

October 7, 2009

Minutes of the regular meeting of the Board of Trustees of the North Shore Sanitary District held on Wednesday, October 7, 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 September 9, 2009.
- B. Approval of the Minutes of the Executive Session held on September 9, 2009.
- C. Consideration of Bills.
 - Wastewater Treatment Fund \$2,562,727.61
 - Check No. 146625 through 146634, Check No. 146636,
 - Check Nos. 146771 through 146796, Check Nos. 146798 through 146808,
 - Check Nos. 146810 through 146837, Check Nos. 146839 through 147028,
 - Check Nos. 147040 through 147103.
 - Void Checks Nos. 146635, 146797 and 146838.
- D. Financial Report, August 2009.
- E. Hearing Summary, September 15, 2009.
- F. 2010 Holiday Schedule.
- G. Annexation Ordinance.
 1. No. 445, Submitted by Doug Bernardini, for approximately 1.7 acres for residential use, located west of O'Plaine Road and north of Illinois Tollway 94, in the City of Waukegan.

ANNEXATION ORDINANCE

WHEREAS, the property hereinafter described is contiguous to the North Shore Sanitary District, and

WHEREAS, said property is not within the corporate limits of any sanitary district, and

WHEREAS, within the meaning of 70 ILCS 2305/28, the NORTH SHORE SANITARY DISTRICT has power to annex the territory hereinafter described by the passage of an ordinance to that effect, and

WHEREAS, it is in the best interests of the citizens of the NORTH SHORE SANITARY DISTRICT to annex the property hereinafter described.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE NORTH SHORE SANITARY DISTRICT AS FOLLOWS:

SECTION 1: That the property hereinafter described to-wit:

PARCEL 1:

THE WEST 267 FEET OF THE EAST 533.6 FEET OF THAT PART OF THE NORTHEAST ¼ OF THE NORTHWEST 1/3 OF SECTION 35, TOWNSHIP 45 NORTH, RANGE 11, EAST OF THE THIRD

PRINCIPAL MERIDIAN, WHICH LIES SOUTH OF THE NORTH 60 RODS THEREOF (except that part thereof condemned for the Illinois State Toll Highway Commission by proceedings had in county court of Lake County, Illinois as Case No. 13891), IN LAKE COUNTY, ILLINOIS.

EASEMENT PARCEL – DESCRIBED AS (parcel 2)

EASEMENT FOR INGRESS AND EGRESS OVER THE SOUTH 30 FEET OF THE EAST 266.6 FEET OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 35, TOWNSHIP 45 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN AS GRANTED BY INSTRUMENT RECORDED MAY 11, 1964 AS DOCUMENT 1224943, IN LAKE COUNTY, IL.

be and the same is hereby annexed to the North Shore Sanitary District.

SECTION 2: If the property herein described was the subject of a sewer service agreement, that agreement is terminated as of the effective date of this Ordinance.

SECTION 3: That a certified copy of this Ordinance, together with a map of the annexed territory shall be filed with the County Clerk of Lake County, Illinois.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

- H. Gurnee Farm House Demolition Credit – Lake County Grading Co., LLC.
- I. Correspondence.
 - 1. 09/24/09 letter from NSSD to Lake County Department of Public Works regarding Lake County Fair Association.
 - 2. 09/18/09 letter from Mr. Thomas Zarse to NSSD regarding Lake Bluff Pumping Station Sewage Storage Basin Project.
 - 3. 09/16/09 letter from NSSD to Illinois Tollway regarding Televising of NSSD Lake Cook Interceptor Pipe.
- J. Press Articles.
 - 1. Lake County News Sun.
 - i. ‘Sanitary district may join stormwater group’, 09/14/09.
 - ii. ‘Carol Sente succeeds Ryg’, 09/14/09.
 - iii. ‘The Fielders’, Talk of the County, 09/15/09.
 - iv. ‘Full-speed ahead with minor-league baseball stadium’, 09/25/09.
 - v. ‘Skunkville’, Talk of the County, 09/25/09.
 - vi. ‘Costner fields a new dream’, 09/28/09.
 - 2. Zion-Benton News.
 - i. ‘Season’s Greetings!’, 09/10/09.
 - 3. Highland Park News.
 - i. ‘Sanitary District honored’, Your News, 08/13/09.
- K. Thank You Card.
 - 1. Chris Perry Family.
- 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, Inc.

General Manager Dorn stated that at the August Board meeting a presentation summarized the NSSD Sludge Management Program Study made by Donohue & Associates which included an evaluation of contingent sludge disposal options and Donohue’s recommendation to install a 2nd Dryer Line at a estimated cost of \$13 million. General Manager Dorn stated that the Board at the August meeting directed

Donohue & Associates to evaluate the option of building redundancy into the existing sludge drying system, rather than installing a complete 2nd dryer line, including the preparation of a complete inventory list with estimated costs of all the redundant parts needed for the Dryer. General Manager Dorn then turned the meeting over to Brian Jensen of Donohue & Associates to present their findings on this matter.

Brian Jensen stated that there was a handout titled Technical Memorandum No. 1, Sludge Dryer Redundancy Alternative Evaluation which he would give a brief overview on. Brian Jensen stated that the purpose of this Technical Memorandum (TM 1) is to present the findings of the evaluations made regarding the option of “hardening” or building redundancy into the existing sludge drying system. Although the existing fluid bed drying technology has a great track record from a reliability and capacity perspective, a failure of any piece of equipment in the system could stop the entire process until the failed piece of equipment is repaired or replaced. In today’s economy, many vendors are not stocking equipment as they may have done in the past. As a result, the failure of a small inexpensive piece of equipment could lead to the system being shut down and off-line for an extended period of time. This situation would be unacceptable to NSSD, since it would leave them without any option for sludge treatment or disposal. All three of the sewage treatment plants have liquid sludge storage facilities. None of the sewage treatment plants have sludge storage available for extended periods of time. Conservatively, the sewage treatment plants have somewhere between 2 to 10 days of sludge storage depending upon the weather conditions and sludge inventory at each of the plants. NSSD has not been able to find a landfill willing to accept sludge from either Waukegan or Gurnee Sewage Treatment Plants because of the odors associated with the raw sludges (undigested) generated at these plants. Raw sludges are also not acceptable, from a land application perspective. NSSD has struggled with disposing of their sludge when the sludge drying system is off-line for an extended period of time.

Brian Jensen stated that the proposed “hardening” or redundancy alternative would consist of 3 items. First is the Procurement of Critical Spare Parts. This item would consist of procuring critical spare parts that are currently not in NSSD’s or vendor’s inventory and that are not “off the shelf” items. With the necessary critical spare parts in NSSD’s inventory, the down time after equipment failure should be reduced significantly. The anticipated cost for the recommended spare parts is estimated to be \$622,600. Attachment A of the handout listed recommended spare parts to be procured and their associated costs.

Secondly, Procurement and Installation of a Redundant Thermal Oil Heater would provide heated thermal oil to the dryer when the other thermal heater is off-line or being repaired. No additional capacity increase would result from this improvement, since they would operate in parallel. A redundant thermal oil heater would help increase the drying system’s “up-time”, as compared to having a single thermal oil heater. Brian Jensen stated that the installed costs for a redundant thermal oil heater and appurtenances is estimated to be \$780,700. Attachment B summarized the equipment and associated installation costs.

The third and final recommendation would be the Procurement and Installation of Four Progressive Cavity Pumps under the South Sludge Storage Silo. Brian Jensen stated that currently, sludge can only be pumped from the north sludge storage silo to the dryer. The proposed improvements will allow sludge to be pumped to the dryer from either sludge storage silo, thereby providing storage and pumping redundancy. The installed cost for the four progressive pumps and appurtenances is estimated to be \$644,800. Attachment C summarized the equipment and associated installation costs. Brian Jensen stated that the total estimated cost of the project would be \$2.1 million versus \$13 million estimated for the 2nd dryer line.

Trustee Pierce inquired as to the cost of digestion at the Waukegan and Gurnee Sewage Treatment Plants. Brian Jensen stated that the cost of digestion for both plants would be around \$40 million. Trustee Pierce questioned why this redundancy was not discussed until now when this project was started several years back. Brian Jensen responded to Trustee Pierce that when this project was in the design phase the District still had 3 full years of it’s landfill life left. The litigation that took place delayed the project so that this capacity was not available when the facility was started. After the District’s landfill was filled to capacity, the District was able to take it’s sludge to private landfills, but since that time these landfills have come under increased scrutiny and will no longer accept the District’s undigested sludge.

Trustee Paxton mentioned that in the original planning phase of the Dryer, two dryer lines were considered with the potential of taking in other communities sludge. This idea was greatly criticized by the environmentalists. There was more discussion on the dryer options and issues. Brian Jensen summarized that the District has 3 available options: the first is to do nothing and hope that nothing major fails; the 2nd

option is to consider the “hardening” or redundancy of the system as discussed today at a total estimated cost of \$2.1 million; the 3rd option is the installation of the 2nd dryer line as recommended by Donohue & Associates at the August meeting with a total estimated cost of \$13 million.

President Swarthout stated he felt that the District should move forward with the option for “hardening” of the Dryer system to provide complete redundancy. Trustee Pierce commented that he had no objections to moving forward with that plan but asked that in the future he would appreciate receiving any handouts on project recommendations in advance to review and not delivered right before the meeting is started. It was decided by the Board to direct Donohue & Associates to prepare an Engineering Agreement to provide for complete redundancy of the Dryer system as outline in Technical Memorandum No. 1. There was no action taken at this time.

B. Presented Vitrification Process Upgrades – Donohue & Associates, Inc.

General Manager Dorn stated that he would like this item tabled until the November meeting.

C. Presented Engineering Agreement Amendment.

1. AECOM, Inc., Services Agreement for Hydrogeological Consulting Services at NSSD Zion Township Landfill, Contract Amendment No. 5, Increase of \$11,580.00.

It was moved by Trustee Drew and seconded by Trustee Pierce to approve the Engineering Agreement Amendment No. 5, AECOM, Inc., Services Agreement for Hydrogeological Consulting Services at NSSD Zion Township Landfill, an Increase of \$11,580.00.

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

D. Presented Amendment to FY10 Combined Annual Budget & Appropriation Ordinance.

General Manager Dorn stated that the District prepares a Combined Annual Budget & Appropriation Ordinance which was approved at the June 10th meeting. General Manager Dorn stated that the Appropriation Ordinance establishes the District’s legal authority to spend funds during it’s fiscal year. General Manager Dorn stated that the District could reduce its legal authority to spend by \$11,766,800 during the fiscal year May 1, 2009 to April 30, 2010. This action is warranted by recent revisions to several capital projects, resulting in significant cost reductions during the fiscal year. Accordingly, the District may take action to decrease its Appropriation during the course of a fiscal year, as long as the District complies with the notice and public hearing requirements by Law. General Manager Dorn cited several projects to which a reduction of costs could be applied.

Trustee Paxton commented that the District’s Sewage Treatment Plants all run well because of the diligent care and maintenance that is performed and proactive approach taken toward equipment replacement in the capital projects program. Trustee Paxton inquired as to whether the District would be hurting themselves by the deference of these projects. General Manager Dorn stated that by deferring or changing the scope of the projects being considered by this appropriation amendment, the District would not be compromising the operation and maintenance of its facilities.

Trustee Pierce inquired as to whether the District really needed to do this since these appropriations would just be incorporated into the next year’s budget. Assistant General Manager Miller commented that the District’s auditor has suggested that the District adopt the appropriation strategy used by many other governments that appropriate a percentage over and above their budget so that they are not required to seek additional spending authority if actual costs exceed expectations. Assistant General Manager Miller indicated that the District has traditionally used a realistic approach in appropriations, only requesting Board approval for amounts actually expected to be needed. Staff prefers this approach and will seek the support of the Board if costs dramatically increase during the year. Trustee Pierce suggested that a 10% figure could be maintained. General Manager Dorn stated that if the Board agreed to amending the FY10 Combined Annual Budget and Appropriation Ordinance that the Amendment would then be published and presented in final form and the required Public Hearing held at the November meeting. The Board authorized Staff to have this Amendment ready for the November meeting.

- E. Presented County of Lake Request to Purchase Portion of F11 (Clavey Road Forcemain and Sewer).

General Manager Dorn reported that the County of Lake was interested in the purchase of portions of the District's 42-inch diameter force main that was installed in the 1970's for the purpose of pumping flows above the design capacity of the Clavey Road STP to the County's Pekara STP. The District no longer intends to utilize the line for this purpose. General Manager Dorn stated that the County was interested in two specific segments of the line for the use as a carrier pipe for a smaller forcemain being constructed by the County. General Manager Dorn stated that the design and construction of this line was funded with EPA Grant money and indicated that he was in contact with the IEPA to verify whether or not they would need to be reimbursed for the Grant money. Trustee Paxton inquired as to what the cost would be to the County to build this line. President Swarouth raised questions as to what value would be left if the District was to sell these unconnected sections of pipe and will the District ever need this force main in the future? A lengthy discussion continued with several issues being raised, including the possibility of other utilities such as the fiber optic industry wanting to utilize the pipe. The option to leasing the pipe versus selling the pipe was also discussed. General Manager Dorn stated that he would look further into this matter and report back to the Board when he had obtained more information.

- F. Presented FY 2010 NACWA Dues, \$11,066.00.

General Manager Dorn reported that NACWA was a good agency and worth retaining. General Manager Dorn stated that along with the annual dues for FY 2010, NACWA was asking for a voluntary contribution to the Wet Weather Advocacy Fund in the amount of \$1,250.00. General Manager Dorn's recommendation was to approve the FY 2010 Annual Dues.

It was moved by Trustee Pierce and seconded by Trustee Drew to approve FY 2010 NACWA Dues in the amount of \$11,066.00.

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

- G. Presented FY 2010 IAWA Dues, \$8,825.00.

It was moved by Trustee Drew and seconded by Trustee Paxton to approve FY 2010 IAWA Dues in the amount of \$8,825.00.

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

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

- A. Presented FY09 Audited Financial Statements and Audit Correspondence.

Assistant General Manager Miller gave a brief overview of the annual financial report for the year ended April 30, 2009 which was included in the Board packet. Assistant General Manager Miller stated that revenues were down and were projected to remain flat into the future. Assistant General Manager Miller also stated that our auditor, John Blackburn, gave the District gold stars this year for having everything done on time, for preparation of an internal control manual, a suggestion as a result of last year's audit, and for the District's decision to opt to pay the full IMRF pension contribution rate.

It was moved by Trustee Paxton and seconded by Trustee Pierce to approve FY09 Audited Financial Statements and Audit Correspondence.

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

- B. Presented Lake County Department of Public Works Fees Audit (01/06 – 12/07).

Assistant General Manager Miller reported that the purpose of the audit was to verify to what extent Lake County Department of Public Works (LCDPW) has been complying with Article III of the agreement between the LCDPW and the Sanitary District. To this end, the audit sought to verify both whether the

Sanitary District was receiving all monies due as well as whether the LCDPW was adhering to the procedures as set forth in the agreement.

Assistant General Manager Miller stated that as of August 1, 2009, there has been no reporting of the additional 64 PEs from the new fair ground site. The District will continue to monitor to ensure that the proper permits are obtained for all unresolved property and that issues are properly addressed.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Lake County Department of Public Works Fees Audit (01/06 – 12/07).

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

C. Presented Bid Summary.

1. Bid No. 1308, Industrial Cleaning Services at Sludge Recycling Facility – GSF USA, Inc., \$112,000.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award Bid No. 1308, Industrial Cleaning Services at Sludge Recycling Facility – GSF USA, Inc. for a two-year term in the amount of \$112,000.00.

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

D. Presented Personnel Policy Revisions.

1. Policy 159.1 – Hours of Work, Recording of Time and Overtime.
2. Policy 160.0 – Paid Time Off (PTO)

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Personnel Policy Revisions, Policy 159.1, Hours of Work, Recording of Time and Overtime and Policy 160.0 – Paid Time Off (PTO).

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

E. Presented Request for Waiver of Returned Check Fee.

1. Richard Billotto, 5046 Red Pine Avenue, Gurnee.

Assistant General Manager Miller reported the District was in receipt of a letter from Mr. Richard Billotto dated September 8, 2009 regarding the service address of 5046 Red Pine Avenue, Gurnee. Mr. Billotto is requesting that the District waive a \$25.00 returned check fee from his account. Mr. Billotto’s payment of \$16.24 dated August 12, 2009 was reversed by the bank since Mr. Billotto had previously closed his account. Mr. Billotto has a good payment history and has not received penalties on this account in the past. Mr. Billotto is requesting NSSD to waive the \$25.00 fee.

Trustee Drew inquired as to whether the District was charged this \$25.00 fee. Assistant General Manager Miller stated that the District was not charged this amount. Trustee Drew stated since the District was not out the money it was his opinion to go ahead and return the \$25.00 fee to Mr. Billotto.

It was moved by Trustee Drew and seconded by Trustee Pierce to approve Request for Waiver of Returned Check Fee, Richard Billotto, 5046 Red Pine Avenue, Gurnee.

On roll call, Four Trustees present voted “Aye”. One Trustee voted “Nay”. Motion declared carried.

F. Presented Request for Reduction of User Charge Fees.

1. Nicole Terry, 1891 Old Briar Road, Highland Park.

Assistant General Manager Miller reported that the District was in receipt of a letter from Mrs. Terry dated August 27, 2009 regarding the service address of 1891 Old Briar Road, Highland Park. Mrs. Terry states that her outside water hose was running for several days. She indicated that the water was directed toward a garden and did not enter NSSD sewers. Assistant General Manager Miller stated that City of Highland Park records indicate water consumption from March 1, 2009 through May 22, 2009 was 236 units. Mrs. Terry received an invoice from NSSD dated July 18, 2009 in the amount of \$171.14 for the 199 units which

was billed at the residential rate of \$0.86 per 100 cubic feet. Mrs. Terry's average billed usage for the past year has been 27 units per quarter. She is requesting NSSD to adjust her bill for that quarter.

Assistant General Manager Miller stated that the District has no reason not to believe Mrs. Terry and that the District's recommendation would be to waive the invoice for that quarter and bill Mrs. Terry on the average 27 units resulting in a total credit of \$147.92.

It was moved by Trustee Pierce and seconded by Trustee Paxton to approve Request for Reduction of User Charge Fees for Nicole Terry, 1892 Old Briar Road, Highland Park, waive the invoice and bill her based on her average usage resulting in a total credit of \$147.92.

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 the following Bid Summaries.
 - 1. City and Service Water Piping and Pump Replacement at the Clavey Road STP, Rawson Contractors, Inc. of Sussex, WI in the amount of \$249,000.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to award the City and Service Water Piping and Pump Replacement at the Clavey Road STP to Rawson Contractors, Inc. of Sussex, WI in the amount of \$249,000.00.

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

- 2. New Plug Valve for Retention Basin Influent Drain Line at Waukegan STP, Mosele & Associates, Inc. of Ingleside, IL in the amount of \$26,940.00.

It was moved by Trustee Drew and seconded by Trustee Pierce to award the New Plug Valve for Retention Basin Influent Drain Line at Waukegan STP to Mosele & Associates, Inc. of Ingleside, IL in the amount of \$26,940.00.

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

- B. Presented Construction Change Order.
 - 1. C.O. No. 2, Sludge Screen Project, Camosy Construction, Increase of \$6,500.00.

It was moved by Trustee Pierce and seconded by Trustee Drew to approve C.O. No. 2, Sludge Screen Project, Camosy Construction, an Increase of \$6,500.00.

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 are in compliance with the District at this time.

- B. Presented Aquatic Field Study Report for Kellogg and Bull Creek Watersheds.

Director of Laboratory Services Robinson reported the Illinois EPA will be focusing upcoming water quality studies on the watersheds located in northeastern Illinois. The Upper Des Plaines River, Kellogg Creek and Bull Creek watersheds will be included. The Lab has conducted aquatic field studies within these streams over the past several summers in an effort to study the water quality within the watersheds. The study completed on the Kellogg and Bull Creeks was done in conjunction with a community stakeholders group led by Lake County Storm Water Management. They requested that the District submit the results from these studies to IEPA, so that this relevant and current data is utilized by IEPA when

assessing these watersheds. The Lab will submit these reports and associated quality control documents to the IEPA. Director of Laboratory Services stated this item was for information only.

Attorney Greg Jackson gave the Attorney Report as follows:

A. Presented Confidentiality Agreement Between NSSD and Andritz.

Attorney Jackson reported that the agreement between NSSD and Andritz that was approved and signed at the September Board meeting needed to be modified to reflect a change in verbiage regarding "rights" as defined in the Agreement. Attorney Jackson asked for Board Approval to make this modification to the Agreement.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve the Confidentiality Agreement between NSSD and Andritz.

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

B. Presented Consideration of Lease/Purchase Agreement for Zion Township Landfill Cell B.

General Manager Dorn stated that this item has been cancelled at the request of the City of Zion.

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, November 11, 2009 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex in Gurnee.

PRESIDENT

SECRETARY