

GLENBARD WASTEWATER AUTHORITY
Executive Oversight Committee
Agenda

June 9, 2022

8:00 a.m.

Meeting will be held at the Glenbard Wastewater Plant
945 Bemis Rd, Glen Ellyn, IL

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment
5. Consent Agenda – The following items are considered to be routine by the Executive Oversight Committee and will be approved with a single vote in the form listed below:

Motion the EOC to approve the following items including Payroll and Vouchers for part of the month of April 2022 \$567,772.04 (Trustee Christiansen).

- 5.1 Executive Oversight Committee Meeting Minutes:
April 14, 2022 EOC Meeting
 - 5.2 Vouchers Previously Reviewed:
April 2022 – Trustee Christiansen
6. Approval of CY2021 Audit

2021 Audited Financial Statements

Attached is the Annual Audited Financial Statements for the Glenbard Wastewater Authority for the fiscal year that ended December 31, 2021.

Financial highlights for the Authority’s fiscal year 2021 (FY2021) are presented on pages 6-7 of the report. A complete narrative summary of the Authority’s operations and financial position is found in Management’s Discussion and Analysis on pages 5-14. I will present highlights of the financial report during the EOC meeting and our audit partner, Jamie Wilkey, will present the auditor’s opinion.

The Authority again received an unmodified audit opinion from the auditing firm, Lauterbach & Amen LLP, which is the highest and best opinion.

Operating Fund Surplus

The Operating Fund Surplus, before the long-term pension adjustment, was \$155,452. We annually adjust the partners’ contributions to match expenses. Using this measure,

the Village of Lombard is owed \$92,634 and Glen Ellyn is owed \$62,818 for the fiscal year ended December 31, 2021.

As of December 31, 2021, the Authority's working cash was 30.6% of operating expenses, or \$252,323 above minimum 25% as set in the current intergovernmental agreement. A complete schedule detailing the working cash calculation may be found in the notes to the financial statements (page 31-32). As the year end amount is below the working cash minimum, we can distribute the entire amount.

The operating surplus may be either rebated back to each community or may be distributed to the Capital Fund. In the past, the operating surplus has been distributed to the Capital Fund and has been used for either specific projects or to offset future Capital Fund rate increases to both Villages.

Other Communications

There are two other communications that are included as attachments to this memo.

SAS114 Letter: This letter is a required communication between the auditors and those charged with governance. It highlights certain areas that auditors are required to disclose each year to those charged with governance.

Management Letter: This letter only highlights forthcoming accounting standards for the coming year. There are no internal control matters reported in the letter.

Proposed Action Items:

Motion to accept the Audited Financial Statements of the Glenbard Wastewater Authority for the fiscal year ended December 31, 2021 and to forward the audit report to the full Authority Board for final approval at the next annual meeting.

Motion to allocate the 2021 operating surplus of \$155,452 to the Capital Fund.

7. Request for Approval for House Demolition Services

In 2018 the Authority purchased the house/property adjacent to the main treatment plant at 1S641 Sunnybrook Road. The property was acquired to provide for any future needs, but at this time mainly is providing a buffer zone between the treatment plant and neighboring residents. The existing house on the site is vacant, and now can be viewed as a liability to the Authority. Therefore, in preparation for future use, and to lower any liability to the Authority, a bid invitation was advertised to have the house demolished.

Based on qualifications, reference checks, and price, it is requested the EOC authorize the Authority to award the project to **Anthem Excavation & Demo** in the amount of **\$38,650**. The Authority budgeted \$60,000 in the CY2022 budget for this work. If approved, the House Demolition Services shall be invoiced to Fund 40-580120.

8. Request for Authorization to Approve Fire Monitoring System Upgrade

Siemens Fire Monitoring System located throughout the Authority's buildings and remote sites has reached the end of its useful service life, and many parts/repairs are becoming obsolete. This equipment was initially installed via the Bio-Solids Project in 2004, and monitors the Primary Diversion Structure & Scum Building, Sludge Pump & Metering Building, Anaerobic Digester Building, Sludge Dewatering Building, Maintenance Garage, and Administration Building. Parts of the system were replaced during the 2021 Biosolids Dewatering Improvements Project, as the building permit issuance was reliant on the system being brought up to standards, however, the remainder of the plant and remote sites still need to be upgraded to current technology.

A quote was obtained in 2021 for this work, coming in at \$235,365.87. Therefore, funds for this expenditure "Fire Alarm System Upgrade" were included in the CY-22 Budget, Fund 40, Small Capital account 580120, in the amount of \$235,000. Since some of the work was completed with the Biosolids project, an updated quote was received. As this purchase is for a highly specialized piece of equipment, the Authority is requesting to waive competitive bidding for this purchase based on Section C.1.f of the purchasing policy, which waives competitive bidding for "Standardization purchases, defined as technical nature of certain items or services may result in the standardization of a particular supplier's specifications being necessary or desirable to Village operations. Competitive bidding may be waived if the Village requires compatibility with existing software, machinery, or other existing equipment." This item has been discussed with the TAC and all are in agreement.

Therefore, the Authority recommends the EOC authorize the Authority to award Siemens with a notice to proceed in the amount of \$190,500 to complete this work. This work will be sourced from the 2022 GWA Capital budget 40-580120.

9. Electric Rehabilitation Project Settlement

Throughout the course of the 2020 Electrical Service Distribution System Rehabilitation and Upgrades project, the contractor and their subcontractors have submitted numerous requests for change orders due to material price escalations. The underlying reason for the material price increases is due to the large amount of inflation that has occurred in materials since this project was originally bid in February 2020, just prior to the pandemic. The Authority has continually rejected the requests due to contract language that states the material prices are at the risk of the contractor, except in rare circumstances, which the pandemic did not fit under. However, after numerous rejections, the contractor formally filed a claim, of which the Authority again rejected. In March 2022, the Authority received a letter from the contractor's legal representation stating reasons they felt the material price escalation claims were per contract, and requested to meet with the Authority. The Authority, its legal representation, the contractor, and their legal representation met in April 2022 and discussed these matters.

Essentially, the contractor was threatening litigation, as they felt there are allowances in the contract to allow for such price increases.

After consulting with the Authority's legal representation, although it was felt that the case would not have been in the contractor's favor if it proceeded to litigation, for a number of reasons it was agreed to settle with the contractor. However, the settlement would only meet the contractor half way on the dollar amount being requested. Benefits to agreeing on the settlement are to avoid legal fees in litigation, avoid the possibility of the contractor pulling off the job prior to completion and the Authority having to pull performance bonds, avoid excessive use of staff time for litigation purposes, and to continue the Authority's positive reputation in the industry (in order to continue receiving good, competitive bids on future projects).

Therefore, the original requested price escalation from the contractor of \$172,641.00 was negotiated down to the releasing of the remaining \$13,141 in cash allowances that were not used in the project but approved by the EOC, and accept a change order increasing the overall contract cost by \$74,859 – totaling \$88,000. The Authority also included that the contractor be liable for \$1,000 per day for every day they go past the Final Completion date of May 27, 2022, as part of the settlement. Both parties agreed to these terms.

It is requested that the EOC authorize the Authority to sign the enclosed settlement agreement with Broadway Electric, Inc. to allow for the release of the remaining \$13,141 in cash allowances that were not used in the project but approved by the EOC, and accept a change order increasing the overall contract cost by \$74,859 – totaling \$88,000.

10. Discussion
 - 10.1 Capital Improvement Projects Update
 - 10.2 5/3/2022 CSO Excursion Report
 - 10.3 CHP Discussion
11. Other Business
 - 11.1 Technical Advisory Committee Updates
12. ***Next EOC Meeting*** – The next regularly scheduled EOC Meeting is set for ***Thursday, July 14, 2022 at 8:00 a.m.***