors could be salvaged first and then, secondly, to locate replacement motors. The replacement motors were ordered the next day. We were able to get two of the return sludge pumps back in service and we also sent the motors off to a local motor shop to have them baked in an effort to remove all of the water to possibly use those motors again.

Two of the motors were able to be salvageable and the other one did not. Therefore, we ordered another new pump motor so that we could get more return sludge pumps back in service in order to get the plant back to capacity.

On January 13th, we returned a third return sludge pump in service and, on January 14th, the last one returned to service using one of the baked motors.

The capacity to the plant was returned to 14.5-15 MGD on January 15th. Therefore, in quick short order, we were able to recover from this disaster which resulted in no overflow from the basin. All flows that were diverted on a temporary basis during the daylight hours were returned in the evening.

Mr. Olson added that we were very fortunate that it was a very cold period where there was not a lot of inflow or infiltration occurring in the system.

Mr. Olson advised that the crews worked very diligently and he commended the maintenance crew for their efforts because they really did a great job on getting the plant back in service.

Dr. Jones asked if Mr. Olson had any idea what caused the flood. Mr. Olson advised that Return Sludge Pump #2 had some problem with its seals and it literally blew apart. It was leaking and the age of the equipment.

Mr. Olson advised that we are monitoring the equipment a little bit more closely but it is just one of those things that just happen.

Dr. Jones asked the cost of the motor because he was curious about the damage amount. Mr. Olson advised that there was \$905 in overtime costs and the motors, VFD (variable frequency drives) drives and other appurtenances came to \$12,332.

Dr. Jones stated that he was wondering because of the insurance proposal that was discussed earlier in the meeting. Dr. Jones asked if this is an insurable event when something like this happens.

Mr. Olson stated that, if the current policy has the same type of deductible with it, he would think that it would be. However, it is more a question of whether it is appropriate to file an insurance claim and possibly receive a rate increase next year due to history.

Dr. Jones stated that he was curious when previously discussing a deductible of \$5,000. Attorney Nelson stated that sometimes it may not be the equipment but the consequential damages due to the equipment failure.

Mr. Strauss questioned Mr. Olson's reference to "when he returned to his work station". Mr. Olson explained that the operators do not necessarily spend all of their time in the Operations Room where the SCADA (Supervisory Control and Data Acquisition) display is located. He was out working somewhere else but they do not leave the plant.

Dr. Jones asked if the pumps are on a PM (preventive maintenance) schedule for replacement. Mr. Olson explained that we have a PM schedule for them but not for replacement.

Mr. Olson advised the Board to keep in mind that this equipment is all going to be obsolete under the Master Plan. Dr. Jones understood.

Dr. Jones thanked Mr. Olson for his report.

Mike Hoffman

In reference to the Safety Report for the Wastewater Division of the Sanitary District (WWTP, Administration and Collection System), Mr. Hoffman advised that there were no reported injuries and no lost time in the last months. This is the seventh month with no lost time injuries.

In reference to the Safety Report for the Refuse Department, Mr. Hoffman advised that there were no reported and no lost time injuries in the last month. This is the sixth month for the Refuse Department with no lost time injuries.

Mr. Hoffman advised that the construction projects are on hold until the springtime. We try not to do any elective construction while the ground is frozen because it just creates problems when it is put together and everything is frozen. However, emergencies are always addressed when they occur.

In reference to MS4, the MS4 Coordinator is reviewing plans and inspecting sites for compliance.

The Advisory Board is still awaiting the results of the fall audit. The Board did, however, contract with Lawson Fisher & Associates, who is the consulting engineer for the MS4 Program. The contract was renewed for two years and it is under the dollar amount that is required to go before the Board because the District only pays 50% of that contract.

Dr. Jones thanked Mr. Hoffman for his report.

Jim Kintzele

Mr. Walus advised that Mr. Kintzele is not available for today's meeting so his report will be held over until next month.

Attorney Bill Nelson

Attorney Nelson advised that there are 11 delinquent accounts to be recorded as liens, in the total amount of \$1,112.01, which requires Board action.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to approve the delinquent accounts to be recorded as liens, as submitted – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Attorney Nelson then submitted four liens to be released due to satisfaction of the liens, in the total amount of \$243.16 and advised Board action was necessary.

Dr. Jones entertained a motion on the matter.

Ms. Simmons made a motion to approve the four Releases of Lien, in the total amount of \$243.16, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Attorney Nelson then advised that there are two bad debts this month to be declared as uncollectible. One is in the amount of \$106.80 and the second is in the amount of \$278.49. Both of these are due to new title owners prior to recording of liens. Attorney Nelson advised that Board action is required.

Dr. Jones entertained a motion on the matter.

Mr. Strauss made a motion to declare the two accounts, in the amounts of \$106.80 and \$278.49, as a bad debt and uncollectible, as submitted – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Attorney Nelson then submitted a deduct based upon an Affidavit of Correction, for Board action today, on a prior lien recording. This is based upon the filing of a bankruptcy subsequent thereto. Attorney Nelson explained that this is an actual amendment of correction which is done by affidavit form. This is in the amount of \$83.25.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to approve the Affidavit of Correction in the deduction amount of \$83.25, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Dr. Jones entertained a motion to approve and allow Revenue and Tax Levy claims for payment.

Ms. Paul made such a motion – seconded by Mr. Strauss. No discussion or comments on the motion. Motion carried 4 – 0 in favor.

Dr. Jones then entertained a motion to approve and allow claims for the Board of Public Works & Safety.

Ms. Simmons made such a motion – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Old Business

There was none.

New Business

Mr. Walus advised that there was an accident with one of the Collection System pickup trucks that occurred toward the end of December on one of the days with icy road conditions.

Mr. Walus explained that this is a pickup truck that the District purchased in September 2000 and has roughly 139,000 miles on it. An insurance adjuster looked at it after the accident and determined that the truck was a total loss at a value of \$5,653.12.

Mr. Walus advised that Central Maintenance Superintendent Charlie Cate was part of this process and is recommending removal of all of the non-OEM (Original Equipment Manufacturer) such as the radio and some other miscellaneous equipment so that the truck can be totaled out for its value.

Mr. Cate is then looking for a potential alternate replacement vehicle that would serve the purpose of this truck at this value or less. This would be brought back to the Board at a future date.

Mr. Walus asked that the Board consider action to declare Sanitary District Truck #29, a 2001 Dodge Dakota pickup truck, VIN #1B7GL2AN51S101696 to be a surplus vehicle so that we can finalize this matter with the insurance company.

Dr. Jones entertained a motion to declare the 2001 Dodge Dakota pickup truck, VIN #1B7GL2AN51S101696 as salvage.

Mr. Strauss made such a motion – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

The next regular monthly meeting of the Board of Sanitary District Commissioners –
February 24, 2010 – 1:00 p.m. - 1100 E. Eighth Street

There being no further business to come before the Board at this time, on motion duly made and seconded, the meeting then adjourned.

 / Linda G. Simmons /
Linda G. Simmons, Secretary