

**REGULAR MEETING OF THE BOARD OF
COMMISSIONERS OF THE METRO EAST
SANITARY DISTRICT, ST. CLAIR AND
MADISON COUNTIES, ILLINOIS HELD ON
WEDNESDAY, AUGUST 3, 2016 AT 1800 EDISON
AVENUE, GRANITE CITY, ILLINOIS AT 9:00
A.M.**

President Pennekamp called the meeting to order and the Clerk recorded the attendance.

The following was the attendance:

Present: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Absent: None.

Also, attending the meeting were Executive Director Shipley, Attorney George Filcoff, Director of Operations Walter Greathouse, Superintendent Randy Presswood, Superintendent John Maeras, Superintendent Rick Fancher, Lansdowne Office Manager Cindy Worthen and Treasurer Ken Davis.

Zach Borrenpohl representing Juneau Associates, Inc., Julie Holt with United Insurance Brokerage and Kathy Goclan were also in attendance.

President Pennekamp asked Ms. Holt if she would like to address the Board at this time.

Ms. Holt explained, "I have reviewed your current insurance policies with Illinois Counties Risk Management. The current policies expire in December 2016. I just wanted to let you know that I am available to meet with you to discuss your insurance needs. Also, my office is open Monday through Saturday from 9:00 A.M. to 8:00 P.M. in order to serve our clients better."

President Pennekamp thanked Ms. Holt for attending the meeting, at which time Ms. Holt excused herself from the meeting.

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LANSDOWNE SEWAGE TREATMENT RATE INCREASE:

President Pennekamp reported:

Commissioner Hanfelder and I have met several times with MESD staff, Charlie Juneau and Zach Borrenpohl to discuss the proposed Lansdowne sewage treatment rate increase.

We are in desperate need of a rate increase. The main reason is the significant increase in costs with the Granite City Regional Wastewater Treatment Plant. The payments forward are astronomical.

The District has also faced several sewer breaks and there has not been a rate increase since January 2012.

We also met with the Mayors and Township Supervisors to discuss the impact stormwater infiltration has on the rate charged by the Granite City Regional Wastewater Treatment Plant. We asked that they be vigilant about stormwater entering the Lansdowne sewer system.

Superintendent Presswood and his crew are looking for places where stormwater might be entering the system.

Bob Januska at Horner-Shifrin is performing an analysis of how the Granite City Regional Wastewater Treatment Plant rate was computed. He is also providing information on how to monitor for high BOD's and TSS.

Mr. Borrenpohl is here today to explain the proposed rate increase.

Mr. Borrenpohl distributed a Sewer Use Charge Rate Study report:

Mr. Borrenpohl explained the report:

The first page of the report shows the current rate, there has not been a rate increase since January 1, 2012.

The average number of users has decreased over the past 10 years, resulting in declining revenues.

Page 2 is the proposed rate schedule for the next three years. As you can see from the chart, the minimum residential rate will increase \$2.00 per month during the first year.

The projection of revenues and expenditures is listed on Page 3. The Projected Operation Cost Excluding Depreciation is a little conservative considering the recent increase in the Granite City Regional Wastewater Treatment Plant bill.

A Comparison of Sewer User Charge Rates is given on Page 4. This chart shows how MESD compares to other entities. The last column shows the monthly rate for 5,000 gallons of water. The proposed rate increase for MESD will be in line with other entities.

The final two pages of the report provide more in depth information.

Attorney Filcoff, "When calculating the Projected Operation Cost, did you separate the cost of labor, maintenance and the Granite City Regional Wastewater Treatment Plant charges?"

Mr. Borrenpohl, "Yes, Operating Costs were divided into five categories: Administration; Labor; Operation, Maintenance & Replacement (OM&R); Secondary Treatment Expense and Debt Service."

Attorney Filcoff, "I want to be able to explain why the District is proposing a rate increase."

President Pennekamp, "Labor costs did increase, but not significantly. The sewer breaks in Washington Park, the increase in the Granite City Regional Wastewater Treatment Plant and the decrease in users are the main reasons for the rate increase."

Commissioner McCall, "Will the proposed rate increase generate enough revenue? I worry that it will not generate enough revenue, and we will have to propose another increase."

President Pennekamp, "Charlie Juneau brought to our attention that the Illinois Environmental Protection Agency (IEPA) is offering a low interest loan for sewer repairs. Low income communities are also eligible for sixty percent (60%) forgiveness. The District meets the qualifications. The only problem, is that the District has to show an ability to repay the loan."

Commissioner Laub, "We need money to operate and we need money in reserve. Will this rate increase generate enough revenue?"

Commissioner McCall, "President Pennekamp, what do you think of the proposed rate increase?"

President Pennekamp, "I am fine with the recommended rate increase. After several meetings and discussions, this is the recommendation from the staff."

Commissioner Laub, "Will there be enough money to put into a reserve account for future projects?"

President Pennekamp replied, "We have accounted for actual costs, but we cannot project other variables. The staff was concerned about the effect the increase will have on the customers, and will the customers be able to pay the additional rate."

Also, Attorney Filcoff has provided me with the process involved in amending the rate Ordinance. First, the new rate must be published in the newspaper. I understand we use the Illinois Section of the Post-Dispatch. Then, if there is a request from the public, a public forum must be scheduled. The public forum is to begin at 7:00 p.m."

Attorney Filcoff, “At this time, the Board needs to make a motion to amend the rate Ordinance and prepare a public notice with the new rates.”

Motion Commissioner Hanfelder; seconded Commissioner Laub to amend the Lansdowne Ordinance regulating the use of public and private sewers and drains, private sewage disposal, the installation and connection of building sewers, the discharge of waters and wastes into the public system, and providing penalties for violations thereof; the levying of charges for wastewater services (use charges) in the Metro East Sanitary District and prepare a public notice of the new rate change.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

Mr. Borrenpohl left the meeting at 9:34 A.M.

REPORT OF EXECUTIVE DIRECTOR:

Executive Director Shipley presented his report:

Superintendent Presswood explained the problems at the Bremen Station:

Tuesday, July 26, 2016 the basement at the Bremen Station flooded with twelve to fourteen feet of raw sewage.

We rented pumps and hoses from Rain For Rent to get the water out of the basement. It took two days of pumping to get the water down low enough that we could look for the problem.

The bottom of one of the pumps blew out and raw sewage was shooting from the pump into the station. We were able to make some repairs and the station became operational yesterday around noon.

We have been following the IEPA guidelines and taking water samples upstream and downstream of the Mississippi River.

The incident has been turned into the District's insurance carrier. We do not know if it will be covered or not.

I have been in contact with the Granite City Regional Wastewater Treatment Plant, but I will also contact Jeff Hamilton at the Plant to give him an update.

Commissioner Laub, "Do you have a preventative maintenance plan?"

Superintendent Presswood, "We do everything we can, we keep the equipment and buildings clean, look for any indications of future problems, and grease and oil the equipment regularly."

Commissioner Laub, "We also need a Capital Improvement Plan (Program) that identifies capital projects and equipment purchases and identifies options for financing the plan."

President Pennekamp, "I agree, and recommend that the staff prepare a Capital Improvement Plan."

REPORT OF LANSDOWNE OFFICE MANAGER:

Ms. Worthen reported:

1. The Southwestern Illinois Correction Center has not responded to the water disconnect notices. I will ask Attorney Calvo to write another letter to the Correction Center.

2. The residential sewage treatment bills were mailed on Monday, August 1, 2016.
3. Illinois American Water Company disconnected water at eight residences this week for past due sewage treatment accounts. Four have made arrangements to pay and have had their water turned back on.

MINUTES:

The minutes for the July 20, 2016 meeting were presented for approval.

Motion Commissioner Laub; seconded Commissioner Darwin to dispense with the reading of the minutes, approve them as submitted and place them on file.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

GENERAL FUND CLAIMS:

The General Fund Claims and Specific Claims for the month of July 2016 were submitted for approval:

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Motion Commissioner McCall; seconded Commissioner Laub to approve the General Fund Claims and Specific Claims for the month of July 2016 as submitted and order them paid.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.

Nays: None.

Absent: None.

SPECIFIC CLAIMS:

The Various Specific Claims for the month of July 2016 were submitted for review:

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Motion Commissioner Laub; seconded Commissioner McCall to accept the General Fund and Various Specific Claims for the month of July 2016 as submitted.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.

Nays: None.

Absent: None.

LANSDOWNE CLAIMS & SPECIFIC CLAIMS:

The Lansdowne Claims and Specific Claims for the month of July 2016 were submitted for approval:

Motion Commissioner Laub; seconded Commissioner Hanfelder to approve the Lansdowne Treatment Plant Claims and Specific Claims for the month of July 2016 as submitted and order them paid.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

FINANCIAL REPORTS:

The General Fund, Specific Funds and Lansdowne Financial Reports for the month of July 2016 were submitted for approval:

Motion Commissioner Laub; seconded Commissioner Darwin to approve the General Fund, Specific Funds and Lansdowne Financial Reports for the month of July 2016 as submitted and place them on file for audit.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

LANSDOWNE REPORT:

The Lansdowne Adjustment Reports were presented for approval:

Motion Commissioner Laub; seconded Commissioner McCall to approve the Lansdowne Adjustment Reports as submitted.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

PAYROLL:

The Payroll for the period of July 3, 2016 through July 16, 2016 was submitted for approval:

Motion Commissioner Darwin; seconded Commissioner Laub to approve the Payroll as submitted.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

REPORT OF ATTORNEY:

Attorney Filcoff reported, "Ordinance No. 2016-0-005 has been mailed to Ameren Illinois Company for their review. I am waiting for their comments or approval."

CORRESPONDENCE: None.

UNFINISHED BUSINESS: None.

NEW BUSINESS: None.

EXECUTIVE SESSION: None.

There being no further business, Motion Commissioner Laub; seconded Commissioner Darwin to adjourn.

Upon roll call, the motion carried by the following vote:

Ayes: Commissioners Hanfelder, Laub, McCall, Darwin and Pennekamp.
Nays: None.
Absent: None.

So adjourned at 9:58 A.M.

Clerk