

**REGULAR MEETING, BOARD OF SANITARY DISTRICT COMMISSIONERS
WEDNESDAY, FEBRUARY 28, 2007 – 1:00 P.M. – 1100 E. EIGHTH STREET**

The meeting was called to order at 1:00 p.m. in the Board Room of the Administration Building, 1100 E. Eighth Street, by the President of the Board, Boyd W. Phelps.

Commissioners present for the meeting were J. Jeffrey Jones, Ph.D., Boyd W. Phelps, Linda G. Simmons and Ronald J. Strauss. Commissioner Judith A. Paul entered the meeting shortly after it was called to order.

Staff Members present for the meeting were:

Alan J. Walus, General Manager
Daniel R. Olson, Plant Superintendent
Michael A. Hoffman, Collection System Superintendent
James L. Kintzele, Sr., Refuse Superintendent
Doretha M. Sanders, Business Office Manager
Tina M. Tabisz, Administrative Secretary
William J. Nelson, Jr., Attorney

Also present for the meeting were:

John Schaefer, City Controller
Tom Cipares, General Insurance Services
John Doyle, John A. Doyle & Associates
Tim Haas, Haas & Associates
Warren Thiede, Haas & Associates
Adam McAlpine, Christopher Burke & Associates
Mike Edinger, Woodruff & Sons
Ryan Miller, D&M Excavating
Bob Palm, Palm & Associates
Scott Cook, Tryon Farms
Andre Steele, ALCO TV

Mr. Phelps entertained a motion in reference to the minutes of the Organizational Meeting of January 24, 2007 and the Regular Meeting of January 24, 2007.

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

(Ms. Paul entered the meeting at this time.)

In reference to the Financial Status of the District, City Controller John Schaefer advised that the Board packets include the financial reports for the year 2006.

Mr. Schaefer advised that the net loss for the year was a little over \$1 million. However, he pointed out that there was approximately \$1.8 million in depreciation expense.

Therefore, there was a profit for the year of approximately \$700,000, which is good.

Mr. Schaefer then explained that the depreciation expense figure is significantly lower now because of the changes that were made to the fixed assets.

Mr. Phelps asked if the depreciation expense is the final adjusted amount. Mr. Schaefer advised that it is, in fact, the final adjusted amount for 2006.

Mr. Schaefer briefly explained what was done, as follows:

Mary Lynn Wall from the Controller's Office has worked with Mr. Walus, Ms. Sanders and Ms. Bates to review the Sanitary District's asset records. Each and every item was reviewed to make sure that they are still on the premises and then a comparison was made to an evaluation that was done city-wide a few years ago.

There were several corrections made as of January 1, 2006 so that the year 2006 would be reported correctly. The adjustments made were as follows: Fixed assets were reduced by almost \$18 million and accumulated depreciation was increased by a little over \$15 million, resulting in total adjustments of approximately \$33 million at the beginning of the year.

Since the District adopted the City's Fixed Asset Policy, there were many things that fell below the capitalization threshold. These items were removed.

The accumulated depreciated went up because we are now depreciating by asset rather than by the composite rate of two percent for everything that has been used for years.

Therefore, everything is extremely more accurate than it ever was and depreciation is being done asset by asset.

Additionally, there were a couple of instances where entire projects had been "booked" to the Sanitary District records that actually should have been divided as the street portion belonging to the City and the water portion belonging to the Water Department, etc.

Mr. Schaefer advised that all of these items have been cleaned up and he feels that he has an extremely accurate record of fixed assets. Ms. Wall will update these assets on a monthly basis and recalculate depreciation on a monthly basis. Therefore, everything from this point forward should be very accurate.

Mr. Phelps asked if there were any questions by the Board.

Dr. Jones asked about the threshold for the capitalization. Mr. Schaefer explained that it depends on the type of asset. He gave the example that the threshold for equipment is \$5,000.

Mr. Schaefer explained that if the District had purchased a typewriter years ago, it was still probably on the fixed asset list. However, it would now be wiped off of the list because nothing under the threshold is listed.

Mr. Schaefer further explained that, when you consider the large amount of assets that the District deals with, items under \$5,000 are really not material. However, they are still tracked for insurance purposes but not for the financial accounting.

Mr. Schaefer explained that the threshold for buildings is \$100,000 and for vehicles is \$10,000.

Dr. Jones then asked if there will be any effect on the insurance quotes that have recently be received if the depreciable property has decreased considerably since the insurance company was using a base of property value. Mr. Schaefer explained that largest dollar amount changes were to infrastructure which is not covered under the insurance policy.

Mr. Phelps asked if there were any further questions. There were none.

Mr. Phelps thanked Mr. Schaefer for his report.

Public Comment

Tom Cipares, of General Insurance Services, advised that the Board packets included the renewal quotes for both the commercial package insurance as well as the workers' compensation coverage.

Mr. Cipares commented on Dr. Jones question about the asset list. He explained that the insurance company is working from the prospective of estimated replacement costs of structures; of the buildings and of the content.

Mr. Cipares also commented that he made a note to himself to review the fixed asset list that has been finalized to make sure that the items match with the City's records.

Mr. Cipares explained that his cover letter advised that the District's overall rate level decreased ten percent from last year. He explained that each of the line items in the detail of the quote dropped by ten percent with the exception of the property. The values of the property have been increased by 14%.

Mr. Cipares explained that the District just finished a major construction project during the year and there was a large builder's risk policy covering that construction. Then,

when the builder's risk policy ended, Mr. Cipares worked with the District's management team to revise the dollar amounts for the specific buildings that were affected. Therefore, the net result is a 14% increase in the amount of insurance on all of the buildings and equipment.

Mr. Cipares reviewed the quote by each line item, as follows:

- Commercial Property, Total Buildings \$35,000,000 and Personal Property, \$3,500,000 for a total insured amount of \$38,000,000;
- Special Perils Form Causes of Loss – Basically an all-risk form, subject to \$1,000 deductible on property with replacement cost valuation;
- Earthquake Coverage - \$1,000,000;
- Flood Coverage – \$1,000,000;
- Equipment Breakdown Coverage – Equal to insured building value;
- Business Interruption & Extra Expense - \$100,000;
- Expediting Expenses - \$100,000;
- Hazardous Substances - \$100,000;
- Computer Equipment & Data Restoration - \$100,000;
- Demolition & Increased Cost of Construction - \$500,000;
- Normal Mold, Fungus and Mildew Exclusion;
- Contractor's Equipment – Scheduled Construction Equipment;
- Unscheduled Equipment.

Mr. Cipares advised that last year the District's insurance carrier, Argonaut, included Identity Theft Coverage. It is coverage for all full time employees of the Sanitary District.

Mr. Cipares advised that Argonaut included it last year at no extra cost. However, they are offering it this year as an option. Therefore, he did not include it in his premium summary.

Mr. Phelps asked how the coverage works. Mr. Cipares explained that, if an employee suffers an identity theft, the insurance carrier will help the employee correct the problem. He explained that they have a service that would work with the employee to help take care of getting that stolen identity rectified.

Mr. Cipares commented that he believes that it is a personal issue and he did not know how important it is to the Board to extend that coverage to the employee base because it is really an employee benefit.

Dr. Jones asked if this coverage is in any way tied to the District's culpability, if any, on the part of the employer if someone broke into the District's computer records that resulted in the identity theft, or if it would be covered under something like the Public Official's or the General Liability policy. Dr. Jones pointed out that this type of thing has been a frequent occurrence if a comprehensive list of employee data is stolen or "hacked". Mr. Cipares understood Dr. Jones' question but he could not answer the question at this point.

Mr. Cipares advised that he would obtain the answer and forward same on to the Board members in an e-mail.

Dr. Jones stated that, if this is the case, it is probably money well spent. Mr. Phelps agreed and added that it is a nice fringe benefit even if it is not due to the District's stolen data because it is helping the employee anyway.

Mr. Phelps stated that he personally is in favor of this coverage. Ms. Paul agreed but also wanted to know the answer to Dr. Jones' question about District data loss.

Mr. Cipares advised that the General Liability Coverage contains the same limits as on the expiring policy. There is an occurrence limit of \$1,000,000 and an aggregate of \$3,000,000 for multiple claims. The Umbrella Policy of \$5,000,000 lies on top of this coverage.

Mr. Cipares explained that the General Liability Coverage contains a \$5,000 deductible. Additionally, the policy covers claims expenses. Prior to last year, the District was back-charged for the claims handling costs. This was changed last year to the District's benefit to not have to pay for the claims handling. If there are actual dollars paid out to claimants on the District's behalf, the insurance will then send a bill for the deductible amount.

Mr. Cipares explained that the Employee Benefits Coverage is for administration of the District's employee benefit program. He explained that if management makes an error in the administration of the employee benefit plan, the District is protected under this coverage to \$1,000,000 and the Umbrella Policy extends over this as well.

Mr. Cipares gave the example of an employee getting married and tells Human Resources to change their insurance coverage from a single plan to a married plan but it is not done. Then, ten months later a child is born resulting in maternity charges and there is no coverage under the group health insurance plan. This coverage would pay those bills on the District's behalf.

Mr. Cipares explained that the Commercial Automobile Fleet insurance includes 47 units on the policy with \$1,000,000 of liability insurance as the primary limit. The \$5,000,000 Umbrella Policy also lays over the top of this coverage. This policy is designed to be on a fleet-automatic basis. Therefore, any autos/vehicles that the District may acquire are automatically insured, even if someone forgets to call the local agent to advise them.

Mr. Cipares advised there is an automatic coverage of up to \$100,000 of value for physical damage. The deductibles are \$500 for comprehensive and \$500 for collision. These are also the same design of coverage as is expiring.

Mr. Cipares advised that the Public Officials Liability Policy is very important coverage for not only the Board, but the entire management team. There is \$1,000,000 for each wrongful act, an aggregate of \$3,000,000 as well as the \$5,000,000 Umbrella Policy sitting on top of this coverage.

There is also a separate limit of \$1,000,000 for Employment Practices Liability which would be things such as wrongful hiring, wrongful termination, sexual abuse or molestation involving employees. Again, the Umbrella Policy limit also sits on top of this coverage.

Mr. Cipares then explained that the Umbrella Policy is a \$5,000,000 limit. It points out the underlying insurance, which means that this limit is on top of the General Liability, the Public Officials Liability, the Employment Practices Liability and the Commercial Auto Liability.

Mr. Cipares advised that the District only buys \$1,000,000 of uninsured and underinsured motorist coverage on the auto policy, so the Umbrella Policy is not laying over the uninsured and underinsured motorist. He explained that the thinking behind this is that the District vehicles are obviously municipally owned and primarily used for municipal business and employees driving them are "on the clock". Therefore, if they are involved in an accident, their first line of recovery will be workers' compensation. The thinking is that \$1,000,000 should be sufficient limits for uninsured and underinsured motorist coverage.

Mr. Cipares then advised that the District has been purchasing Terrorism Coverage but explained that the cost of this coverage has continued to drop nationwide. It seems that

each year, the further we get away for 9/11, there have been reductions in cost on this type of coverage.

Mr. Cipares advised that the Board packets also included the Workers' Compensation coverage renewal offer from the Indiana Public Employers' Plan (IPEP).

Mr. Cipares advised that the District's Experience Modification Factor increased from 1.04 to 1.34. He advised that this is something that he mentioned to the Board at the last meeting. He explained that this factor is a function purely of the District's loss history.

Mr. Cipares advised that the District's loss history has deteriorated in the workers' compensation and the National Council for Compensation Insurance calculate that Experience Modification Factor.

Mr. Cipares advised that IPEP has served the District's workers' compensation needs for many years and they feel that the years that are in the experience period right now are a little bit of an anomaly. Therefore, IPEP has increased the credit from 15% that they applied last year to 25% for this year's renewal to help offset the cost of the workers' compensation cost due to the Experience Modification Factor.

Mr. Phelps questioned the years involved in calculating the Experience Modification Factor. Mr. Cipares explained that 2006 is not included because it is the year that is just ending. The three years that are used for this calculation are 2005, 2004 and 2003.

Mr. Cipares offered to send the Board a more detailed report to give them some insight on why the Experience Modification is high at this point.

Mr. Phelps also pointed out that the breakdown of rates shows that the highest cost is for the refuse workers. Mr. Cipares agreed and stated that this is because it is a dangerous profession and that the highest claims have been with the refuse workers.

Mr. Cipares commented that it is his understanding that there is going to be some mechanized lifting equipment for the Refuse Department in the future. Mr. Kintzele stated that there have been some discussions with Mr. Walus and Central Maintenance about this.

Mr. Walus added that they have reviewed the different routes to see where some assisted-tipping devices can be added to some of the equipment with the possibility of going to automated tipping devices. However, this may be a process over some years because there is quite a significant investment in vehicles for automated tipping equipment. They are working to prepare a long term plan for this.

Mr. Cipares stated that he would be happy to contact IPEP to have Frank Smith get in touch with Mr. Walus to see if he has some thoughts. Mr. Cipares explained that Mr. Smith works with employers on loss control and he may have had some experience with other communities using different types of equipment.

Mr. Phelps asked about the policy expiration date. Mr. Cipares advised that the workers' compensation insurance expires on April 1, 2007 and the package insurance coverage expires on March 1, 2007. Mr. Cipares added that the quote on the package insurance was sent out on February 15th.

Mr. Phelps asked if there were any questions.

Dr. Jones wondered about the impact, if any, on some safety training type of issues or how much of that has, in fact, happened. Perhaps this is a question he should continue until Mr. Kintzele's report.

Dr. Jones added that his employer recently provided some safety training for an organization, which was then able to significantly decrease their workers' compensation just by having some people with OSHA certification cards and things like that. He asked Mr. Walus if he should hold his questions for later in the meeting with Mr. Kintzele. Mr. Walus suggested discussing it later under Mr. Kintzele's report.

Mr. Phelps commented that this was a good point and asked Mr. Cipares if he was aware of this type of training. Mr. Cipares stated that the various insurance companies basically all offer safety training. He added that many of them also offer OSHA 10 training as part of their training. Mr. Cipares was unsure whether IPEP offers this specific training but he would be willing to find out.

Mr. Phelps added that there has been some OSHA training for the District as far as confined enclosure. Mr. Cipares agreed because confined space is a big issue.

Mr. Phelps entertained a motion on the matter.

Ms. Simmons made a motion to accept the renewal proposal for the Package Insurance policies – seconded by Mr. Strauss.

Dr. Jones wondered if there should be some sort of contingency concerning the rider for the Identity Theft coverage. Mr. Phelps stated that this could be added to the motion or the Board could take action on the first motion and then make another motion about this specific coverage.

Attorney Nelson offered a point of clarification stating that, if the motion on the table is to accept the presentation and premium amount as presented today, there are two points

to consider. Attorney Nelson asked if the total premium figure includes the Identity Theft coverage. Mr. Cipares advised that it does not.

Attorney Nelson then stated that the second point is that this premium is without Terrorism coverage but that this Board has purchased Terrorism coverage in the past. Mr. Cipares pointed out that the premium amount of \$161,804 on Page 13 does include Terrorism coverage. If you were to deduct the coverage, it would be a \$2,942 savings, which is the amount on Page 11.

Attorney Nelson then stated that, for a point of clarification, the Board's motion would be the total premium on Page 13, not on Page 11. Mr. Phelps agreed that it would be the \$161,804 listed on Page 13. Mr. Cipares added again that this does not include the Identity Theft coverage, which is \$1,112.

Mr. Phelps asked if everyone is clear and suggested that the premium amount be included in the motion. Attorney Nelson stated that it would probably be a good point of clarification because of the fact that Page 11 has one total of premiums and Page 13 has a different total of premiums.

Attorney Nelson stated that, if the Board intends to purchase the Terrorism coverage as they have in the past and would probably be a good idea to continue to do so, it would be best to clarify that the figure that is being approved is the figure on Page 13 as opposed to Page 11.

Mr. Phelps agreed to clarify that the motion is for approval of the premium of \$161,804 and called for a vote on the matter. There being no further discussion or comment, motion carried 5 – 0 in favor.

Dr. Jones then made a motion to approve the additional Identity Theft Recovery coverage, Option 2, in the amount of \$1,112 contingent upon a report from management that this covers the District for responsibility towards protection of employee records – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Attorney Nelson asked if there is a determination that this coverage does not include protection for the District does the Board wish to reconsider the matter at the next meeting as it relates to simply a benefit to the employees.

Attorney Nelson explained that he heard some conversation from some Board Members in favor of it. He explained that it would be a dead issue if it comes back under this current motion that it does not protect the District.

Attorney Nelson pointed out that the issue is if the Board wants to consider this matter at the next meeting in the event that is the determination for solely the purposes of providing this as a benefit to the employees.

Dr. Jones asked how easily this coverage could be added in the future. Mr. Cipares stated that it should not be a problem. Mr. Cipares added that he anticipates being able to respond to the Board's question in 24 hours. He did not believe that it would take long to get the clarification on the matter.

Attorney Nelson suggested that the matter could be on next month's meeting agenda as a status report. If it turns out that it has been approved, the matter is moot. If it hasn't been approved, the Board could then certainly reconsider the matter at that time.

Dr. Jones commented that he felt a note back from Mr. Cipares would be sufficient as far as he is concerned. Dr. Jones didn't feel it necessary for Mr. Cipares to return to next month's meeting, but pointed out that he was always welcome. The Board agreed.

Mr. Phelps commented that the Board may as well address the Workers' Compensation coverage and feels that the District will not really do any better than the submitted renewal quote. Mr. Cipares agreed and commented that, given the District's experience, he truly believes that IPEP is the best market for the District.

Mr. Phelps commented that the credit that IPEP has provided is very nice. Mr. Cipares agreed and pointed out that there were many years that IPEP made money if you review the history of the coverage. However, they are in it for the long haul.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to accept the renewal proposal of IPEP for the Workers' Compensation coverage – seconded by Dr. Jones.

Dr. Jones asked if the Experience Modification equally impacts all of the separate line items (job codes) regardless of where the division of the loss has occurred. Mr. Cipares advised that this is correct.

Mr. Phelps stated that Indiana normally is rated quite well as far as workers' compensation is concerned. Mr. Cipares agreed and it still is. It is considered an employer advantageous state for a couple of reasons.

The benefits tend to be on the lower side compared to many of our surrounding states. The other factor is that the employer controls the physician. The employer can control where the employee goes. This is considered to be a large advantage in the industry. In some states, it is up to the employee to choose anywhere they want to go.

There being no further questions or comments, motion carried 5 – 0 in favor.

Mr. Phelps thanked Mr. Cipares for his presentation.

Mr. Phelps then recognized Bob Palm of Palm & Associates and Scott Cook representing Tryon Farms. Collection System Superintendent Mike Hoffman also joined the gentlemen.

Mr. Walus reviewed with the Board that correspondence was received from Palm & Associates regarding the Tryon Farm Beck Ditch Easement Reduction. Mr. Walus displayed some drawings and explained that Palm & Associates appeared before the Board last fall when they were working on Phase 5 of Tryon Farms. There was a request last fall to have a ditch easement reduction for Phase 5 and Phase 6. There were building locations in Phase 5 identifying where the buildings would go with respect to the ditch easement. This information was not available for Phase 6 at the time so the Board did approve the easement reduction in Phase 5 and advised Palm & Associates to come back in the future with more specific information on what type of development there would be in Phase 6.

Mr. Walus then reviewed the map displaying Beck Ditch in the Tryon Farms area and explained that Indiana Drainage Law states that there is a ditch maintenance easement 75 feet in either direction from the spoil bank of the ditch. Therefore, if someone such as the Sanitary District would need to get in to remove obstructions from the ditch, there is an area from the spoil bank 75 feet back where no permanent structures can be placed within that 75 feet easement.

Mr. Walus explained that Indiana Drainage Law also has a provision whereby the governing body of the legal court drain, when requested by property owners, can reduce the 75 foot easement down to 25 feet. This has been done from time to time on one side of the ditch.

Mr. Walus explained that, in this particular case, if the District were to do maintenance on Beck Ditch, we would use the southern part of the ditch to perform the maintenance. There should be enough of an area to perform the maintenance with the 75 foot easement. Therefore, the need for a 75 foot easement on the north side of the ditch is not as important.

Mr. Walus advised that, also in this particular case, the District has already set precedence where, on the north side of the ditch there was a request from the owner to reduce that easement, which was done.

Mr. Walus explained that we were now at the point where Palm & Associates has presented drawings for Phase 6. Two different drawings were presented. If the 75 foot easement were to stay, there were approximately eight buildings that could be located

in the area of the ditch. If the Board were to agree to the reduction to 25 feet on the north side of the ditch, there would be additional buildings that they could put in.

Mr. Walus reiterated that Indiana Drainage Law requires a 75 foot easement on either side of the ditch unless the governing body of the legal drain approves a reduction from 75 feet to 25 feet.

Mr. Walus advised that the request was turned over to Collection System Superintendent Mike Hoffman, who reviewed the situation and advised Mr. Walus that his recommendation would be to allow the easement reduction for Phase 6 as requested by Palm & Associates.

Mr. Hoffman added that a reduction of the easement would be consistent with what the Board has been doing subject to the denial of a reduction on the opposite side of the ditch. There will always be one side of the ditch that keeps the 75 foot easement.

Mr. Hoffman advised that Attorney Nelson had an interesting question which can be posed to Mr. Palm now. Mr. Hoffman asked Mr. Palm if Building 110 in Phase 4 exists. Mr. Palm advised that these buildings do not exist and they have eliminated Unit 110 totally. One unit of Phase 4 is under construction.

Mr. Hoffman stated that one possible encroachment might be the corner of Unit 108 which might have to be moved. Mr. Palm advised that Unit 108 has also been eliminated.

Mr. Palm advised that the limiting factor is the buildable area between the edge of the dunes and the Beck Ditch.

Mr. Phelps asked if there were any questions by the Board.

Mr. Phelps stated that District management has recommended approval of the reduction of the easement requested by Tryon Farms and entertained a motion to approve the request.

Dr. Jones made such a motion – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Mr. Phelps called for any other public comment.

La Porte County MS4 Coordinator Rick Brown approached the Board.

Mr. Walus advised that the District has been working with Mr. Brown for several months. Mr. Walus explained that Kevin Lachmann was the county's MS4 Coordinator previous to Mr. Brown joining the county. After Mr. Lachmann left, the County posted notices for

the position. Mr. Brown applied, was interviewed and was hired. He has been doing a good job working with Mr. Hoffman and the MS4 Team.

Mr. Walus advised that Mr. Brown was invited to attend a meeting, as was recently requested of the County's Solid Waste Team, to introduce him to the Board of Commissioners.

Mr. Phelps welcomed Mr. Brown.

Mr. Brown introduced himself advising that his basic background is that he has a history of construction and project management. He has been working closely with Mr. Hoffman and moving forward with the MS4 Team.

Mr. Walus added that MS4 stands for Municipal Separate Storm Sewer System and it is the EPA's methodology to begin addressing water quality issues in storm sewers. There are significant regulations covering sanitary sewers, combined sewers and the water that leaves the wastewater treatment plants. Until recently, there has been little regulation to some extent in storm sewers.

Therefore, with many communities having storm sewers under the new regulations, we fall under the Phase 2 implementation of the stormwater rules and their minimum practices that all communities have to follow under that program.

Mr. Brown is our coordinator. The City of Michigan City, City of La Porte, County of La Porte, Town of Trail Creek and Town of Long Beach all have to meet these requirements. Rather than each entity running their own program, the five entities pulled together and decided to hire one coordinator, which is Mr. Brown, who is then implementing the program throughout the county and different cities and towns in the part of the county that is covered by the program.

Mr. Walus advised that we have been very pleased with how it has worked so far and Mr. Brown has served very ably so he was asked to meet the Commissioners.

Mr. Hoffman advised that, when IDEM approves the five entities' ordinances, the entire erosion control program, the MS4 Program, will be administered locally. Mr. Brown will be the representative of the five county entities that are involved with it. All of those plans that Mr. Brown now reviews under Rule 5 will be reviewed by him under Rule 13. Therefore, he will become more important in that respect in the local areas. At this point, it is mostly Rule 5 that he is reviewing under an agreement with the Soil & Water Conservation District.

Mr. Brown has been "hired out" to Soil & Water to review plans under Rule 5, which IDEM is all in favor of because they don't have to do it.

Mr. Hoffman explained that the big projects that have been in the news have not been presented direct because they came before Mr. Brown began working for the County. However, Mr. Brown has reviewed the Michigan City WalMart's soil erosion plans. Previous plans would have gone to IDEM for approval.

Mr. Phelps thanked Mr. Brown for coming and wished him good luck.

Mr. Phelps asked if there was any further public comment. There was none.

The following status reports were given:

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

Tryon Road/Meer Road Project

Mr. Doyle advised that there are still a couple of leaks to repair but the weather has not cooperated too well. Additionally, there is no grass growing yet for the same reason.

Mr. Doyle advised that the contractor will be out to take care of the leaks in the next couple of weeks. Nothing can be done about the restoration until the weather breaks.

Freyer Ditch/Gardena Street Drainage Improvement Project

Mr. Doyle advised that he is waiting on the permitting.

Mr. Walus explained that he met with Dave McCormick of Burke Engineering last Friday and provided Mr. McCormick with a summary of Mr. Walus' meeting with the Park Department and Golf Course staff. Burke Engineering is finishing up the last details to submit a 401 Permit application with IDEM.

Mr. Walus explained that, in order to enclose a section of Freyer Ditch, the District is looking to do some mitigation on the golf course and open up a drainage ditch that is currently enclosed. This ties into the Rogers Avenue Storm Drainage because Rogers Avenue drains northward to the golf course in an enclosed ditch pipe that is compromised right now. Therefore, if we are able to open this up, we will be able to do mitigation for the Freyer Ditch Project as well as improve the drainage on Rogers Avenue.

Mr. Walus advised that he met with the golf course staff who were able to provide their thoughts on how to best accomplish this goal and provided same to Burke Engineering on Friday.

Mr. Walus further advised that Mr. Doyle's staff is working on the names and addresses of the property owners in that area because, once the permit application is sent, notices also have to be sent to the adjoining property owners. This should be happening within the next couple of weeks.

Lafayette/Barker Phase 1

Mr. Doyle advised that he met this week with Mr. Phelps and Mr. Walus to review the street design phase of the project. He has also been in contact with a couple of additional tunneling contactors in Michigan and Wisconsin. He is sending them some plans with preliminary layout and they have both agreed to provide their suggestions and perhaps some type of a ballpark estimate of cost.

Mr. Walus added that some of the discussions held with Mr. Doyle on the streetscape items are more along the lines of surface topography and drainage. There are some areas that are very flat so they have reviewed with City Engineer Bill Phelps as well as sidewalk crossings at intersections and locating drains in those areas. Therefore, the focus so far has been the surface topography to make sure the intersections are drained. Then, as the Redevelopment Commission works with the Elston Grove Neighborhood Association on whatever aspects they determine for streetscape issues, we will be able to incorporate those into Mr. Doyle's plans.

North Roeske Avenue

Mr. Walus explained that the Board packets included a proposal letter from Mr. Doyle regarding this project.

Mr. Walus presented a drawing of Pottawattomie Park displaying the scope of work that Mr. Doyle has prepared for the Town of Pottawattomie Park with regard to their sewer master plan.

Mr. Walus explained that there are some limited sanitary sewer lines within the Town of Pottawattomie Park as well as an existing lift station that is very old and very challenging to the District with a lot of maintenance to this particular lift station.

Additionally, there is a little bit of gravity sewer along Roeske Avenue, but the pipe is not very deep. Therefore, this gravity sewer cannot be extended very much further.

Mr. Walus explained that Mr. Doyle was asked to look at this proposal from two perspectives. Division A is along Roeske Avenue with the east side of the road being in the city limits of Michigan City and the west side of the road being in the Town of Pottawattomie Park.

Mr. Walus advised that Mr. Doyle was asked to come up with a study for Division A to make sure that all Michigan City residents on North Roeske Avenue would have access to sanitary sewer. This would involve gravity sanitary sewers.

Mr. Walus explained that Division B would be to capture the flow entering the current lift station and divert it, by gravity, to a new lift station and then abandon the old lift station totally. Mr. Walus explained that the new gravity sewer would open up other areas

within Pottawattomie Park that would gravity drain. Then, at some point in time, all of Pottawattomie Park would be served by gravity to the new lift station.

Mr. Walus advised that Mr. Doyle was not yet asked to prepare construction drawings, rather he was asked to perform an engineering study so that we can determine budgetary cost estimates to work with the City of Michigan City and the Town of Pottawattomie Park to develop a long term plan to be able to fund them.

Mr. Walus advised that Mr. Doyle's letter proposes that he will perform the study services for Division A for the amount of \$8,250 and Division B for the amount of \$7,125, for a total engineering study cost of \$15,375. Mr. Walus recommended approval by the Board of Commissioners.

Mr. Phelps entertained a motion on the matter.

Dr. Jones made a motion to approve the proposal for the engineering study submitted by Mr. Doyle, as recommended – seconded by Ms. Simmons.

Dr. Jones asked if there is a private sewer agreement for the current sewers in Pottawattomie Park. Mr. Walus advised that, when the line was first constructed, it was through a private sewer use agreement.

Mr. Walus explained that the sewer use agreements last for fifteen years and that time has expired. He further explained that individuals interested in connecting to the sewer line would fall under the sewer use agreement restrictions. However, now that the time period has passed, the sewer is totally owned by the Sanitary District of Michigan City. If someone wanted to connect at this point, they would pay a standard connection fee for an outside the city connection.

Dr. Jones asked about additional construction taking place within the Town of Pottawattomie Park. Mr. Walus advised that this is why the District is working with Mr. Doyle to try to determine some of the costs of the possible connection line to then work with the Town of Pottawattomie Park to possibly apply for grants or loans for the construction.

Mr. Walus advised that one note of concern from the staff's point of view is that the District owns and is responsible for the maintenance of the existing lift station. He explained that, for the money that it would cost to rebuild the station to bring it up to current code, it would be in the District's best interest to put in a gravity sewer line and eliminate it totally.

Mr. Walus advised that there will some interesting discussions that we are going to have with Pottawattomie Park to see how this all will be accomplished. However, it will be

more difficult to do so until we have a better idea of what the construction costs are going to be.

Mr. Walus advised that Mr. Doyle is very familiar with the area and has previously done work for Pottawattomie Park.

Mr. Walus explained that an on-site meeting was already held with Pottawattomie Park last summer to lay the groundwork of our thoughts of doing a study in 2007 in order to then determine funding for future years. They were receptive to that idea at the time.

Mr. Phelps asked if there were any other questions.

Mr. Hoffman commented that the sanitary sewer on Crescent Drive was extended a few years ago and this was solely for the benefit for people inside Pottawattomie Park. Mr. Hoffman explained that Pottawattomie Park paid for the extension of that sewer. He believed that it added approximately 10 to 12 residents at that time.

Mr. Hoffman further explained that the extension of the sewer on Crescent Drive was of no benefit to the District other than additional homes being added to the system.

There being no further questions or comments on the matter, motion carried 5 – 0 in favor.

Mr. Phelps asked if there were any further questions for Mr. Doyle. There were none.

Tim Haas and Warren Thiede of Haas & Associates reported on the following projects:

Wabash/Washington Sewer Separation Project, Phase 2A

Mr. Thiede advised that the contractor is still waiting for weather to break and intends to start back up on this phase within the next couple of weeks. Time of completion for this phase is still June 15, 2007.

Mr. Thiede advised that they are currently working on an additional easement agreement for storm drainage work along Eleventh Street in order to tie in some drainage problems occurring in an alley. They are working with the homeowner now to obtain an easement agreement to perform this work.

Mr. Thiede submitted Change Order #1 of Woodruff & Sons for several items that were not included in the original scope due to unknown underground conditions resulting in work that needed to be done.

Mr. Thiede advised that the change order is in the amount of \$15,599.30 and he recommended approval. Approval of this change order would result in a new contract amount of \$2,470,637.

Mr. Phelps asked about one item of reduction upon final measurement. Mr. Thiede explained that there is one item that was deducted from the contract unit price that was chosen not to be put in. He explained that it was a trench drain system in an alley, which was a \$7,500 item. Therefore, at the end of the project, there will be a \$7,500 credit for this item.

Mr. Phelps asked if there were any questions by the Board.

Dr. Jones commented that it seems that there was a question concerning modifications in the area of St. Stanislaus (School/Church) and that one of the detail documents indicated what portion would be paid by St. Stanislaus and what portion would be paid by the City. He stated that he was curious about the downspout relocation and things like that for the church. Mr. Walus explained that the contractor was working in the alley between the church and the school itself. The intent of the project was to extend storm sewer down to a point with a manhole. However, there were some difficult underground situations with underground tunnels, so we had looked to put in a trench grate there.

Mr. Walus further explained that, once the contractor began digging up the asphalt to lay in some of the storm sewer pipe, some additional downspouts were discovered that were running through the area. Therefore, the contractor was instructed to tie those into the new storm sewer. The need for the more expensive trench grate at the end of the alleyway was eliminated by tying some of the downspouts directly to the storm sewer.

Mr. Phelps asked if this was on the south side of the school. Mr. Walus advised that this is correct. Mr. Phelps then asked if the north side is the same that was under the contract documents. Mr. Walus advised that this is also correct.

Dr. Jones advised that he was specifically asking about an e-mail that says "Please inform me if we are to send the entire bill to St. Stan's or if the District will be picking any of this up for the deletion of the trench drain." Dr. Jones stated that it appears as the District/City is picking up all of that cost. He stated that he is still unsure of the matter.

Mr. Thiede explained that the answer is that the District/City is going to pick up 100% of the cost. Mr. Walus added that this is because the work is primarily in the alleyway between the two buildings involving some downspouts that were not known before the engineering drawings were completed. Therefore, in the best interest of the project, the downspouts were tied directly into the new storm sewer, not unlike what was done on Buffalo Street near St. Mary's Church.

Mr. Walus further explained that there are some situations where downspouts connect underground, it is hard to see where they go until the ground is excavated. The District has been trying to make sure that there is a specific storm sewer outlet to capture the flow from downspouts from large-sized roofs rather than allowing the water to stay

above ground and freeze sidewalks and parking lots. If a storm sewer is available nearby, we try to connect the downspouts directly within the right-of-way.

Mr. Thiede advised that these downspouts were connected previously to the combination sanitary sewer. Therefore, by taking those downspouts off of the combined sewer and connecting them to the new storm sewer, it did help the sanitary system as well.

Mr. Phelps stated that perhaps the confusion is the one statement about the bill being sent to a certain individual. Mr. Phelps doesn't understand how the statement got into the paperwork. Mr. Walus explained that the church did talk with contractors to work for the private entity on site independent of the work that was going on for the project. As the contractor was sorting out all of the work there, Mr. Thiede was asked to work with the District to clearly identify those boundaries.

Dr. Jones appreciated the clarification.

Mr. Phelps then entertained a motion on the matter.

Ms. Paul made a motion to approve Change Order #1 of Woodruff & Sons, in the amount of \$15,599.30, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Wabash/Washington Sewer Separation Project, Phase 2B

Mr. Thiede advised that work has begun. The first milestone to install the storm sewer from Barker Avenue to the south match line with the next contract has been done. The contractor did get the sewer in the ground last week. Woodruff & Sons is currently dewatering the 100 block of Barker Avenue for the storm sewer installation.

Mr. Thiede advised that they are also working to put together an easement for storm drainage at the northeast corner of Barker Avenue and Wabash Street. Attorney Nelson has also been involved in the matter, but Mr. Thiede has a bit more work to get done before the matter is finalized.

Detour routes have been established for the entire project in cooperation with the Police Department of Michigan City. The detour route is basically from Barker Avenue down to Pytynia Parkway over to Wabash Street and up Wabash Street again to Barker Avenue. The major thoroughfares are going to remain in place.

Mr. Thiede submitted Pay Request #1 of Woodruff & Sons and recommended approval of same.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to approve Pay Request #1 of Woodruff & Sons, in the amount of \$39,589.20, as submitted – seconded by Ms. Simmons & Mr. Strauss. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Mr. Walus submitted some photos of the storm sewer placement work on Barker Avenue that Mr. Thiede described.

Mr. Walus explained that Woodruff has worked on primarily focusing on extending the storm sewer southward to the match line. At that point, HRP Construction will carry that line down further south on Washington Street under Phase 2C of the project area.

Mr. Walus briefly described the photos and commented that it is amazing the amount of work that Woodruff has completed already despite some of the bad weather experienced.

Mr. Walus explained that Woodruff & Sons was given approval to start in the middle of winter. They then got a couple of days work in before they ran into some freezing sub-zero temperatures. Once they got through that part, they have been able to make some good progress.

Mr. Walus advised that there is a key milestone mark of March 2nd where Woodruff had to have the storm line in the ground to the match line, as well as the sanitary lines. However, there is some leeway, to some extent, with the sanitary lines because HRP Construction will be working from the south to the north.

Mr. Walus stated that the concern going in with these two phases was the meeting of those two points. So far, we are in pretty good shape. The storm sewer is in place and the sanitary sewer should be ready when needed.

Wabash/Washington Sewer Separation Project, Phase 2C

Mr. Haas advised that HRP Construction mobilized on Tuesday with their tree removal contractor the week before. The tree removal contractor has completed all of their work on that part of the project. HRP is currently working on demolition items in preparation for installation of dewatering lines and continuing the 54 inch sewer to the south. There are no pay requests at this time.

Mr. Phelps asked about an escrow agreement. Attorney Nelson submitted same to Mr. Phelps for the Board's consideration.

Mr. Phelps explained that it is an escrow agreement of HRP Construction with Horizon Trust Investment. Attorney Nelson suggested that the matter be addressed by motion.

Mr. Phelps entertained a motion to enter into the Escrow Agreement Contract between the Sanitary District and HRP Construction with the escrow agent being Horizon Trust Investment.

Dr. Jones made such a motion – seconded by Ms. Paul.

Mr. Phelps explained that there is normally ten percent retainage withheld from the contractor's pay request and this money goes into an escrow account. The contractor receives any interest that it bears.

There being no further questions or comments, motion carried 5 – 0 in favor.

Lake Hills Stormwater Separation Project

Mr. Haas advised that H&G Underground has delivered the contract agreement and bond insurance. After review, they were then forwarded to the Sanitary District as well as Attorney Nelson for his review.

Mr. Haas advised that there has been a bit of a delay in Weil-McLain providing a sales agreement for the site for the proposed sanitary sewer lift station. That agreement is still not in hand although Weil-McLain's representative has informed Mr. Haas that they plan to have that to Haas & Associates and the Sanitary District approximately March 9th for review. They have it under progress with their attorney, Baker & Daniels. Therefore, we are waiting for the agreement.

Mr. Walus advised that he discussed the matter with Attorney Nelson. The documents submitted by H&G Underground have been reviewed and seem to be in order. He asked that Attorney Nelson speak to the matter. There may be an opportunity to potentially authorize the President of the Board to execute the contract pending the closing of the sale.

Attorney Nelson advised that he was brought into this matter by Mr. Haas late last week and Mr. Walus early this week. It appears that Mr. Haas has been working with Weil-McLain and their representative on this purchase but it unfortunately has kind of stalled and drug out.

Attorney Nelson advised that he has been informed by both Mr. Haas & Mr. Walus that the purchase of this property is absolutely imperative to this project. Without this property, the project as currently specified could not go forward because it is how the project was bid. The project would have to be re-specified and re-bid and no one wants to do that. The project was specified the current way because it was the best way to build the project. Therefore, we need to purchase this property.

Attorney Nelson advised, however, that he is extremely uncomfortable seeing this Board enter a contract with the low bidder to move forward with the project when we

cannot, as we sit here today, complete it as specified because we don't own the property to build the lift station. Attorney Nelson stated that to enter into a contract with the low bidder would be extremely reckless and careless to do so.

Attorney Nelson advised that there is a new plan in place on how to expedite the process of purchasing this property. Attorney Nelson is waiting for Mr. Walus to provide one piece of information and then Attorney Nelson can immediately move forward to expedite this.

Attorney Nelson stated that he cannot, in any good conscience, encourage or advise the Board to move forward with the approval of the contract today. He realizes that the contractor would like to be able to start moving but we just can't.

Attorney Nelson stated that he would be very confident in advising the Board that they could approve a motion today indicating that, not just execution of a purchase agreement, but upon and transfer of title of the parcel of property in question to the City of Michigan City or the Sanitary District, that the President could then be authorized to sign the agreement with the contractor so that we can then move forward with a Notice to Proceed allowing the contractor to begin work.

Attorney Nelson advised that if the Board approves this type of motion today, the Board is in essence granting their signatures so to speak in the approval of same by authorizing the President of the Board to sign the agreement. Again, this would only be contingent upon not only negotiating the terms, executing the contract for the purchase of the property, but upon closing. We want title in our name before signing the agreement with the contractor.

Attorney Nelson advised that he is confident that this can all be done before the next board meeting.

Dr. Jones commented that this piece of property has a price attached to it. Attorney Nelson advised that it does but that this is not even the issue. It is a matter of the paperwork.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to authorize the President of the Board to sign the contract with H&G Underground Utilities on the Board's behalf contingent upon the closing and transfer of the title of the property currently owned by Weil-McLain, as well as securing the title – seconded by Dr. Jones. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Greenwood Avenue Sanitary Sewer Project

Mr. Haas advised that he has provided a construction cost estimate for the project as the plans were nearly completed at the last meeting. That estimate is the range of \$530,000 to \$600,000 depending upon whether an alternate for an additional 300 feet of sewer replacement is included when bidding the project.

Mr. Haas advised that at this time, based on discussions with Mr. Walus, the project is on hold due to budgetary concerns.

Mr. Walus advised that the emergency repair was done this past winter so the initial work is complete. He is reviewing potential avenues for funding for future work.

Underground Storage Tank Remediation

Mr. Haas advised that tanks and piping have been installed and the tanks are to be leak-tested tomorrow. Assuming that they pass the tests, the project is substantially complete and they will have some cleanup work.

Mr. Phelps asked if there were any questions by the Board. There were none.

Adam McAlpine of Christopher B. Burke Engineering reported on the following projects:

Earl Road Flood Control Facility

Mr. McAlpine advised that the contractor installed the pedestrian bridge last month and they are on-site today installing the remaining portion of sidewalks on either side of the pedestrian bridge. They did not ask for payment for the bridge last month but have submitted a pay request this month in the amount of \$140,308.52. This amount also includes a performance carried retainage to be released to the contractor for the permanent seeding and the trees and shrubs in the amount of \$21,290.92, which is included in the \$140,000 request.

Attorney Nelson asked if Change Order #14 is part of Pay Request #20. Mr. McAlpine advised that it is not.

Attorney Nelson then asked if the contractor has submitted the Waiver of Lien for Pay Request #20. Mr. McAlpine advised that he was unsure. Mr. Phelps pointed out that the partial Waiver of Lien has been submitted.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to approve Pay Request #20 of Tonn & Blank, in the amount of \$140,308.52 consisting of \$119,117.60 for work completed and \$21,290.92 for retainage release, as submitted – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Mr. McAlpine then submitted Change Order #14 of Tonn & Blank advising that it is for the installation of collapsible bollards on each side of the pedestrian bridge, three on each end, similar to what is already on site on the walking path. This is in the amount of \$8,000.00 and would also extend the substantial completion date of March 15th for delivery and installation of those bollards.

Mr. Phelps entertained a motion on the matter.

Ms. Simmons made a motion to approve Change Order #14 of Tonn & Blank, in the amount of \$8,000.00, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Lafayette Storm Outfall

Mr. Walus advised that, on February 7, 2007, the Department of the Army Corps of Engineers mailed out the Clean Water Act Section 404 Permit authorizing the work on the Lafayette/Barker Outfall. Additionally, on February 16, 2007, the Indiana Department of Natural Resources issued a Certificate of Approval for Construction in a Floodway. The permit from IDEM was previously received. Therefore, all permits have been received for the Lafayette/Barker Outfall.

Mr. Walus advised that we will be working with the Redevelopment Commission regarding scheduling of that work.

Mr. Phelps asked if there were any further questions by the Board. There were none.

The following departmental status reports were given:

AI Walus

In reference to the Trail Creek Watershed, Mr. Walus advised that the final draft of the Trail Creek Watershed Plan was resubmitted to IDEM on Monday for their final review. They had made some comments previously as did some of the local Steering Committee Members. He believes that all of the comments from IDEM, DNR and the Steering Committee Members have been incorporated into the final draft of the plan. Hopefully, within the next couple of weeks, we can get verification from IDEM that the new Trail Creek Watershed Plan is in compliance with current standards and guidelines so that a public meeting can be scheduled to distribute that plan to local governmental officials and members of the public.

In reference to the Springfield Regional Sewer District, 1000 North Corridor Project, Mr. Walus advised that he has been contacted by legal counsel of the developers on 1000 North this week. He will be talking with them regarding the specific nature of the agreement between the developers and Springfield Regional Sewer District as well as between Springfield Regional Sewer District and the Sanitary District.

Mr. Walus advised that we are moving forward to iron out the legal language to keep that project going.

Mr. Phelps asked if this is to be a private sewer agreement. Mr. Walus advised that this is correct.

Attorney Nelson advised that the reason that Mr. Walus is speaking directly with counsel is because there were some questions about the technical aspects of the project so Attorney Nelson referred him to Mr. Walus to answer those questions.

In reference to Evergreen Baptist Church Sanitary Sewer Extension, Mr. Walus reminded the Board that they approved a sewer use agreement, in principle, last October with Evergreen Baptist Church subject to certification of final costs.

Mr. Walus advised that the Church has submitted their bills for engineering and construction. There were bills from John Doyle & Associates for design engineering as well as construction monitoring and there were bills from D&M Excavating for the actual construction of the project.

Mr. Walus advised that the form of agreement that was approved last fall was updated to have today's date (February 28, 2007) as the date of the agreement and Page 3 includes the specific numbers that Evergreen Baptist Church certified for the District. Mr. Walus believes that everything is in order and recommended that the Board approves execution of this sewer use agreement.

Mr. Walus advised that agreement will be for a period of fifteen years and that the District has documented that Evergreen Baptist Church has spent roughly \$79,000 on the construction so that costs can be recovered from future connectors not to exceed this amount. Mr. Walus recommended approval of the agreement.

Mr. Phelps entertained a motion on the matter.

Dr. Jones made a motion to approve and execution of the Private Sewer Use Agreement with Evergreen Baptist Church, as submitted – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Mr. Walus advised that the International Erosion Control Association Conference took place earlier this month from February 12th to February 16th in Reno, Nevada. There were a little over 1,000 attendees from throughout the United States and the world attending this conference.

Mr. Walus advised that he, Dave McCormick and Sandra Joseph of Burke Engineering, provided a paper and presentation on Striebel Pond. It was a two-part presentation. Mr. McCormick and Mr. Walus spoke to the neighborhood interaction and the design

elements that were used to design the basin and Ms. Joseph provided part two of the presentation regarding the actual construction of Striebel Pond.

Mr. Walus advised that the Board packets included the papers that were authored that went into the official record of the conference.

Dan Olson

Mr. Olson advised that there were no violations of the NPDES permit or CSO events during the month of January. Mr. Olson advised that he already signed the monthly reports since they have to be out by the 28th of each month.

Mr. Olson then proposed to the Board, if they are so inclined, that he sign the reports on a monthly basis and just provide a copy of the report to the Board. The Board agreed.

In reference to the Headworks Project, Mr. Olson advised that he stated last month that we may be possibly in a position to close out the last contract under this project. Mr. Olson advised that we are not in a position to do so because Fairbanks Morse requested that the District change out the seal water flow meters. This was done and they failed.

Mr. Olson advised that Fairbanks Morse then decided that they had to hire a contractor to come in and pull the pump because it is a Teflon bushing that is located at the bottom of the pump by the impeller. Therefore, Illinois Pump of Arlington Park, Illinois was hired by Fairbanks Morse and came to the District on February 14th and 15th and started pulling the pump. They got the pump out of the hole and they then discovered that there was a bad bearing and that one of the portions of the shaft was not constructed out of stainless steel as it had been specified.

Mr. Olson advised that they machined a new shaft, got a new bearing and came back on Monday to reassemble the pump and put it in place. The pump is in place right now and it is running as of yesterday and things look good.

Mr. Olson advised that he has directed Mr. Voogt of McMahon Associates to review the last payment which will be back here in time for the next board meeting. This will also give the District a chance to operate the pump for a while to make sure that everything stays fine.

Dr. Jones asked how many of these pumps were put in. Mr. Olson advised that four pumps were put in.

Dr. Jones then commented that his initial reaction is how the contractor could make a shaft that was specified to be stainless out of something other than that and, if so, how many of the other pumps have the same thing. Mr. Phelps stated that he thought the

same thing also. Mr. Olson stated that this is a good question. Unfortunately, to answer this question, each pump would have to be removed and disassembled.

Dr. Jones understands this but commented that if the pumps were constructed poorly and the District found out by happenstance because one of them leaked, it would make you wonder about the rest of them and if they were built to specifications and if there is any additional warranty. Dr. Jones commented that he would think that if one shaft came from a vendor, more than likely all of them did.

Mr. Olson advised that he would have to look at the warranty that was purchased under the contract with the fee. All of this repair work was paid for by Fairbanks Morse and it was their obligation under the contract.

Mr. Olson advised that we have a similar situation right now with Smith & Loveless for the grit removal equipment that one of them began to wobble a bit and was hitting the sides of the chamber below. They sent an engineer out and inspected it. After extensively exhausting all possibilities, they have already shipped a new bull gear out to the District and they are hiring a contractor to put that piece of equipment in. This was part of their contract and is a standard part of all of the equipment contracts.

Mr. Olson didn't know how to answer Dr. Jones' question because he understands the comment but would hate to take the other pumps out because they are operating well. Dr. Jones understood that and would not suggest that they be taken down. However, on the other hand, one would assume that the stainless steel part was ordered because of a longer life.

Attorney Nelson asked if it was part of the specifications that the part be stainless steel. Mr. Olson advised that this is correct.

Attorney Nelson commented that we received one that wasn't. We know that because it failed. He understands Dr. Jones' comment about what happens if another one fails in the future. Attorney Nelson suggested that we could get an affidavit from the District's contractor certifying that the specific part is in fact stainless steel on each one. If they are not willing to sign an affidavit then they have some work to do. Mr. Phelps suggested an extension of warranty.

Mr. Phelps pointed out that if the District has the contractor pull the pumps and it is found that they are stainless steel pumps then the District will pay for the cost. Dr. Jones stated that he is not suggesting that. However, it would lead someone to believe that if the specifications were not met in one and the same four pumps came from the same vendor at the same time then there might be four shafts that are not necessarily stainless steel.

Mr. Phelps agreed that the District needs some additional warranty protection. Mr. Olson advised that he would pursue this with the manufacturer.

In reference to the Solids Handling System Evaluation & Needs Assessment, Mr. Olson advised that McMahon Associates had two gentlemen at the WWTP last week who questioned Mr. Olson and other staff members to gather the information that they could. They are working on the project diligently.

In reference to the Feasibility & Needs Assessment for Plant Standby Power Blower System Efficiency & Factor Improvement, Mr. Olson advised that not much work has been done on this to date. Mr. Olson advised that there have been some conversations and he has provided some data to McMahon Associates.

Mike Hoffman

Mr. Hoffman advised that there were no reported or lost time injuries in the last month. This makes eight months with no lost time injuries.

In reference to MS4 Update, Mr. Hoffman advised that the Board just met Rick Brown. Mr. Hoffman is furnishing Mr. Brown with the information to file the annual report which is due to be sent out at the end of the week. Additionally, the Advisory Committee continues to work on the ordinances.

Jim Kintzele

Mr. Kintzele advised that a trailer is to be delivered either at the end of this week or early next week, which will probably be one of the first in Indiana to recycle electronic equipment. The recycling costs to the Solid Waste District are approximately between \$20,000 and \$30,000 per year. Mr. Kintzele explained that there is a recycler who will reclaim the items without any charge to us. All we will do is provide the space for the container and maintenance of the container.

Mr. Phelps asked where the trailer will be placed. Mr. Kintzele advised that it will be placed at the Hitchcock Dump next to the fence by the Water Tower. He explained that the trailer will not be removed; rather the trailer will be emptied into another trailer when it is full.

Mr. Kintzele stated that this will be good. It is getting tougher because this type of equipment is going to be banned from landfills. There will be a fine if this type of equipment is put in landfills.

Mr. Phelps asked how the items are picked up. Mr. Kintzele stated that it will be done the same as tires and white goods. The only difference is that they will be separated into this trailer. Additionally, it will be open to the public, businesses and schools to bring computer equipment for recycling.

Mr. Kintzele then reported that there was a reduction in tonnage taken to the transfer station in January in the amount of 128 tons. This is a good sign because he ended up last year with an additional 882 tons of trash hauled during the year.

Mr. Kintzele advised that the Spring Cleanup is going to begin March 26th and the Refuse Department will be working with the Sanitary District and the Street Department at that time. After Spring Cleanup is complete, the compost pickup will begin.

Mr. Kintzele advised that the Refuse Department spent much time assisting the city with the snow removal as well as tree removal from the last storm that occurred. He commented that the Refuse crews will need to be trained in chain saw use because they are doing everybody's work. His crews worked very well with the other departments.

In reference to Workers' Compensation, Mr. Kintzele advised that he still has two people off of work. One has been off of work since November. The employee will soon be receiving some shots for pain in his neck. Another employee has been off for a year and a half.

In reference to the previous discussion about the workers' compensation claims, Mr. Kintzele stated that he has a problem when he sends employees in for treatment. He gave an example of an employee who was assigned to painting under light duty because he couldn't lift more than five pounds. He was using a three inch brush and hand to paint with his right arm because his left shoulder hurt. The employee then went back to the doctor because the painting with his right hand affected his left shoulder.

Mr. Kintzele also advised that he has had an employee assigned to ride in a truck to hang information on door knobs or pick up papers, but received another doctor's slip back stating that the employee couldn't ride in the truck because it was too bumpy.

Mr. Kintzele stated that he predicts that he could take his most healthy employee and fill out a form that he hurt his shoulder or leg and the employee would come back with a release for a week off because of the injury. Mr. Kintzele believes that it has really gotten out of hand.

Mr. Kintzele stated that he is complaining because he is the one who is really the most effected by the problem.

Mr. Kintzele stated that the number of lost days last year due to on-the-job injury was 442. With manpower of 29 employees, it is almost like two men for a full year. Then, if vacation time is figured in, you can see how the workload changes to a smaller amount of employees.

In reference to the previous comments about training, Mr. Kintzele advised that there have been people to come in to help train the employees how to lift. Mr. Kintzele stated that the injuries are not from lifting. He stated that they are from stepping in a hole, bumping a leg when getting into the truck. One injury is lifting too much or grabbing at something that he shouldn't have been grabbing.

In reference to the choice of treatment comments, Mr. Kintzele stated that all choices of treatment are owned by one organization in this area. Therefore, no matter where you go, you are covered by the same people. Mr. Kintzele stated that it is very frustrating.

Mr. Kintzele stated that they are now getting into the questions of the mental aspect where "This job gives me headaches". He doesn't know where it is going to end.

Attorney Nelson advised that he can verify that, as an attorney practicing in Indiana, he agrees with Mr. Cipares. This is an extremely pro-employer state.

Attorney Nelson commented that, when the Mitsubishi plant came into Lafayette, they researched very, very carefully and they specifically chose the state they were coming to with a reason. That wasn't just because there was a big plot of land for sale out there.

Attorney Nelson stated that Indiana is a very pro-employer state. He used to be involved in workers' compensation cases. His experience is that the doctors were selected by the carriers and they rushed most of the people back to work long before they should as opposed to the opposite.

Attorney Nelson stated that Mr. Kintzele sees the difficult side that he has to deal with. However, from an employment standpoint, it is as good as it can get for an employer. Unfortunately, as bad as it might be, it's as good as it can get.

Attorney Nelson added that the employee does not have the right to choose who they go to. They can't pick a doctor who is going to help them mangle or stay off of work. They have to go to doctors chosen by the carrier. If anything, the concerns are that those doctors are working for the wrong people and not really the patient. Attorney Nelson has heard that and seen those concerns.

Mr. Kintzele added that another point is that garnishments or collections are not deducted from workers' compensation payments. Therefore, when an employee puts it all together, some people are better off being on workers' compensation rather than returning to work.

Mr. Kintzele stated that it is very frustrating. He stated that he has an employee who was hurt the other day. He went into the doctor who asked him if he wanted to go back

to work. The employee told the doctor he wanted to back to work. Mr. Kintzele pointed out that the doctor gave him his choice.

Mr. Kintzele stated that he doesn't know what else he can do. Training is one thing, but they have had training every year but still have the problems.

Mr. Kintzele stated that garbage collecting is the most dangerous job under workers' compensation. It is three times as dangerous as a police officer or firefighter. It has the highest rate of premiums.

Mr. Kintzele stated that he doesn't know what else to do and welcomes any suggestions about what can be done. He is very frustrated right now.

Attorney Nelson stated it is unfortunately government statute and, until the statutes change, it is what it is and you can't do a thing about it.

Dr. Jones stated that he understands what Attorney Nelson is saying from a legal standpoint and he is not taking Mr. Kintzele to task. Certainly as an employer, we have two concerns. One is certainly financial and the other is that you want employees to remain healthy for a variety of reasons particularly if they are good employees. However, there are efforts and ways to try to attempt to make this a top-of-mind situation for employees, whether it is safety committees where employees gather trying to solve safety issues.

Dr. Jones stated that he heard what Mr. Kintzele said and he is not disputing the occurrences. However, maybe it is time we look at somehow a more proactive safety program.

Mr. Kintzele stated that the bad thing is that you really feel sorry for the employee you know is really hurting. There are some employees that are really in pain.

Dr. Jones stated that, without getting into specific cases, he just hopes that everyone just think and talk about the issue to see if there are ways to mitigate the problem. In the long run, when these years of experience come forward, he doesn't know what will happen.

Attorney Nelson pointed out that the best source of the training programs is, in fact, the carrier. Just like carriers put on seminars for physicians on how to help reduce their medical malpractice claims, there is a reason carriers do that. They are trying to make their doctors better at what they do to avoid the claims. The same applies here. He is sure that the District's carrier would offer a multitude of different programs.

Attorney Nelson stated that Mr. Kintzele could look at the different programs to decide whether they are worthwhile or not. However, many times carriers offer reductions in

premiums. He doesn't know about this level because of the level of premiums and type of coverage we have here. He stated that the carriers often times offer some types of discounts or reductions when those programs are implemented and followed as well as seminars held and a certain percentage of employees attend. There are often-time incentives for them. It is worth looking into.

Mr. Kintzele stated that his payment went up \$60,000 last year. He hates to see what it will be April 1st. It will probably be double that amount.

Dr. Jones stated that this is his motivation, not any other reason. If there is a way we can somehow get the employees involved maybe in a little bit more proactive approach to safety. He knows manufacturing companies and there is a wide variety of approaches from the bare minimum to people who do nothing but talk about safety. He has been in both kinds of shops and, to some people, it is job one to figure out how to do the job safely. Depending upon the circumstances, it is a huge effort.

Attorney Bill Nelson

In reference to Lamar Advertising, Attorney Nelson reminded the Board that two months ago, Lamar submitted a proposal for a contract to advertise on a sign located on District property. The Board then discussed some counter proposals which Attorney Nelson presented to Lamar.

Attorney Nelson advised that Lamar Advertising has accepted the counter proposal of the District and the new contract has been submitted back to Attorney Nelson for the Board's consideration.

Attorney Nelson advised that Paragraph 1 changes the term to five years, which cuts in half the original ten year proposal, Paragraph 2 changes the annual amount to the amount requested by the District and Paragraph 5 eliminates the automatic renewal of the contract and allows for it to be extended or renewed by mutual agreement and also calls for a \$500 per month hold-over if they continue to use the sign beyond the contract period without a renewal.

Attorney Nelson then submitted the contract to the Board for their consideration. He advised that he has reviewed the contract and it does comply with all of the terms that the District had requested two months ago and it is ready for Board action.

Mr. Phelps entertained a motion that the contract with Lamar Advertising be executed.

Ms. Simmons made such a motion – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Attorney Nelson then submitted eight delinquent accounts, in the total amount of \$603.71 to be recorded as liens which require Board action.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to approve the accounts to be recorded as liens in the amount of \$603.71, as submitted – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Attorney Nelson then submitted two bad debts for the Board's consideration to declare as uncollectible. He advised that they both are liens that had been authorized by the Board. Unfortunately at there is a new title owner of record prior to the lien action being recorded. He advised that one account was in the amount of \$163.48 and the other was in the amount of \$151.71. Attorney Nelson advised that it would take Board action to be able to write these amounts off as bad debts.

Mr. Phelps entertained a motion on the matter.

Ms. Paul made a motion to declare the two accounts, as submitted, as uncollectible bad debts – seconded by Mr. Strauss.

Dr. Jones asked if there is any reason that we cannot say the names of the people on the accounts that are being written off. Attorney Nelson advised that he did not know the answer to that question and since there is a viewing audience, they will simply be announced as bad debts.

Dr. Jones commented that he has walked into merchant's businesses and has seen names of people who have written bad checks on the backs of the cash registers. Attorney Nelson advised that everything that the Board does is a matter of public record. Therefore, to the extent that someone is interested in seeing that, they certainly have access to it but he doesn't know if it is necessary to broadcast.

There being no further discussion or comment on the matter, motion carried 5 – 0 in favor.

Attorney Nelson then submitted a list of liens to submit for certification for the 2007 tax rolls advising that they are in the total amount of \$5,269.82 and the matter requires Board action.

Mr. Phelps entertained a motion on the matter.

Ms. Simmons made a motion to approve the list of liens for certification, as submitted – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 5 – 0 in favor.

Attorney Nelson advised that, since the last board meeting, there has been legal action taken by an individual claiming damages for sewer backup. He advised that the Board

was previously made aware of this by way of a Tort Claim Notice which was turned over to the District's insurance carrier. The District's insurance carrier denied the claim.

After the waiting period on the Tort Claim Notice statute expired, the individual, through their attorney, did file a lawsuit. Attorney Nelson advised that he immediately entered his appearance on the lawsuit to protect the District and obtained an extension of time to file responsive pleadings.

Attorney Nelson and Mr. Walus discussed the matter and it was also immediately forwarded to the District's insurance carrier. The insurance carrier has now hired counsel to take over the defense of the lawsuit.

Attorney Nelson advised that this matter is in the infancy stage at this point. The District's responsive pleadings have not even been filed yet so he cannot advise the Board of the extent to what the claim will be at this point. However, he will keep the Board informed as things move forward.

Attorney Nelson advised that he has left it up to the insurance company's counsel as to whether Attorney Nelson will remain as a Counsel of Record or not. Attorney Nelson will do whatever the insurance's counsel wants. At this point, they are both Counsel of Record.

Attorney Nelson advised, however, that the insurance's counsel does tend to keep him in the loop no matter what. Attorney Nelson then will report back each month as things occur on the matter.

Attorney Nelson advised that this is nothing that the District was not aware of but you never know whether or not they will go the next step and file a lawsuit. In this case, that was done so he wanted the Board to be aware of it.

Attorney Nelson had nothing else to report.

Mr. Phelps then 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 5 – 0 in favor.

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

Ms. Paul made such a motion – seconded by Mr. Strauss. No discussion or comment on the mater. Motion carried 5 – 0 in favor.

Old Business

There was none.

New Business

Mr. Walus advised that, last week, he and Mr. Olson met with La Porte WWTP Superintendent Jerry Jackson as an outgrowth of the county-wide land use planning efforts.

As part of those efforts, Duncan & Associates have identified preliminary boundaries of the exterior limits of the Michigan City Sanitary District into the future as well as the La Porte WWTP. A meeting was held with Mr. Jackson to see how sanitary sewer services could possibly be extended to those areas over a period of 10 to 25 years.

Mr. Walus explained that the Michigan City Sanitary District has a concern regarding treatment plant capacity. We are rated for 12 MGD (million gallons per day) through the treatment plant and certain regulations state that we cannot exceed a daily flow greater than 90% of that 12 MGD. Therefore, there is a maximum of 10.8 MGD.

Mr. Walus further explained that there are nearby communities such as the Town of Trail Creek and the Town of Long Beach who have large areas of un-sewered communities. He believes that it may be necessary for the District to formally correspond with both the Towns of Trail Creek and Long Beach to initiate discussions on what potential flow they would see from their communities to the District over a 5, 10 or 25-year period.

Mr. Walus explained that part of the reason for the treatment plant's expansion in the 1980s was to make it a regional treatment plant, namely to be able to treat wastewater from all of the Michigan City as well as the Towns of Trail Creek and Long Beach.

Therefore, as the District is being asked to look further beyond those boundaries, we somehow need a good idea what Long Beach and Trail Creek would need in terms of the sewer service.

Mr. Walus explained that, rather than the District trying to look through a crystal ball, he would like to be able to communicate to both of those communities that the District needs to know their best estimates of legitimate flow contribution to the WWTP here in order that the District can continue to plan for other areas in the county.

Additionally, Mr. Walus would like to request some preliminary community sewer master plan from each of those entities, otherwise we will continue to run into situations like we did on Whippoorwill Avenue, Evergreen Baptist Church on Coolspring Avenue, the potential lift station in Long Beach, where individual developers are going to want sanitary sewers and not knowing how that fits into an overall plan that could change the dynamics of how those projects get built.

Mr. Walus asked for the Board's approval to send official communications to the Towns of Trail Creek and Long Beach asking for some form of preliminary idea of wastewater contributions to the District so that we can then assess how that potential contribution would fit in within the District's maximum capacity locally. Additionally, he would like to request, within a six month time frame, a preliminary master plan for each of those communities with regard to sewers.

Mr. Walus explained that he believes that there has been some work already done in Long Beach on that aspect and they could have as many as a dozen sanitary sewer lift stations throughout the Town of Long Beach.

Mr. Walus stated that there are some serious questions that those entities are going to have to answer before the District can really make any legitimate decisions on people coming to us requesting extensions into those towns.

Mr. Walus advised that the District has been handling things like this on a case by case basis up to this point. However, as the County gets more involved in land use planning and wanting access to sanitary sewers for larger developments, the issue of having capacity for those towns becomes a bigger and bigger issue. Therefore, Mr. Walus would like to proceed on contacting those entities to request that information. The Board agreed.

The next regular monthly meeting of the Board of Sanitary District Commissioners –
March 28, 2007 – 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.

Judith A. Paul, Board Member