

**MINUTES OF SPECIAL MEETING
BOARD OF SANITARY DISTRICT COMMISSIONERS
THURSDAY, APRIL 30, 2009 – 1:00 P.M.**

The Special 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 Pro-Tem of the Board, J. Jeffrey Jones, Ph.D.

Commissioners present for the meeting were J. Jeffrey Jones, Ph.D., Judith A. Paul, and Ronald J. Strauss. Commissioner Linda G. Simmons entered later in the meeting and 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
James L. Kintzele, Sr., Refuse Superintendent
Doretha M. Sanders, Administrative Director
Tina M. Tabisz, Administrative Assistant
William J. Nelson, Jr., Attorney

Also present for the meeting:

Charlie Cate, Central Maintenance Superintendent
Jim Maurer, Haas & Associates
Todd Bell, Woodruff & Sons
Mike Edinger, Woodruff & Sons
Ryan Miller, D&M Excavating
Gary Radtke, Radtke & Associates, Inc.
Tony Ekovich, Springfield Regional Sewer District
Andre Steele, ALCO-TV

In reference to the Ohio Street/Southwind Drive Sewer Infrastructure Improvements Project, Mr. Walus advised that a bid tabulation has been prepared and Jim Maurer of Haas & Associates is in attendance and will report on the matter.

Mr. Maurer advised that the bids did not change and there were no significant mathematical errors. Additionally, he did find what he could not find during the bid opening, which was the certification of the financial statement of Woodruff & Sons.

Mr. Maurer advised that he has also received word from the Michigan City EEO Officer that Woodruff & Sons, as well as all of the other contractors' EEO bid packages, was in order.

Therefore, as a result of this information, Mr. Maurer advised that it is their recommendation that the District accept the low bid of Woodruff & Sons in the total amount of \$798,298.00.

Mr. Maurer advised that they have also provided a suggested Notice of Award letter along with a proposed construction agreement to Attorney Nelson. Mr. Maurer advised that this could be sent to Woodruff & Sons within the 30-day project bid-hold period, which ends on May 22, 2009. However, Mr. Maurer encouraged the Board that this be sent to the contractor as soon as possible.

Mr. Walus commented that he does not believe that the Notice of Award or contract was in the Board packets because Mr. Maurer just finished these up a couple of days ago. Mr. Maurer was instructed to take them directly to Attorney Nelson for review.

Dr. Jones asked if Attorney Nelson had anything to add at this point. Attorney Nelson stated that he would just reconfirm what Mr. Maurer has said.

Attorney Nelson advised that he reviewed the bid. The bid, as submitted, did include the financial statement. It was just not easy to locate during the bid opening process but it was there as part of the original bid. The bid form and enclosures are complete.

Attorney Nelson advised that he has reviewed the contract proposed for the project as well as the proposed Notice of Award and he has absolutely no problems with any of them.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to accept and approve the bid of Woodruff & Sons, in the amount of \$798,298.00 – seconded by Mr. Strauss. No discussion or comment on the matter. Motion carried 3 – 0 in favor.

Mr. Walus then submitted a proposed Letter of Understanding between the Sanitary District and the Board of Public Works & Safety. He has asked that the matter be placed on the Board of Works agenda for Monday, May 4th.

Mr. Walus advised that the proposed document is based on our typical format of agreements with the City of Michigan City, through the Board of Public Works & Safety.

Mr. Walus explained that, in the “whereas clauses” we identify that the District desires to construct sewer infrastructure improvements on Ohio Street in the Southgate neighborhood area.

The City of Michigan City’s 2009 budget contains appropriations for the construction of new sewer infrastructure in the Southgate neighborhood.

The proposal identifies that the District will provide the engineering services and construction supervision for the project and will obtain bids and proceed with construction. We did have a Common Construction Wage Hearing, pursuant to Indiana Law, which was incorporated into our bid specification documents.

Additionally, as Mr. Maurer stated earlier, we do have confirmation from the City's EEO Officer that the contractor is in compliance with those requirements.

The financial liability for the City, under the agreement, shall not exceed \$850,000.00, which is the amount that is in the budget for this year.

Mr. Walus recommended approval by the Commissioners today. Then, he can take this Letter of Understanding to the Board of Works on Monday.

Dr. Jones entertained a motion on the matter.

Mr. Strauss made a motion to approve the Letter of Understanding between the Sanitary District and the City of Michigan City, as submitted – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 3 – 0 in favor.

Dr. Jones entertained a motion in reference to the minutes of the Regular Meeting of March 25, 2009, the Special Meeting of April 8, 2009 and the Regular Meeting of April 22, 2009.

Mr. Strauss made a motion to approve the minutes of all three meetings, as submitted – seconded by Ms. Paul. No discussion or comment on the matter. Motion carried 3 – 0 in favor.

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

**FINANCIAL STATUS – SANITARY DISTRICT
April 30, 2009**

OPERATION & MAINTENANCE FUND #6201	\$419,307.75
SEWAGE WORKS SINKING FUND #6207	\$1,137,463.87
SEWAGE WORKS IMPROVEMENT FUND #6208	\$214,477.98

The following departmental status reports were given:

Al Walus

In reference to the Singh Petroleum Company Convenience Center Sewer Use Agreement, Mr. Walus distributed a copy of one of the last sewer use agreements that the Board had entered into, in which Evergreen Baptist Church had paid for an extension of a sanitary sewer to their property.

Mr. Walus explained that he used that sewer use agreement as a template, marking in red the appropriate changes that would be relevant to a proposed agreement with Singh Petroleum Company, explaining that the La Porte and Porter County border is part of the Pine School Sewer Project.

Mr. Walus explained that, in this particular case, Mr. Singh is contributing \$207,600 toward the construction of the Pine School Sewer Project modification. As part of the return for that contribution, Mr. Singh is reserving the capacity to discharge up to 60 gpm (gallons per minute) of wastewater flow into that system. Mr. Walus explained that the first page of the marked-up template basically changes the names and the numbers.

On Page 2, there is a reference to Insert A that addresses the fact that Mr. Singh will be donating a small parcel of property to the District where the lift station is located as well as an access easement which will also be part of the District.

Further along on Page 3 of the template, we have identified more specifically the financial contributions. Mr. Walus explained that Mr. Singh had previously signed an agreement with the District indicating that he would contribute up to \$200,000 for the Pine School sewer modification.

During the course of construction, Mr. Singh had the contractor, Woodruff & Sons, extend a lateral in a different way over to his property, which accounts for the additional \$7,600, for a total investment by Mr. Singh in the amount of \$207,600.

On Page 4 of the template, we have the language with respect to Mr. Singh putting up the financial backing to relocate the lift station to the intersection of Highway 20 and County Line Road. Therefore, we have updated the numbers for future individuals wishing to connect to the line.

Mr. Walus explained that the Evergreen Baptist Church investment was approximately \$79,500. Mr. Singh's investment is more than double that figure. Therefore, we have increased some of the connection fees that will be paid back to Mr. Singh with his higher investment up front. He requested that the numbers be changed and we agreed to the changes.

Mr. Walus then explained that the remainder of the agreement contains standard language for our sewer use agreements.

Mr. Walus has reviewed the proposed changes in red with Mr. Doyle, who is Mr. Singh's consulting engineer, as well as with Mr. Singh himself. They both agreed to all of the changes identified in red.

Mr. Walus then conveyed those changes to Attorney Nelson's office. They have prepared an updated agreement that incorporates all of the changes in red.

Mr. Walus advised that he believed that it was a good process to go back to the Evergreen agreement, showing the changes to the Board such as the names and dollar values, and then Attorney Nelson's office reviewed the agreement one final time.

Mr. Walus requested that the Board consider approving the proposed sewer use agreement today. Mr. Singh has requested that we ship the document overnight to him

so that he could be here Monday, May 4th, to sign the agreement and bring the check in the amount of \$207,600 as part of the process.

Mr. Walus advised that the last thing is to work with Mr. Doyle to finalize two of the attachments to this agreement which include the physical layout of the parcel that Mr. Singh is donating to the District. Mr. Doyle was waiting until the contractor finished some of the concrete work so that the parcel could be more accurately surveyed.

Therefore, we are at a point that staff recommends that the Board of Commissioners approve the Singh sewer use agreement, which can then be immediately sent to Mr. Singh so that he can bring his contribution next week.

Mr. Walus advised that, once we receive Mr. Singh's contribution, we will receipt it into the Sanitary District fund. The District will then immediately send that money to the Michigan City Water Department because the Water Department is the local agency that has the contract with Woodruff & Sons. The Water Department will then pay the contractor, which should then close out that project.

Dr. Jones asked if there were any questions by the Board. There were none.

Dr. Jones then entertained a motion on the matter.

Ms. Paul made a motion to approve the sewer use agreement between the Sanitary District and Singh Petroleum Company, as proposed – seconded by Mr. Strauss.

Dr. Jones asked if the \$207,600 is an actual quotation/bid in this case. Mr. Walus explained that Mr. Singh agreed to pay up to \$200,000 for the sewer relocation. However, the actual change order approval through the Water Department was a little over \$200,000. Mr. Walus advised that the Sanitary District is picking up a small portion of the actual change order itself.

Mr. Walus advised that, if the change order would have come in at \$180,000, Mr. Singh would have contributed \$180,000. However, the actual change order with the contractor was approximately \$209,000.

Mr. Singh agreed to pay up to \$200,000 and, when we reviewed the proposal from the contractor to do the work, the Board previously agreed to proceed with the work.

(Ms. Simmons entered the meeting at this point.)

Mr. Walus explained that Mr. Singh's total would have been \$200,000 even. However, aside from the project, Mr. Singh felt it was beneficial for him to have Woodruff & Sons to re-work a part of it to make it easier to have Mr. Singh connect in the future. That is where the additional \$7,600 comes from. This is actual bid quantities and as-built so this is the final amount.

Dr. Jones addressed Ms. Simmons explaining that there is a motion on the floor to approve a document which management has recommended that the Board enter into an agreement between Singh Petroleum Company and the District on the County Line Road Project connected to the Pine School Project.

There being no further questions or comments, motion carried 4 – 0 in favor.

Dan Olson

Mr. Olson advised that there were no exceedences of the permit limits during the month of March.

However, there was a CSO event and he believed that he reported this matter to the Board at the March meeting. Mr. Olson reminded the Board that the event began at 5:30 p.m. on March 8, 2009 and ended at 11:45 p.m. on March 18, 2009. Therefore, it lasted 10.4 days. We discharged a total 9.76 million gallons.

Mr. Olson attributed the long duration to high ground water table and just the inability to bring flow back from the storm basin because of high flows going to the plant.

Mr. Olson explained that the District's long term control plan requires us to treat 15 mgd (million gallons per day) whenever we have a bypass, which we did. However, then it continued to stay at that level so it was impossible to bring anything back for quite a while. When we were able to bring back some of the flow, the bypass discharge subsided. Mr. Olson explained that the bypass discharge is usually a peak that then tapers off.

Mr. Olson advised that the Board packets included a copy of the NPDES permit application. He explained that the permits last for five years unless the Permittee submits an application for a renewal within 180 days of the expiration date. The District's current permit expires on October 31, 2009. Mr. Olson advised that the permit application was submitted earlier this month so we are well within the required period of time.

Whether we get a new permit before the expiration date is immaterial now because the old permit then becomes administratively extended until a new one is issued and negotiations are finalized.

Mr. Olson explained that one of the highlights of the permit application is that we have been able to document, through our data, that we have no reasonable potential to exceed the limits for certain heavy metals. Consequently, we have been able to apply to the state to reduce monitoring frequencies on those parameters.

Additionally, we have a very good compliance history for some of the conventional pollutants so we also applied for a reduction of monitoring on those pollutants as well, per EPA guidance and what we used last time to reduce monitoring frequencies. Mr. Olson commented that, from his standpoint, it looks pretty favorable.

Mr. Olson advised that the reason he was not in attendance at the April 22nd Board meeting was that IDEM called an Anti-Degradation Workgroup meeting, which he attended, and presented to the Workgroup a draft proposed second notice rules. He explained that those will eventually get published in the Indiana Register and at the second stage of the rule-making process. After that, comments will be received and then it will go to the Water Pollution Control Board, who will preliminarily adopt it. If necessary, a third set of rules will go out and, as a Board, will finally adopt these rules.

Mr. Olson advised that he has been attending this Workgroup because the Great Lakes Region that we belong to already has implementation procedures for anti-degradation. It was important, if they are going to bring this rule throughout the entire state, that we maintain those provisions of the current rule that allow us to implement operational changes and other activities within the confines of our permit and not having those changes fall under the requirements of having to do an anti-degradation demonstration.

Mr. Olson stated that he is happy to report that the second notice draft rule does still have those exemptions. Therefore, he believes that municipalities, in general across the whole state, fared very well on that.

Mr. Olson stated that there is also a provision in there that Mr. Olson has been fighting for along with the other municipal participants and that is that, if a municipality increases the flow to their plant in order to eliminate the public health concern, whether it be elimination of an area that was on septic tanks that are failing or some other public health related condition, there should then be special consideration for that municipality by not having to go through a full blown anti-degradation demonstration. The State, in their second notice, has said that this is an exemption but a justification notice will be required. Mr. Olson stated that this is fine because all we will have to do is some submittal of why it is justified, what is being corrected and that type of thing.

Mr. Olson stated that he believes that it is a big improvement even over the existing rules that we have today.

Mr. Olson added that there is a remaining concern. The remaining concern is how discharges to tributaries to an Outstanding State Resource Water (OSRW) would be addressed.

Mr. Olson explained that Trail Creek is a tributary to Lake Michigan which is classified as an OSRW in Indiana. The existing rule says that an increase in loading to a tributary cannot have a significant impact on and OSRW. This is fine and is the way it should be.

Mr. Olson explained that the draft rules say that anybody upstream of an OSRW cannot have an impact on the water quality of the OSRW. This is a little more stringent or can be interpreted as such.

Mr. Olson stated that it becomes important in how an impact is defined. If they define it as a significant lowering of water quality then he agrees with them.

Mr. Olson stated that the second thing that makes this is important is, if you only have to have an impact, it would be very difficult to demonstrate that you don't have any impact with the increased loading and, consequently, you would fall under the implementation rules for an OSRW. Those are much more stringent, particularly in the second notice draft.

Mr. Olson gave the example if Michigan City's treatment plant has to double in capacity due to growth. This would be an increased loading even with the best treatment that we can possibly do. We would then have to do an anti-degradation demonstration. Additionally, if we were under OSRW rules, we would have to complete a project that results in an overall improvement of the water quality of the watershed or pay up to \$500,000 in fees.

Mr. Olson stated that it is important as to how this issue comes out and has a significance for the District in particular or anybody else that discharges to a tributary of Lake Michigan.

Dr. Jones thanked Mr. Olson for his report.

Jim Kintzele

Central Maintenance Superintendent Charlie Cate joined Mr. Kintzele at the table.

Mr. Kintzele advised that Mr. Cate has been working with Attorney Nelson concerning the purchase of a refuse truck to make sure that everything is in order.

Mr. Cate submitted a letter to the Board explaining that he forwarded a copy of the invitation to quote and all of the related documents to Attorney Nelson, who made a determination that the information did meet all of the rules and regulations for solicitation for invitation for quotes.

Mr. Cate stated that he then sent the invitations to quote out to individuals which resulted in the receipt of four quotes for this vehicle. Two of them were from Pyramid Equipment for a cab and chassis, the difference of the two being a Wayne packer box versus a Pak-Mor packer box.

Best Equipment quoted the same cab and chassis model with a Leach 2RIII packer. Pyramid Equipment also quoted a truck that they already had on their property that Mr. Cate and Mr. Kintzele had previously viewed but it did not really fit the department's needs because it was equipped to go anywhere from a 2-yard to an 8-yard dumpster. However, the desire was just for the tippers for the 96 gallon toters. The only advantage with this vehicle is that it was available immediately.

Mr. Cate reviewed all of the quotes and the lowest quote, meeting all of our criteria, was from Best Equipment in the amount of \$144,497. He explained that they had a cab and chassis in stock so there are zero days to stock the unit and the final body assembly and delivery would be between 80 and 100 days.

Mr. Cate recommended that the Board accept the quote of Best Equipment. Mr. Kintzele added that this was the only quote that included Perkins tippers advising that his department has had no problems with the Perkins tippers. Additionally, they have also had very good experience with the Freightliner chassis as well as the Leach compactors and will fill the department's needs.

Attorney Nelson suggested, for the Board's benefit, that Mr. Cate read into the record all of the submitted quotes received.

Mr. Cate stated that the quotes received were as follows:

Pyramid Equipment **\$150,699.00**
2010 Freightliner w/ Bayne Tippers and Wayne Phoenix III 25 yd. Rear Loader

Pyramid Equipment **\$148,331.00**
2010 Freightliner w/ Bayne Tippers and Pak-More R300B 25 yd. Rear Loader

Best Equipment **\$144,497.00**
2009 Freightliner w/ Perkins Tippers and Leach 2R-111 25 yd. Rear Loader

Pyramid Equipment - Demo Unit **\$142,800.00**
2008 Freightliner w/ Bayne Tippers and Arlock 25 yd. Rear Loader

Mr. Cate reminded the Board that the Demo Unit from Pyramid Equipment was discounted because it did not have the equipment that was needed.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to accept the quote of Best Equipment for a 2009 Freightliner with a Leach Packer and two Perkins Hydraulic Tippers for a total cost of \$144,497.00, as recommended – seconded by Ms. Simmons.

Mr. Strauss asked how this truck will be funded. Mr. Cate advised that this is a budget item that was approved by the City Council in the amount of \$150,000.00

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

Mr. Kintzele commented that the addition of this vehicle will put the department in very good shape for at least the next three to five years. He explained that we can currently have four trucks out of service and still be able to do the work.

In reference to tonnage, Mr. Kintzele advised that there were 578 less tons of trash for the first three months of the year than the same time last year. If this continues, we will be a couple of thousand less at the end of the year. He credits much of this to recycling.

Bill Nelson

Attorney Nelson advised that there are seven delinquent accounts to be recorded as liens, in the total amount of \$1,660.51, which requires Board action.

Dr. Jones entertained a motion on the matter.

Mr. Strauss made a motion to approve the delinquent accounts to be recorded as liens, in the total amount of \$1,660.51 as submitted – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Attorney Nelson then submitted 7 liens to be released due to satisfaction of the liens, in the total amount of \$718.04 and advised Board action was necessary.

Dr. Jones entertained a motion on the matter.

Ms. Simmons made a motion to approve the 5 Releases of Lien, in the total amount of \$718.04, as submitted – seconded by Ms. Paul. 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 \$122.75 and the second is in the amount of \$262.52. Attorney Nelson advised that Board action is required.

Dr. Jones entertained a motion on the matter.

Ms. Paul made a motion to declare the two accounts, in the amounts of \$122.75 and \$262.52, as a bad debt and uncollectible, 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. Simmons 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.

New Business

In reference to declaration of surplus equipment, Mr. Hoffman explained that the District has a 1993 International Truck which was replaced by a small Vactor unit. The 1993 vehicle was a jet-only truck that is no longer operational and various sundry pieces have been removed from the vehicle.

Mr. Hoffman explained that there has been a request by Central Maintenance, on behalf of Central Services, to use the cab/chassis and therefore recommends to declare the vehicle as surplus.

Dr. Jones entertained a motion on the matter.

Mr. Strauss made a motion to declare the 1993 International Truck, VIN #1HTSDPPR1PH474726, as surplus equipment – seconded by Ms. Simmons. No discussion or comment on the matter. Motion carried 4 – 0 in favor.

Old Business

Mr. Walus distributed a copy of the previous draft sewer use agreement with Springfield Regional Sewer District and explained that both Tony Ekovich, from the Springfield Regional Sewer District along with Gary Radtke, of Radtke & Associates, are in attendance at today's meeting. Mr. Walus invited both gentlemen to join him at the table.

To provide some context for the Board, Mr. Walus explained as follows:

As the District was developing and beginning to construct the sanitary sewer extension to Indian Springs Subdivision, the District worked with the Indiana Finance Authority to receive a \$990,000 loan to build that system with that special revenue bond to be paid back by District users that would then connect into that line.

As that process was going on, the Springfield Regional Sewer District (SRSD) was created by residents in that area. They identified a territory, went through all of the statutory requirements and processes to establish the SRSD.

As that was additionally proceeding, the SRSD approached the Sanitary District Board of Commissioners and an initial letter of agreement was signed whereby the Sanitary District of Michigan City would treat wastewater conveyed to us from the SRSD. That commitment, via the letter of agreement, allowed SRSD to then move forward with some different aspects of trying to obtain some grants and/or loans to build sewers.

As part of that process, back in September 2004, the Sanitary District of Michigan City approved a final draft copy of that agreement, a copy of which Mr. Walus distributed to the Board for their information.

The agreement was never officially executed because there were a couple of attachments that were to be completed later. Exhibit A had provisions for where the SRSD would connect to the Sanitary District as well as documentation of the different financial components.

After conversations, the Board took action just as a final draft agreement back in 2004 that allowed SRSD to do some planning and engineering and to seek grants and loans. As SRSD pursued those activities, no specific sewer project ever resulted from those

actions. Therefore, the SRSD is a legal entity with a specified boundary, and was not able to begin constructing sewers.

At some point in time after the County's adoption of the La Porte County Land Use Plan, which includes an overall strategy to extend sanitary sewers from the City of Michigan City and the City of La Porte into unincorporated areas of La Porte, there was some discussion by county officials to create a county-wide sewer district in unincorporated areas of La Porte County.

As the La Porte County officials and their consultants at American Structurepoint considered different ways to create a legal entity for a county-wide sewer district, they had conversations with the already established SRSD. The Springfield Regional Sewer District agreed to amend their territorial map to include all of unincorporated La Porte County with some exceptions of the cities and towns.

Additionally, in conversations with Tony Ekevich of the SRSD Board, there has been some attrition of board members of the SRSD. As new members were brought on, La Porte County Commissioner Mike Bohacek was added to the Board as well as County Councilman Rich Mrozinski.

The SRSD is still titled Springfield Regional Sewer District because there has been no official action to rename the District. However, the territory has been changed from the original smaller district to the wider county-wide district. Additionally, the SRSD now has, on its board, at least two elected officials; one from the County Commission and one from the County Council.

As those activities were progressing forward, there is a property owner on Highway 20, east of where Highway 35 heads over to La Porte, which is the Renaissance Academy, and they have a need for sanitary sewer service.

The Renaissance Academy can choose different options. Potentially, they can get regulatory approval to perform on-site treatment on the property, or they can look at methods to convey their wastewater somewhere else, either toward La Porte or Michigan City.

Earlier this week on Monday, April 27th, Mr. Walus and Plant Superintendent Dan Olson met with Tony Ekevich of the SRSD Board as well as Gary Radtke of Radtke & Associates. Mr. Radtke has been hired by the property owner of the Renaissance Academy to come up with an engineering solution for their wastewater needs.

They were discussing the possibility, if the private owner of the Renaissance Academy builds a sanitary sewer connection from Renaissance Academy to the Sanitary District's regional lift station at Highway 20/35, of one option to be that the SRSD would have ownership maintenance responsibility for that sewer system. However, the SRSD has no method to treat wastewater.

Then, they fell back on the draft agreement from 2004 that says the Sanitary District of Michigan City would agree to treat wastewater from the SRSD.

At this point, the owner of the Renaissance Academy is looking to solve their wastewater needs. That owner is willing to, with their own financial resources, build a low pressure system from Renaissance Academy to the connection at Highway 20/35. The SRSD would be the responsible entity for all of that work.

The discussion on Monday also preliminarily included how we would go back to the September 2004 agreement to see if it still applies word for word, other potential changes and what the financial rate structure would be.

Mr. Walus explained that the copy of the previous agreement that he distributed to the Board today is similar to what was done with Mr. Singh's agreement. The copy itself is the actual final draft agreement which has been marked up with the appropriate changes.

On Page 1, the sixth whereas clause was worded, "*the MCSD will have a sanitary sewer connection...*". This connection already exists so "*will have*" has been replaced with the word "*has*".

In the next whereas clause addressed, at that point in time in 2004, the fact that the SRSD was going to make a lump sum payment to basically pay off some of the debt service on the loan. The new proposal is to totally strike that whereas clause and to replace it with "*Whereas, the SRSD has created the U.S. Highway 20 Corridor Sewer District within the SRSD territory and this agreement shall only apply to the U.S. Highway 20 Corridor Sewer District.*"

Therefore, since the SRSD has, in its territory, most of La Porte County, one of the approved options of the SRSD is to create a sewer district within that larger territory. So, for the purpose of this project, the SRSD is pursuing the option of creating the tentatively-named U.S. Highway 20 Corridor Sewer District.

In that area from the Renaissance Academy westward to our connection, there will be this unique U.S. Highway 20 Corridor Sewer District, which this agreement applies to. Therefore this agreement, if agreed to by all parties, would only apply to the U.S. Highway 20 Corridor Sewer District which is part of the total SRSD.

At this point we do not see any need to change any of the items on Page 2 that were deliberated and agreed to in 2004.

On Page 3 in Paragraph E entitled "Wastewater Acceptable", there is a bit more time needed for staff to review that particular language to make sure it is as accurate as we want. The current Michigan City code was approved many years ago and we want to look at current IDEM and US EPA limits and different constituents in wastewater to make sure we are in compliance with any new limits. Therefore, it is just basically an internal code review to make sure there is no disagreement. Even if the Michigan City

codes stay the same and state regulations change, there are narrative components of the code that ensure that we comply. We just want to make sure that Paragraph E is clear.

On Page 4, the volume of discharge is addressed. We would potentially agree to accept a daily average wastewater flow from, at this point, only the U.S. Highway 20 Corridor Sewer District of the entire SRSD. The 63,000 gallons per day reflects the number that Mr. Radtke presented to Mr. Walus on Monday regarding potential flow from there. This number is similar to what we looked at five years ago.

We are proposed to remove Item 3 under Paragraph F entitled "Unmetered Flow", because our proposal at this point is that we would have a meter where the U.S. Highway Corridor Sewer District would discharge into our lift station. Therefore, we would have metered flow that we can then base billing on and we would send the SRSD a monthly bill indicating the amount of flow and the monthly charges.

On Page 5 is where we have somewhat of a different philosophy now for this unique project as opposed to five years ago. For the cost of treatment, we are clarifying that this applies only to the U.S. Highway 20 Corridor Sewer District within the broader SRSD.

Toward the bottom of Page 5, there is a section entitled "Capital Buy-In". Back in 2004, the SRSD would potentially pay up to \$326,000 for connection to the Sanitary District based on flow to pay off some of the debt service on the repayment back to the State.

Mr. Walus advised that we are proposing for this unique U.S. Highway 20 Corridor project, there would be no up front capital buy-in, but instead that rates and charges would be the same rates and charges that the homes and users in Indian Springs are paying, which is approximately \$71 per month; the monthly component to process and treat wastewater and the \$40.69 or so on the debt service.

Rather than having this U.S. Highway 20 Corridor Sewer District come up with additional money up front for capital buy-in, that capital cost would be paid every month based on flow, just like all of the other users in the Indian Springs area are paying.

Therefore, the middle paragraph on Page 5 was deleted for single family households because we are dealing only with a single point discharge to the Sanitary District based on flow and the capital buy-in does not apply to this scenario.

This change resulted in some renumbering of sections and the rest of the agreement remains somewhat the same.

Mr. Walus asked the Board, Mr. Ekovich and Mr. Radtke to refer to the last page of the copy distributed, which is a copy of Exhibit C of the sewer use agreement with homeowners in the Indian Springs area. Potentially, this would be Exhibit B to the agreement, which is the wastewater buy-in customer charge document. Rather than

having the U.S. Highway 20 Corridor Sewer District pay up-front capital costs, this would be the rate sheet that anyone connected to the U.S. Highway 20 extension would pay. Our monthly fee for treating wastewater for single-family homes outside the city average is \$27.64, and the local capital charge per EDU (Equivalent Dwelling Unit) is \$40.69, as well as an additional \$2.73 operation and maintenance cost (which will total \$71.06 monthly being paid by Indian Springs).

The owner of the Renaissance Academy would then have to make a financial decision on their part if they are going to finance the construction of the sewer system and others along that route want to tie in to the extension, those property owners connecting would have to cover the \$71 to the Sanitary District. Additionally, if the owner of that sewer system wanted to recoup additional money, they would then have the opportunity to charge an additional \$10, \$20 or \$30 per month to people in that corridor to help pay down some of the cost of that initial investment.

Therefore, this would be like a typical sanitary sewer use agreement we would create where potentially a developer in Michigan City has a parcel of land that he may want to develop a commercial mall or subdivision and there is no infrastructure. The developer would then invest a certain amount of dollars to build a sewer and, as people connect to this sewer, the developer would be paid back.

In this case, the owner of the Renaissance Academy would have the opportunity to charge over and above the \$71 that comes to the District, a monthly fee to potential people who connect or a one-time charge to connect.

When Mr. Ekovich and Mr. Radtke met with Mr. Walus and Mr. Olson on Monday, they advised that they are somewhat fighting several deadlines. Tomorrow (May 1st) there is a public meeting for the SRSD governing board, which is a monthly meeting and there is a sense of urgency with the Renaissance Academy who has certain timelines they need to meet to be able to open their facility next fall. Therefore, they have been working aggressively with Mr. Radtke to try and come up with viable solutions to their wastewater needs on-site so that they can open their academy in the fall.

District staff has agreed to try and work with Mr. Ekovich, Mr. Radtke and the Sanitary District Board as quickly as we can to determine what the financial conditions would be for the U.S. Highway 20 Corridor Sewer District to connect to the Sanitary District. At this point, we feel the best thing to do is use the exact same rate sheet as is used for the Indian Springs residents, apply that to potential users along the Highway 20 corridor and then the SRSD or the owner of the Renaissance Academy would have to determine what their fee is to other users in the area.

Mr. Radtke addressed the Board stating that he appreciates the opportunity to come back before the Board. He then distributed copies of a map showing the location of the actual sewer district.

Mr. Radtke explained that the district boundary is going to be the highway right-of-way from Highway 35 in a continuous right-of-way, advising that the map also identifies some of the larger users along the way to the Renaissance Academy. Additionally, the district continues east all the way to County Road 400 West.

As Mr. Radtke previously stated, other users were identified, adjoining this right-of-way, which includes approximately five other larger users, 12 small commercial units and 40 homes. Obviously as this is a private owner that is installing this sewer extension, there will be no forced connection to the system by others.

Mr. Radtke advised that, if there is a positive response from this Board as well the SRSD's Board, they plan to have an area-wide meeting of all the people in the area to explain what the project will consist of so that all of the adjoining property owners will understand the project.

Mr. Radtke advised that he has been working with the SRSD toward working up an agreement so they needed an agreement from the Sanitary District to know that there will be a discharge point available before they can finalize any other agreements.

Mr. Radtke explained that the owner of the Renaissance Academy is reviewing the idea of charging up-front connection charges because the Academy is not a financial organization that will accept a monthly payment program. Therefore, they will actually request the Sanitary District to charge connection charges for reimbursement for the construction of the sewer extension.

Mr. Radtke then advised that, at the time of the public meeting, they will have the actual cost that will be set for any connection. Therefore, when a resident who may want or need to connect to the sewer because of a faulty septic system will know exactly how much they will have to pay.

Mr. Radtke thanked Mr. Walus for his efforts in preparing this draft agreement and pointed out that the agreement is an excellent agreement. Mr. Radtke stated that it will really help spell out the costs involved for the property owners for the connection fee as well as the operation costs of \$71 which is the same as Indian Springs. He believed that this is an excellent way of approaching it for having other people connect.

Mr. Radtke advised that the \$71 will probably be increased for the cost of operation for the Sanitary District because Michigan City will not be maintaining this system. Therefore, beside the \$71, a private operations company will actually be operating the system and those costs will have to be charged on top of the \$71.

Mr. Radtke advised that they are looking at having the sewers in place in the middle of July. They are under orders that the facility will not open unless the sewer is in place and operational.

Mr. Radtke advised that there was an agreement with the County that they were going to install a sewer in there and this is something that obviously did not happen. Therefore, the ownership had to aggressively go in a different direction.

Mr. Walus added that, as Attorney Nelson is very particular about bid versus quote, he believed that Mr. Radtke referred to the Sanitary District a couple of times. However, Mr. Walus clarified that Mr. Radtke was actually referring to the SRSD as opposed to the Sanitary District of Michigan City. Mr. Radtke agreed and apologized for the error.

Mr. Walus then thanked Mr. Radtke and Mr. Ekevich for renaming this corridor. They had talked about a Sanitary District for the project, but we asked that they rename it the U.S. Highway 20 Corridor Sewer District to connote that the specific corridor as well as trying to minimize the misconception that it is either the Sanitary District or other districts. With all of these different names, we are just trying to be careful.

Therefore, the Sanitary District of Michigan City's involvement is that our lift station will be taking flow from the Springfield Regional Sewer District, which will be operating this U.S. Highway 20 Corridor Sewer District.

Dr. Jones asked if there were any questions by the Board.

Mr. Strauss asked for Mr. Walus' recommendation. Mr. Walus advised that we have gone back to the 2004 agreement to tailor the language that was previously worked out to the specific need of the Highway 20 Corridor. The reason is that we cannot make the same terms and conditions applicable whole-scale to the entire SRSD, whose territory is now most of the county.

Mr. Walus explained that we already had a draft agreement that we could make specific to one component at this point of the SRSD, which is the Highway 20 Corridor. We have the flows for that Highway 20 Corridor that Mr. Radtke provided. Therefore we are kind of locked into these flows.

Mr. Walus advised that, if at some point, there is additional need for higher flow, this agreement allows the SRSD to come back to the Sanitary District Board to request amendments and changes if the need arises.

Mr. Walus added, however, that with time being of the essence for the property owner on Highway 20, we feel that this is a comfortable way for us to be able to move forward.

Mr. Walus stated that the Board has been pretty adamant in the past that, if an individual approaches the District to request permission to discharge wastewater flow to our system, we should try to work cooperatively with them.

Mr. Walus stated that he is not exactly recommending approval at this point. However, for the purpose of allowing Mr. Radtke and Mr. Ekevich to go back to the SRSD Board

with some sense of agreement, disagreement or uneasiness from this Board, this discussion can help them in their meeting tomorrow.

Dr. Jones clarified that they are just looking for Board direction as to whether they believe that negotiations are moving along in the correct general direction and the Board is not being asked to approve it. Mr. Strauss commented that, at this point, they are looking for the Board's support. Mr. Walus stated that this is correct.

Attorney Nelson added that they are looking for support on whether it is a viable option that the District is willing to consider continuing forward with.

Attorney Nelson stated that this markup draft is a great start and there is some language here that has already been presented to the Sanitary District Board that certainly has the potential for some additional modifications and some additional expansion to provide a greater understanding to what the project looks like. However, this is a very good start.

Attorney Nelson added that the great thing is that we had this document in place even though it never got signed back in 2004. However, it gives us an excellent place to start with this narrower scope of the matter.

Dr. Jones asked the distance between County Road 400 West and the Renaissance Academy. Mr. Radtke advised that there is 7,300 feet.

Dr. Jones then asked for further clarification that the transactions of the \$71 per month are between the U.S. Highway 20 Corridor Sewer District and the customers. He asked if the Sanitary District will simply collect fees based on the amount of flow that goes through the lift station. Mr. Radtke advised that the Sanitary District of Michigan City will bill the SRSD who will pay the Sanitary District. The SRSD will then collect from the customers that are connected.

Dr. Jones stated that, in light of matters such as the Trail Creek Watershed efforts that are leading us to the conclusion that these are all worthwhile efforts to eliminate septic systems when possible. Generally speaking, this is in line with our general efforts of what we can do to protect not only the interests of the Sanitary District but also to extend our services to where they are needed, which is consistent with any environmental concerns that are out there these days.

Dr. Jones stated that, unless any other Board Member differs, he believes that this is a positive direction in order to work on this. The Board agreed.

Dr. Jones stated that the other thing that occurs to him is that it would be quite easy, once this agreement is in place, to create other entities as needed as this proliferates and moves around to different regions. Therefore, it looks like a positive step forward. The Board agreed as well.

Dr. Jones thanked Mr. Ekovich and Mr. Radtke for their information. Mr. Ekovich and Mr. Radtke thanked the Board for their time and consideration.

The next regular monthly meeting of the Board of Sanitary District Commissioners –
May 27, 2009 – 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