

August 12, 2009

Minutes of the regular meeting of the Board of Trustees of the North Shore Sanitary District held on Wednesday, August 12, 2009 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex located in Gurnee, IL.

The meeting was opened with the Pledge of Allegiance.

On roll call, the following Trustees were present:

James E. Swarthout, President
Stephen J. Drew, Vice President
John R. Paxton, Treasurer
Daniel M. Pierce
Effie Wroten

Staff members present were General Manager Brian Dorn, Assistant General Manager Dave Miller, Attorney Greg Jackson, Director of Engineering Services Jai Gupta, Director of Laboratory Services Joe Robinson, Director of Operations Gary Sowma, and Director of Technology Services Pete Russo.

There were no comments from the public.

President Swarthout presented the Consent Agenda, as follows:

- A. Approval of the Minutes of the Meeting held on July 8, 2009.
- B. Consideration of Bills.
 - Wastewater Treatment Fund \$1,668,493.32
 - Check Nos. 145840 through 145851, Check Nos. 145908 through 145949,
 - Check Nos. 146078 through 146241, Check Nos. 146270 through 146354,
 - Check Nos. 146356 through 146411.
 - Void Checks Nos. 145950 through 146077.
 - Void Checks Nos. 146242 through 146269.
- C. Euro Payment for Andritz Purchase Order #15363.
- D. Financial Report, June 2009.
- E. Hearing Summary, July 14, 2009.
- F. 2nd Quarter 2009 Worker's Compensation Claim Update.
- G. Bank of America Debarment – Findings and Order.
- H. Hydrogen Peroxide Antitrust Litigation.
- I. Status of HB 2409 (North Shore Sanitary District Act Amendments).
- J. Correspondence.
 1. 07/15/09 letter from Senator Michael Bond to IEPA Director Doug Scott on behalf of NSSD seeking funding for Waukegan Effluent Forcemain Rehabilitation Project.
 2. 07/17/09 letter from Senator Terry Link to IEPA Director Doug Scott on behalf of NSSD seeking funding for Waukegan Effluent Forcemain Rehabilitation Project.
 3. 07/21/09 letter from NSSD to Lake County Stormwater Management Commission authorizing City of Zion to seek preliminary Wetland Jurisdictional Determination and/or Isolated Wetland Boundary Verification related to future development of Cell B East and West.
 4. 07/28/09 letter from Thomas Zarse to NSSD regarding Lake Bluff Pump Station Sewage Storage Basin Project.
 5. 08/04/09 letter from NSSD to SEIU Local 73 regarding Instrument Repairer Grievances for Electrical Work Assignments at SRF.
 6. 08/06/09 email from Senator Susan Garrett to Cagwood Consulting regarding legislation related to disposal of pharmaceutical wastes.
- K. Press Articles.
 1. Lake County News Sun.

- i. 'Sanitary district fires landscape contractor for non-performance', 07/14/09.
 - ii. 'Political Briefs—Candidate Petitions', 07/25-26/09.
 - iii. 'NSSD receives clean water awards', 08/03/09.
 - iv. '304! That's How Many Days Remain Until Opening Day For The Zion-Based Lake County Fielders Baseball Team', 08/04/09.
 - v. 'These bulls aren't dozing at our field of dreams', 08/04/09.
- 2. Triblocal—Highland Park & Highwood.
 - i. 'North Shore Sanitary District Receives Peak Performance Awards', 07/30/09.
- 3. Zion-Benton News.
 - i. 'Petition packets available for February 2010 election', 07/30/09.
- L. Authorize Payroll and Finance Department to issue District checks to meet expenses where necessary for payroll and to avoid interest and/or penalties before the next Board meeting.

It was moved by Trustee Paxton and seconded by Trustee Drew that the items under the Consent Agenda be approved.

On roll call, all Trustees present voted "Aye". Motion declared carried.

General Manager Dorn gave the Management Report as follows:

A. Presented Evaluation of NSSD Sludge Management Program – Donohue & Associates.

In September 2006, NSSD implemented a long term disposal strategy known as the Sludge Recycling Facility (SRF). The SRF process generally consists of a two step process. The first step of the process is sludge drying. The sludge is dried from approximately 17% solids to approximately 95% solids (granulate). The second step of the process is the vitrification process, where granulate is vitrified in a combustor that was designed and developed by the Minergy Corporation. The end product of the vitrification process is an inert material commonly known as glass aggregate. Each of the two steps was developed with excess capacity, but no redundancy. Equipment redundancy is usually provided in municipal facilities in the United States. This approach, lack of redundancy, was taken because the vendors/developers of both processes provided assurances to NSSD that their systems would be operational with "uptime" in excess of 90 percent; based upon a 24 hours/day, 7 days/week, and 365 days/year operation. Unfortunately for NSSD this has not been the case for the vitrification process. As a result of Minergy not meeting their specified "uptime" and not having redundant processes, NSSD decided there was merit in assessing potential alternatives available to address disposing, storing, or processing sludge or granulate when either or both of the SRF processes are not operational. NSSD also decided to evaluate contingent disposal options for both sludge cake and granulate that includes both potential disposal alternatives and storage options. General Manager Dorn reported that NSSD had entered into an agreement with Donohue & Associates to conduct this study.

General Manager Dorn then introduced Brian Jensen from Donohue & Associates who gave a presentation on the Evaluation of NSSD Sludge Management Program. Brian gave an overview which addressed disposal, storage, processing, operations and recommendations. Brian then reviewed Technical Memorandum No. 3 of the study which dealt with the Evaluation of Contingent Disposal Alternatives and the findings conducted through workshops held in conjunction with the study. Donohue's recommendation is that NSSD add a second dryer line to the SRF. It was proposed that this second dryer line operate in parallel with the existing dryer line; only one dryer line would operate at a time. The second dryer line will add a level of redundancy to the SRF that is consistent with other municipally-operated wastewater treatment facilities around the country.

Trustee Swarthout thanked Brian for his presentation and stated that he has worked over the past several weeks with Brian Dorn and Brian Jensen to understand what options and strategy needs to be taken with the NSSD Sludge Management Program. Trustee Swarthout stated that his suggestion would be to achieve redundancy by carrying a complete inventory of all parts needed to repair/replace the Dryer when problems arise. The cost to provide this redundancy is in the range of approximately \$1.5 million versus the

recommendation in the NSSD Sludge Management Study of a second dryer line which would cost approximately \$13 million.

A discussion continued which resulted in NSSD requesting that Donohue & Associates compile a complete inventory list showing the costs of all redundant parts needed for the Dryer and present it at the September meeting.

B. Presented Status of American Recovery and Reinvestment Act Funding Program.

General Manager Dorn gave an overview of his conversation with Gary Bingenheimer of the IEPA, Bureau of Water, Financial Assistance, on August 4, 2009 regarding the status of the American Recovery and Reinvestment Act (ARRA) funding and potential funding for projects through resources allocated to the IEPA from the Illinois State Capital Bill. Mr. Bingenheimer explained that the monies issued from the Capital Bill to IEPA for wastewater projects are designated solely for the State Revolving Fund – Water Pollution Control Loan Program (WPCLP) to fulfill the State’s matching requirement. Mr. Bingenheimer stated there will be no additional money as a result of the Capital Bill to fund new wastewater projects outside the existing loan program. Mr. Bingenheimer also stated that all agencies that applied for funding from the American Recovery and Reinvestment Act (ARRA) through the WPCLP whose projects are not currently under review received the attached July 23, 2009 letter from Director Doug Scott. Mr. Bingenheimer further stated that the number of projects and facility plans noted in the letter are not quite accurate but that the funding requests definitely exceed the ARRA monies available. In short, those agencies that were already actively engaged in the WPCLP prior to the enactment of the ARRA, received prioritization in consideration of ARRA funds as opposed to the agencies that were not already involved in the program. To date, all but one of the 11 projects designated for ARRA funding were previously included in the State Priority List for WPCLP funding. Mr. Bingenheimer went on to state that it would be three to six months before IEPA is prepared to review the Waukegan Effluent Forcemain Rehabilitation Project that was originally submitted by the District for consideration under the ARRA, and that IEPA would contact the District at that time to see if it wanted to remain in the loan program. General Manager Dorn recommended that we move forward with the design of the Waukegan Forcemain Project repairs having plans prepared both for the more extensive repair of sections of the forcemain based on receiving potential loan or grant money and for the repair of only the specifically identified distressed pipe without receiving potential loan or grant money. General Manager Dorn also recommended that the District complete the design of the Lake Bluff Pumping Station Sewage Storage Basin in the event that future funding does become available to construct this project.

C. Presented Engineering Agreement Amendment.

1. Clark Dietz, Inc., Site Drainage and Filtrate Drain Improvements, Contract Amendment No. 2, Increase of \$3,475.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Engineering Amendment No. 2, Clark Dietz, Inc., Site Drainage and Filtrate Drain Improvements, an Increase of \$3,475.00.

On roll call, all Trustees present voted “Aye”. Motion declared carried.

Assistant General Manager Miller gave the Administration Division report as follows:

A. Presented 2010 IMRF Employer Contribution Rate.

Assistant General Manager Miller reported that this item had been tabled from the July meeting in order to do some research on the District’s options regarding the annual required contribution rate to be paid to IMRF of 16.8% rate versus the optional phase-in contribution rate of 12.38%. Assistant General Manager Miller stated that he conducted a survey of other local governmental entities and the results had previously been forwarded to the Board of Trustees. Assistant General Manager Miller also stated that he consulted with John Blackburn, our auditor from Swartrauber and Company whose recommendation was, that if you can afford to pay what you owe, pay it versus the optional phase-in contribution because paying the optional phase-in amount will put you farther behind. Based on the survey results, it is the recommendation of the Staff to pay the 16.8% annual required contribution rate.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve 2010 IMRF Employer Contribution Rate as recommended by NSSD Staff.

On roll call, all Trustees present voted "Aye". Motion declared carried.

B. Presented Bid Summaries.

1. Bid No. 1305, (1) New 2009 or 2010 ¾ Ton Extended Cab 4-Wheel Drive Truck – Bredemann Ford of Glenview, IL, \$24,075.00; (1) New 2009 or 2010 ¾ Ton Regular Cab 4-Wheel Drive Truck – Packey Webb Ford of Downer's Grove, IL, \$28,670.00.

It was moved by Trustee Drew and seconded by Trustee Paxton to award Bid No. 1305, (1) New 2009 or 2010 ¾ Ton Extended Cab 4-Wheel Drive Truck to Bredemann Ford of Glenview, IL, in the amount of \$24,075.00; (1) New 2009 or 2010 ¾ Ton Regular Cab 4-Wheel Drive Truck to Packey Webb Ford of Downer's Grove, IL, in the amount of \$28,670.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

Trustee Swarhout mentioned that he had inspected the Vactor Truck being stored at the Zion Township Landfill and inquired about possibly putting out bids to sell the truck if it is no longer needed. Staff agreed that it could be bid out and if an acceptable price was not reached in the bidding process that the District could put the truck into public auction at a preset minimum auction price.

2. Bid No. 1307, Three-Phase Uninterruptible Power Supply – J&S Power Systems, \$17,700.00.

It was moved by Trustee Drew and seconded by Trustee Pierce to award Bid No. 1307, Three-Phase Uninterruptible Power Supply to J&S Power Systems in the amount of \$17,700.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

C. Presented Contract Terminations.

1. Amended Bid No. 1273, Industrial/Commercial Cleaning and On-Site Inspection Services (Sludge Recycling Facility), Perfect Cleaning, Inc.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Contract Termination for Amended Bid No. 1273, Industrial/Commercial Cleaning and On-Site Inspection Services (Sludge Recycling Facility), Perfect Cleaning, Inc.

On roll call, all Trustees present voted "Aye". Motion declared carried.

2. Bid No. 1275, Herbicide Spraying, Landscape Concepts.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Contract Termination for Bid No. 1275, Herbicide Spraying, Landscape Concepts.

On roll call, all Trustees present voted "Aye". Motion declared carried.

Director of Engineering Services Gupta gave the Engineering Division report as follows:

A. Presented Sludge Disposal Agreement with Republic Services, Inc.

Director of Engineering Gupta stated that this item was for information only, identifying increases in the cost of disposal since the agreement with Republic Services was executed in January 2007.

B. Presented the following Bid Summaries.

1. Overflow Structure Rehabilitation at the Dundee Road Pump Station, Concord Construction Services, Inc. of Lake Zurich, IL in the amount of \$48,900.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award Overflow Structure Rehabilitation at the Dundee Road Pump Station, to Concord Construction Services, Inc. of Lake Zurich, IL in the amount of \$48,900.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

2. MCC Ventilation Improvements, Total Mechanical, Inc. of Pewaukee, WI in the amount of \$602,000.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award MCC Ventilation Improvements, to Total Mechanical, Inc. of Pewaukee, WI in the amount of \$602,000.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

3. Valve and Actuator Replacement at Gurnee STP Building 380 and Waukegan STP Structure 457, Total Mechanical, Inc. of Pewaukee, WI in the amount of \$53,565.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award Valve and Actuator Replacement at Gurnee STP Building 380 and Waukegan STP Structure 457, to Total Mechanical, Inc. of Pewaukee, WI in the amount of \$53,565.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

4. Drainage Improvements at the Gurnee and Clavey Road STPs, Lifco Construction of Carol Stream, IL in the amount of \$53,800.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award Drainage Improvements at the Gurnee and Clavey Road STPs to Lifco Construction of Carol Stream, IL in the amount of \$53,800.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

5. Farm House Demolition at Gurnee STP, Lake County Grading, LLC of Libertyville, IL in the amount of \$ 38,216.00.

Trustee Swarthout mentioned that fire departments have in the past used buildings scheduled for demolition as training exercises to do controlled burns. Trustee Swarthout requested that the District contact the Gurnee Fire Department and see if they would be interested in using the Farm House for a controlled burn site. Director of Engineering Services Gupta stated he would check into that. It was decided to table this item until the next meeting to allow staff to explore this option.

C. Presented the following Bid Waiver Request.

1. BW-183, Dryer Insulation Replacement, \$43,800.00.

Director of Engineering Services Gupta reported this Bid Waiver Request was for the replacement of insulation in some critical areas of the Dryer (Dryer access panels, Dryer doors, wind box entrance doors, header pipe and manifolds, etc.). The existing insulation has worn out with repeated removal of access panels and doors or has been damaged by condensation leaks from Dryer. The work will be done on a time and materials basis. Director of Engineering Services Gupta also reported that the original Dryer insulation was supplied and installed by Luse Stevenson Co. This is specialized work; Luse performed the original installation under close scrutiny and following specific instructions by the Dryer supplier. Luse subsequently possesses the expertise necessary to properly execute this specialized work.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve BW-183, Dryer Insulation Replacement in the amount of \$43,800.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

D. Presented the following Construction Change Orders.

1. C.O. No. 1, Sludge Screen Project, Camosy Construction, Increase of \$8,252.00.

It was moved by Trustee Drew and seconded by Trustee Pierce to approve C.O. No.1, Sludge Screen Project, Camosy Construction, an Increase of \$8,252.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

2. C.O. No. 16, Lake Forest Pump Station – Sewage Storage Basin, Keno & Sons Construction Co., Decrease of \$385.00.

It was moved by Trustee Drew and seconded by Trustee Pierce to approve C.O. No. 16, Lake Forest Pump Station – Sewage Storage Basin, Keno & Sons Construction Co., a Decrease of \$385.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

E. Presented Pre-Annexation Agreement.

1. No. 444, Submitted by Lake Forest Academy, for approximately 24.3 acres for commercial use, located ¾ mile north of Kennedy Road and ¼ mile east of Interstate 94, in the City of Lake Forest.

It was moved by Trustee Paxton and seconded by Trustee Pierce to approve Pre-Annexation Agreement No. 444, Submitted by Lake Forest Academy, for approximately 24.3 acres for commercial use, located ¾ mile north of Kennedy Road and ¼ mile east of Interstate 94, in the City of Lake Forest.

On roll call, all Trustees present voted "Aye". Motion declared carried.

Director of Laboratory Services Robinson gave the Laboratory Division report as follows:

- A. Presented Current Status of Significant Industrial Wastewater Violation(s) in the Service Area of the NSSD.

Director of Laboratory Services Robinson reported that all industries were in compliance with the District at this time.

Director of Laboratory Services Robinson stated that on 7/24/09, as approved by the Illinois Environmental Protection Agency (IEPA), Ferro Pfanstiehl discontinued utilizing their Sequential Batch Reactors (SBRs) to treat their wastewater prior to discharge to the sanitary sewer. Per Section 4.03 g) of the Ordinance, the District is reserving the right to assess a connection fee for the additional wastewater loadings associated with the removal of the SBRs after one year of actual operation flow and loadings data has been acquired.

Attorney Greg Jackson gave the Attorney Report as follows:

- A. Presented Confidentiality Agreement Between NSSD and Andritz.

Attorney Jackson reported that a draft agreement between NSSD and Andritz was being prepared for the disclosure of information related to the manufacture of agitators for the Sludge Recycling Facility Dryer. Attorney Jackson stated that a phone call was placed before the meeting to try and clear up misunderstandings of the disclosure of information and define the information contained in the agreement. Attorney Jackson asked for Board approval to move forward with this agreement in order to clarify the scope of what is contained in the agreement, the time frame of the disclosure of information, etc.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve the Confidentiality Agreement between NSSD and Andritz contingent upon resolution of outstanding issues.

There being no further business to come before the Board, on motion duly made, seconded and unanimously passed, the meeting was then and there adjourned until the next regular meeting to be held on Wednesday, September 9, 2009 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex in Gurnee.

PRESIDENT

SECRETARY