

LAPORTE COUNTY REGIONAL SEWER DISTRICT

MEETING MINUTES

January 20, 2022

9:00 a.m.

Time and Place:

The LaPorte County Regional Sewer & Water District monthly board meeting was held on Thursday, January 20, 2022, at 9:00 a.m. Central Time, by Zoom Meeting only. Login: <https://us02web.zoom.us/j/81444631833?pwd=b2cyOW1SdWt6WFgvZkl3Y1ZDbWpVdz09>
Meeting ID: 814 4463 1833, Password: 205387

Attendees:

Meeting was called to order at 9:00 a.m. by Mitch Bishop, roll call was taken. Those present included the following: Mitch Bishop, Dalia Zygus, Amanda Lahners, John Carr, Mark Danielson, Marcella Kunstek, and Jerry Jackson.

Election of 2022 Board Officers:

Marcella Kunstek made the motion for John Carr to be President. Jerry Jackson seconded the motion. No other nominations made. John accepted the nomination. Roll call taken; all in favor. Motion passed.

Marcella Kunstek made the motion for Mitch Bishop to be Vice President. John Carr seconded the motion. No other nominations made. Mitch accepted the nomination. Roll call taken; all in favor. Motion passed.

Mitch Bishop made the motion for Jerry Jackson to be Secretary. Marcella Kunstek seconded the motion. No other nominations made. Jerry accepted the nomination. Roll call taken; all in favor. Motion passed.

Mitch Bishop made the motion for Marcella Kunstek to be Treasurer. Dalia Zygus seconded the motion. No other nominations made. Marcella accepted the nomination. Roll call taken; all in favor. Motion passed.

Attorney and Accountant for 2022:

Marcella Kunstek made a motion to retain Barry McDonnell as attorney and Steve Carter as accountant for 2022 year. Mitch Bishop seconded the motion. Roll call taken; all in favor. Motion passed.

Approval of Minutes:

Marcella Kunstek made the motion to approve the minutes from the monthly board meeting on December 16, 2021. Dalia Zygus seconded the motion. Roll call taken; and all were in favor. Motion passed.

Public Comments:

Georgette Joyce – Expressed desire that the Board continue to support the district and make sure our lake stays clean and healthy for the residents.

No further public comments made – Public Comments Closed.

Reports - Finance Staff:

Steve Carter, the Board's accountant, presented the board with the following reports:

Financial Report

- 1.) Toll Road
 - A.) Beginning balance \$145,554.04 as of December 1, 2021.
 1. Deposits: \$28,488.50
 2. Interest Paid: \$1.34
 3. Disbursements: \$38,517.41
 4. Reimbursement: \$494.40
 - B.) Account Ending balance as of December 31, 2021, is \$136,023.53.
- 2.) Rolling Prairie Service Area
 - A.) Horizon Bank Checking-Rolling Prairie Account - had a beginning balance of \$32,974.13 as of December 1, 2021.
 1. Deposits: \$3,085.87
 2. Interest Paid \$.31
 3. Disbursements: \$3,713.05
 - B.) Horizon Bank Checking had an ending balance of \$32,347.26 as of December 31, 2021.
- 3.) Hoosier Fund:
 - A.) Beginning balance \$250,898.42 as of December 1, 2021.
 1. Interest Paid: \$63.90
 - B.) Hoosier Fund ending balance as of December 31, 2021, is \$250,962.32.
- 4.) Claims
Steve Carter presented claims for consideration in the amount of \$38,405.91.

Steve Carter needed to look into the reimbursement of \$494.40 related to the Toll Road. He will get with Jennifer Ransbottom, if needed, to clarify what this was for as it will be needed for the annual report.

Steve also indicated he needs to add a line for collection fees. Jennifer also mentioned the lien payments that will be showing up in January, and Steve said he would add a line for those as well.

Steve also updated the issue with Mission Communications. He spoke with their representative. It is a software that is used to monitor the systems and found out that

the Board had not been receiving billings for the last couple of years, although they have been providing a service since 2013. Jerry updated the billing address to Jennifer's address, and believes the Board is all squared away in reference to the claims. Further, he advised that starting in April there will be four new lift stations in Rolling Prairie at a cost of \$563.40 each. He confirmed that what the Board was approving with the claims as stated in this meeting was for the two older lift stations.

Mark Danielson made a Motion to approve the claims in the amount of \$38,405.91. Motion seconded by Marcella Kunstek. Roll call taken; all approved. Motion passed.

Reports:

Astbury

- Chris Vogeler from Astbury Technology reported that there was an issue at the water plant. Peerless Midwest repaired site glass that was damaged/parts just wore out. Plant is now running well, except this week noticed the chemical pump is damaged; repairs are made, but more chemicals were needed and have been ordered.

Phase II Billing Update – Jennifer Ransbottom

Jennifer Ransbottom, from JPR gave an update on Phase II -

- Billing: There has been a lot of activity due to the mailings going out. In her report, there are the \$100 adjustments in reference to the nine accounts – payments for inspection permit fees. Have also applied ten more accounts this week, with 3-4 more so there are contractors out there getting new connections. There are several that have not paid and that is normal until those individuals realize that they have to pay, even if not connected yet. Liens will be filed by January 31, 2022. Jennifer also received roughly \$4,000.00 from LaPorte County on liens that had been previously filed.

Phase II Update – Dan Byam

Dan Byam, from JPR gave an update on Phase II -

- Use of Remaining Funds – Dan reported that there is approximately \$175,000 in remaining grant funds. They held an Executive Committee Session to discuss some options. We have a plan for potential building and site improvements on at the district's wastewater plant at the Travel Plaza, and perhaps using this to help with customer connections if SRF will allow this. Communications with SRF have started and will report back once we get more information.

Asset Management Plan Update – Josh Wyman

- Josh Wyman reported things are moving along. He is working through the collection system and the plant's plans and have gone through a couple of review processes internally at JPR. They are ready to bring in the operators, Jerry and Chris, and review with them before turning over to the financial expert for the district. A meeting is set up for the next week to go over details and then turn over to financial advisor for the district. He is hoping to be able to bring an update back to the Board by either February or March's meeting.

- SRF requires this all be completed before the final draw, so it has to be done through the use of remaining funds period.

Ken Jones, Sr. of JPR presented an update on dialogue regarding loan funds to allow some type of grant program to the property owners. Not 100% of the money that was provided in grant to the district was sourced solely from State Revolving Loan Fund annual bond, so there is some flexibility in that regard. The good news is that they expressed interest and want to have a discussion. Ken's assistant and/or Jennifer are coordinating in reference to any Board Member that wants to be involved in that call also if the Board decides to go that direction. This would be the first time that Ken has ever heard of SRF allowing remaining funds to be used for private property.

Barry also reported that the Executive Committee of the Board, not in Executive Session, met with some representatives of JPR to discuss what to do with the funds and assorted options. The possibility of upgrading the space was eliminated because to enlarge the facility to make it available for public meetings would require the addition of a bathroom, which would then eat into the actual meeting space itself and would entail enlarging the building and ends up being far in excess of the remaining funds. The committee moved beyond that option, and onto other options. This leaves a couple options to continue to discuss since there is time. These options could involve a mix or a combination of options, such as what Ken was referring to as far as the ability to help defray the cost of connections to the public and/or making some changes to the building, not for public meetings due to the expense, but a smaller scale project looking to the future to be able to have the building used for an office as the district grows and the need for an office for a possible full time Director or Administrative Assistant.

Dalia Zygus questioned whether the funds could be used for a future project/engineering study, etc. Ken Jones, Sr. said the answer was yes, but requires a PER amendment and the money would have to be spent down within a specific period of time. It would have to be related to the Rolling Prairie Project.

New Business:

- Meeting Dates for 2022 – Due to Dalia's conflict for 2022 meeting date/time, additional discussion was had regarding changing the date and/or time, keeping in mind the need for availability of room since restrictions will undoubtedly be lifted and Zoom meetings will end. It was determined that the next meeting will remain at 9:00 a.m. and Jennifer will send out an email to the full Board, either requesting different available times from each member or giving them available other options after checking with the room scheduler.

Hudson/Saugany PER – JPR by Ken Jones, Sr

- JPR did an initial study in 2013 with a group of homeowners in the Lakes community, not a detailed engineering report. There have been a lot of changes since that time. That all proceeded Phase II Project at Rolling Prairie. JPR has developed alternates which would be required by the State Revolving Loan Fund, in this case USDA's Rural Development Program. The PER is prepared to satisfy requirements for submittal, or pre-qualification for funding at

both agencies. Deadline for submittal to State RLF for FY23 is June 1, 2022; however, we always recommend submitting as soon as possible if you are wanting to advance this project within the next year to year and a half. This gives both agencies time to review the document and have dialogue with them on how the agencies might partner or have one agency take the lead. Ken provided a Project Memo for the Board, went over the same, and invited the Board Members to call either Ken, Dan, or Jenny with any questions. JPR is recommending a dual fund track, because both agencies are very well funded, climate is good for projects like this, both agencies are interested in septic system elimination, environmental stewardship, etc. They both also have a full understanding of how utility rates impact families and try to do everything they can to help projects like this get funded with a resulting rate that is manageable.

JPR recommends that the project be done as one project. Both communities would get the benefit of a joint project. JPR is recommending a low-pressure sewer that would provide service up to this point 1113 EDUs, with a service area almost exactly the same as 2013. They are also recommending connection of service area by force main in the Toll Road, and assuming, in as many cases as possible, that homes would share a single grinder pump with that grinder pump placed along the property line between two homes with a service lateral to each site to reduce the most expensive components of the project, which is purchased and installation of the grinder pumps. Project assumes the District would construct a separate power supply to power the grinder pumps, because that is one of the more conservative approaches to take; however, other Districts have opted to omit that and not build an independent power supply to their grinder pump low pressure sewers and instead, the property owner provides the power by connection directly to the panel of each home. In the case of shared grinder pump, a device in the control panel is installed that allows the power supply to alternate between the two homes, which is a fairly proven practice and is used by Lakeland Regional Sewage District in Kosciusko County.

Dan from JPR then shared the drawing and explained that the current plant footprint would remain the same and remain operating the same way but use common wall construction on the south wall to expand the new one and split flow between the two trains with 1/3 flow going to existing plant and 2/3 going to the new expansion.

Ken explained the needed equipment for the facility, explained that overall, this would be a state-of-the-art facility treatment facility when done, and would have same level or more level of automation for the operation staff and serve the community quite well. There would also be growth within the service area for future needs.

The PER lists the total cost of the project, including non-construction costs, is \$34 million with some potential cost savings in design, but we do not want to underestimate the project and then under procure funding. The construction cost estimate is just a little over \$28 million, with the non-construction costs of just above \$5 million, with a total estimated project cost of \$34 million.

For this project to proceed this year, we want to make the deadline no later than June 1st but would be prepared to process this and make the application by mid-April, if the Board wants to

advance the project. Ken explained that JPR is seeing, through all of the projects they are processing through USDA and the State RFL agencies, rate ranges of \$75-\$95. In conversations with the agencies recently, they are targeting this community somewhere in the \$80-\$85 a month rate, which will take a significant amount of subsidization.

Ken did some rough schedules and had some ideas on how they might try to get the rate down under the \$80 rate. It could be a co-mingling of grant from the USDA, if make the application and project is shelf ready. Also, SRF has some creative ideas with forgivable bans, zero interest loans and long-term low interest loans. Both agencies know about this project and that it might come forward. Ken also mentioned that the agencies are now requesting, when submitting a PER with rate report, to submit it with a raw rate/ without any subsidization, which he thinks is a tool through the leadership at both organizations to justify subsidization.

JPR would be ready to possibly ask you to approve the draft PER at your next meeting, after you have had a chance to review it, so that would be February. We would then suggest that you set a date for the required public hearing for the preliminary engineering report, which is going to be required at some point. You can submit the PER without the public hearing, but if done prior, it shows the commitment of the local body if that has already occurred. We would need to immediately begin the public notice portion of that public hearing process in February; the public hearing would then be in March, with the idea to try to file the PER in April, which gets us ahead of the deadline. We can do this because of the progress we have made so far on the PER.

Ken stressed that the project is obviously needed and that can be demonstrated in great detail. The Board is the gate keeper as to when the project moves forward because the PER can always be updated if needed; however, he also wanted highlight that we are witnessing some of the most attractive public funding opportunities in his 30-year career. He has seen a funding climate like this in history. Ken pointed out that it is not his job to “sell” this project or talk the Board into it, he is simply providing you with the information that JPR has developed and then answer any questions or concerns.

This project would service 744 homes at Hudson Lake and 275 homes at Saugany, but beyond the normal regular homes, there are several users that would have multiple EDUs, such as churches, a resort at Hudson Lake, a bar and grill, etc. The 1113 EDUs are homes and commercial properties.

Dalia Zygis and Mitch Bishop both expressed that they feel it is an exciting potential project and looks promising.

Ken then mentioned that the downside would be that there will be a lot of visitors at the upcoming district meetings, which is not unusual. Every District Board that goes through growing pains of advancing a significant project goes through the same thing. He warned that what typically happens is that the public hearing will be packed. However, over time they begin to understand and as it moves forward, the objection tapers off with just a few that will never give up. John Carr mentioned that there is support, though, as well.

Barry questioned at what point does the fiscal advisor and their report have to get involved in the project as far as voting on the PER. Ken stated that it is up to the Board, but a fiscal PER report is definitely needed before the document can be submitted to either agency. Ken shared that JPR usually works in partner with the fiscal advisor, but not engaged yet because JPR does not know who the Board will be going with for their fiscal advisor.

Barry opened up a discussion about how the Board wants to move forward with picking a fiscal advisor for the project. This is a huge project, and the Board should want to take as much time as needed to move forward making decisions keeping in mind the time deadlines if the project is to move forward this year. Barry suggested that an Executive Committee once again look into the fiscal advisor. The Board came to a consensus that the Executive Committee would consist of John Carr, Mitch Bishop, and Jerry Jackson. The Executive Meeting will be held by Zoom and the date/time will be set via an email to see what works for all committee members. Ken Jones, Sr. also brought up that a bond counsel will also be needed for this project, but that need is not as urgent as the fiscal advisor. Ken mentioned that the Board already has a relationship with a firm that handles this type of work - George Lepeniotis and Krieg DeVault, who do this type of work.

Adjournment:

Mark Danielson made the motion to adjourn at 10:29 a.m. Amanda Lahners seconded the Motion. Roll call taken; all were in favor – Motion passed.