

GLENBARD WASTEWATER AUTHORITY
Executive Oversight Committee
MINUTES
June 9, 2022
Meeting held at the Glenbard Wastewater Plant
945 Bemis Road, Glen Ellyn, IL

Members Present:

Mark Senak	President, Village of Glen Ellyn
Keith Giagnorio	President, Village of Lombard
Robert Bachner	Trustee, Village of Lombard
Kelli Christiansen	Trustee, Village of Glen Ellyn
Dave Buckley	Public Works Director, Village of Glen Ellyn
Carl Goldsmith	Public Works Director, Village of Lombard

Others Present:

Matthew Streicher	Executive Director, GWA
Jon Braga	Maintenance Superintendent, GWA
Andy Pakosta	Operations Superintendent, GWA
Ashley Staat	Environmental Resources Coordinator, GWA
Larry Noller	Finance Director, Village of Glen Ellyn
Patrick Brankin	Assistant Finance Director, Village of Glen Ellyn
Jamie Wilkey	Lauterbach & Amen Associates

1. Call to Order at 8:00 a.m.
2. Pledge of Allegiance
3. Roll Call: President Giagnorio, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith and Mr. Buckley answered "Present". President Senak arrived after Roll Call at 8:06 a.m. Mr. Niehaus and Mr. Franz were excused.
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).

Mr. Goldsmith motioned and Trustee Christiansen seconded the MOTION that the following items, on the Consent Agenda be approved. President Giagnorio, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith and Mr. Buckley responded "Aye" during a roll vote. The motion carried.

EOC Meeting/June 2022
Minutes

- 5.1 Executive Oversight Committee Meeting Minutes
 - Aril 14, 2022 meeting
 - 5.2 Vouchers previously reviewed by Trustee Christiansen
 - April 2022
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.

Trustee Christiansen motioned and Mr. Buckley seconded the motion to accept the Audited Financial Statements of the Glenbard Wastewater Authority for the fiscal year ending December 31, 2021, and to forward the audit report to the full Authority Board for final approval at the next annual meeting. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith, and Mr. Buckley responded “Aye” during a roll vote. The motion carried.

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

Trustee Christiansen motioned and Mr. Goldsmith seconded the motion to allocate the 2021 operating surplus of \$155,452 to the Capital Fund. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith, and Mr. Buckley responded “Aye” during a roll vote. The motion carried.

Mr. Streicher advised that Patrick Brankin, Assistant Finance Director at the Village of Glen Ellyn, and Jamie Wilkey of Lauterbach and Amen Associates will be presenting the Audit report.

Ms. Wilkey expressed her appreciation to Mr. Brankin and the Finance Department for all of their work and effort in being prepared in light of all the changes that occurred within the Finance Department earlier in the year.

Ms. Wilkey highlighted the Independent Auditors’ Report, which outlined the findings of the audit as well as issuance of an Unmodified Opinion of the December 31, 2021 financial statement, the highest-level opinion auditors can issue. Ms. Wilkey noted that as they come in to perform their independent auditor testing, there are two goals: 1) to ensure the financial statements as presented are, in fact, monetarily correct; and 2) assessing the overall control environment, while they do not provide an opinion on internal controls, they do perform testing of controls, looking at policies and procedures. Ms. Wilkey noted that if deficiencies had been found, they would have been brought to the EOC Committee’s attention.

Ms. Wilkey noted that the Governmental Accounting Standard Board (GASB), is once again active, after 2 years of inactivity due to COVID, and has issued Statement 87 concerning the reporting of certain types of “leases”, which will impact GWA period ending December 31, 2022. Ms. Wilkey noted that the GASB Statement expanded the

definition of a lease and changed the accounting methodology of how it is placed on the balance sheet, while not a lot of financial impact overall, the net impact in year one (1) is really zero (0), she will begin working with the staff to analyze all contracts and potential leases, which will be included on balance sheet for the next year.

Mr. Brankin reviewed the financial highlights for fiscal year ending December 31, 2021; noting the O&M surplus of \$155,452 and that as in the past, there will be a request to transfer these funds to the Capital Improvement 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.

President Giagnorio motioned and Trustee Bachner seconded the motion to award the demolition contract to Anthem Excavation and Demo in the amount of \$38,650, to be charged to Capital Fund 40-580120. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith, and Mr. Buckley responded "Aye" during a roll vote. The motion carried.

Mr. Streicher noted that the property was purchased in October 2019, with the seller leasing the property back for a year, and the property has been sitting vacant since they moved out at the end of 2020, with utilities being turned off. Mr. Streicher stated that there was one extremely low bid; however, upon review of the bid it was noted that the vendor did not include permit fees, nor utility disconnects, thereby making the bid incomplete. Mr. Streicher noted that the bid from Anthem was the second lowest bid.

Trustee Christiansen noted she had inquired if anything could be salvaged from the house reducing what would be going to landfill. Mr. Streicher stated that there was an item included in the bid notice for salvage and none of the contractors submitted bids including this. Mr. Streicher advised that the house has been used for training by the GEFD; which, has resulted in some of the walls already being knocked down. Mr. Streicher added that the previous owner took a lot of the toilet fixtures, faucets, and light fixtures so, there was probably not much left for salvage.

8.0 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.

Mr. Goldsmith motioned and Mr. Buckley seconded the motion to award Siemens the contract to upgrade the fire alarm system in the amount of \$190,500, to be charged to Capital Fund 40-580120. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith, and Mr. Buckley responded "Aye" during a roll vote. The motion carried.

Mr. Streicher reminded the EOC Committee that this item was briefly discussed at the April 2022 meeting as GWA had budgeted to replace the fire monitoring system, which is basically smoke detectors in the Admin Building, pull switches in other buildings and the fire panels. Mr. Streicher stated that while the Admin Building and the press building both have newer panels, the remainder of the system is beyond its useful life; with what parts staff has managed to find, being used and purchased off E-bay.

Mr. Streicher explained that the system is sole-sourced through Siemens, as it is an integrated system. Mr. Streicher stated that the budget for this project was \$230,000; however, due to removing items that had already been replaced, the price was reduced to \$190,500.

9.0 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.

President Giagnorio motioned and Trustee Christiansen seconded the motion to 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. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Goldsmith, and Mr. Buckley responded “Aye” during a roll vote. The motion carried.

Mr. Streicher stated that per conversations during the Executive Session in April, the general contractor for the Electrical Grid Upgrade project was seeking a change order for price escalations; as the contract did not allow for this, GWA denied the contractor's claim on several occasions, and they were prepared to go to litigation as they felt the contract did contain some vague language that allowed for this type of change order. Mr. Streicher indicated there were several reasons to avoid litigation, i.e. legal fees, threat of the contractor pulling off the job before completion, and the risk of GWA earning a negative reputation with contractors, thus making it difficult to get quality contractors to bid on future projects; therefore, an agreement was reached wherein, GWA would split the material price escalation costs with the contractor. Mr. Streicher continued by stating that GWA's legal counsel wrote the agreement and negotiations were conducted per the discussions in the Executive Session, with the result being the agreement being presented authorizing Mr. Streicher to sign the agreement completing the deal.

President Senak asked if the contractor was one that GWA had worked with prior to this project. Mr. Streicher indicated it was not and because the scope of the project was purely high voltage electrical related work, GWA had never had an electrical contractor serve as a general contractor for a project.

Trustee Christiansen asked if the punch list was completed by the established deadline. Mr. Streicher advised that the list was 99% complete with a few small items, for example they needed to order some arc flash warning labels which have a six (6) week lead time due to supply chain issues, which GWA is not faulting them for; and the other issue is there is water in the new manholes, which are supposed to be sealed, but the Contractor is actively working on trying to resolve the issue and have been onsite weekly trying to locate where the water is coming from. Mr. Streicher noted that he is starting to view this issue as a warranty issue, as the contractor has made several attempts to correct the problem; however, in the six (6) weeks since the discussion on the settlement terms and the May 28th date, the punch list has gone from over 200 items down to four (4), definitely a demonstration of effort to complete the project.

Trustee Christiansen asked if there was any substantive item that would prevent the agreement from being approved. Mr. Streicher advised there were not and at this time, he would not seek liquidated damages.

Mr. Goldman asked where the total contract amount stood including the of the agreement. Mr. Streicher stated that total was way over the budgeted amount; explaining that the budgeted amount was \$2.7 million for the project and the lowest bid came in at \$4.6 million, so this puts the total contract amount just under \$4.8 million. Mr. Streicher noted that the \$2.7 million was budgeted in 2019 and noted that the 2020 and 2021 budgets were amended to reflect the \$4.6 million price.

President Senak asked if the settlement agreement was limited to just the change in the price or does it provide of release of any other claims that may have existed. Mr. Streicher advised that the agreement restricts any future claims or attempts for litigation. President Senak asked if it is a mutual release. Mr. Streicher stated that it was.

10.0 Discussion

10.1 Capital Improvement Projects Update

Medium Voltage Electrical Grid Project

Mr. Streicher advised since his report was generated, even more punch list items have been completed.

Biosolids Dewatering Improvement Project

Mr. Streicher indicated that change orders are still to the negative and that substantial completion was expected to have been issued by now; however, one of the biggest outstanding issues is the fire alarm panel that they are still having issues with. Mr. Streicher noted that the panel in the Admin Building has been turned off as the alarm was going off non-stop every day. Mr. Streicher advised that the contractor is aware of the issues and has made several attempts to correct the problem and believes that with the approval of the Agenda Item #7, the communications between the two (2) new panels and the old panels in the other buildings will be resolved with the upgrade, which would allow GWA to issue a substantial completion notice.

Mr. Streicher continued by stating that the punch list items have been completed and once substantial completion is issued, final completion will probably be issued about the same time; which will close up the loan process and loan re-payment will begin.

Primary Clarifier/Gravity Thickener Improvements

Mr. Streicher advised that the project began in March and GWA has submitted the initial steps needed for the IEPA loan process, as well as being presented with several manufacturers to choose from and are waiting for the final design in either July or August. Mr. Streicher noted that he anticipates awarding the contract at that time.

10.2 5/3/2-22 CSO Excursion Report

Mr. Streicher explained that on May 3rd there was an excursion at the CSO plant and asked Mr. Andrew Pakosta, Operations Superintendent, to provide a summary of the events that caused the excursion.

Mr. Pakosta stated that once staff learned about the excursion, a review of policies and procedures was conducted and it was determined that the operator in charge of the high flow event, operated the CSO plant and followed all procedures properly; and that the event happened due to the fact that the flow was coming into the plant too rapidly and staff did not have enough time to treat what was being discharged prior to the sampling guidelines. Mr. Pakosta noted that staff discussed options on how to prevent the problem from reoccurring and will work to implement some of the options. Mr. Streicher added that the permit limit is 400 ppm and the sample came back at 496 ppm, if staff had an hour longer to treat, the excursion would most likely have been avoided.

Mr. Streicher noted that, an excursion of this type is not uncommon at facilities like the CSO plant; and, as Mr. Pakosta stated there just was not enough time to turn the system around to get a clean sample.

Mr. Buckley noted that during a TAC meeting discussion, it was explained that this testing requires a set time for starting the process and taking the sample, and if the rain had happened twelve (12) hours earlier GWA would have had more time to properly treat before discharging.

Mr. Streicher explained that the “day” at the CSO plant is Noon to Noon and if the plant starts discharging at any point during that 24-hour period, a sample must be taken before Noon; and in this case staff began discharging at 10:00 a.m. and the sample had to be taken before noon so there was not enough time to disinfect thoroughly. Mr. Buckley noted that if the discharging had started at 10:00 p.m. the night before, then there would not have any issues.

Mr. Streicher noted that this is the first excursion at the CSO plant in five (5) or six (6) years and prior to this, the plant was having excursions every two (2) years.

Mr. Goldsmith asked if there would be any penalty punitive or financial. Mr. Streicher advised that the IEPA was notified and there will be no penalties of any type.

Mr. Buckley asked if there was any response from IEPA. Mr. Streicher indicated that the IEPA acknowledged receipt of the notification and that was the end of the matter. Mr. Streicher noted that if there are an excessive number of excursions, then the IEPA might have questions, but as this is the first one in six (6) years, they will not take any action.

President Senak asked if the issue was the volume of water and timing. Mr. Streicher said it was as the report indicates, the facility was discharging 56.3/mgd and the maximum capacity is 56/mgd, so every pump was running at maximum pumping ability and the facility was probably discharging into the lagoons a little.

Mr. Buckley asked if the reported 1.29" of rain in six (6) hours was based on weather monitoring at GWA's main plant. Mr. Streicher advised this it was based on a rain gauge at the CSO plant. Mr. Buckley noted the Village of Glen Ellyn's weather monitoring system recorded 1.75" in 45 minutes the same day. Mr. Streicher added that at that volume of rain, the CSO plant does get a big inflow during these types of rain events.

10.3 CHP Discussion

Mr. Streicher wanted to make the EOC Committee aware that CHP system has been down since mid-April. Mr. Streicher explained that since the installation of the engines in 2016, the system has had issues with fuses blowing every once and a while; however, the problem became more frequent, to the point where the Electrical staff noticed the wires that the fuses were supposed to be protecting had become discolored, indicating they had become overheated, most likely indicating the fuses appeared to not be protecting the cables downstream of them like they were supposed to; and, as a result the decision was made to shut down the engines until the exact cause of what has been causing the fuses to blow can be determined. Mr. Streicher noted these are 600 amp rated fuses and there should not be more than 450 amps going through the lines. Mr. Streicher advised that the following week a company will be coming out to perform testing in the hopes of being able to locate the problem. Mr. Streicher added that as a result of the CHP engines being down, the electrical usage has increased; however, FOG deliveries are still being taken in, so GWA continues to receive tipping fee revenue.

Trustee Christiansen asked what the ETA for repairs. Mr. Streicher stated that Staff is hoping the harmonic testing being done next week will reveal the problem, so staff can develop a resolution to the problem. Mr. Streicher noted that if this testing does not reveal a harmonic issue, then the next step would be to replace the fuses with circuit breakers, which trip out and can be reset, but do not require replacement and they would be a heavy-duty breaker to prevent any issues with the downstream lines being damaged. Mr. Streicher indicated that if the staff wants to install breakers, it could take two to three months as lead time for the breakers alone is four to six weeks and the installation would be a couple of weeks. Trustee Christiansen asked if all the work would be done in house. Mr. Streicher explained that GWA would probably order the materials, but actual work would be probably contracted; but would have to defer to Rick Freeman for verification and he is on vacation this week.

11.0 Other Business

11.1 Technical Advisory Committee Update

12.0 ***Next EOC Meeting*** – The next regularly scheduled EOC Meeting is set for ***Thursday, July 14, 2022 at 8:00 a.m.***

President Giagnorio made the motion to adjourn the June 9, 2022 EOC Committee meeting and Trustee Bachner seconded the MOTION. President Giagnorio, President Senak, Trustee Bachner, Trustee Christiansen, Mr. Buckley and Mr. Goldsmith responded “Aye” during a roll call. The motion carried. The meeting adjourned at 8:31 a.m.

Submitted by:

Gayle A. Lendabarker
GWA Administrative Secretary