

**STEUBEN LAKES REGIONAL WASTE DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 28, 2024
24-2R
6:00 P.M.**

MEMBERS PRESENT:

Renee Clauss
Abby VanVlerah
Rob Moreland (Remote)
Mike Miller
Jon Flaugh
Craig Rice

MEMBERS ABSENT:

Kelly Johnson

Also Present

Andrew Boxberger – Carson LLP
Steve Henschen – Jones Petrie Rafinski
Steve Brock – Therber Brock & Associates, LLC

Abby VanVlerah called the meeting to order at 6:00 p.m.

Abby VanVlerah read the following statement: At the end of the meeting, the public will be given an opportunity to speak. In the interest of time, each person shall be limited to three minutes. Your comments will be part of the public record of the meeting, so we ask that you present them in a professional manner and speak only to the matters at hand.

APPROVAL OF THE JANUARY 2024 MEETING MINUTES CHANGES OR ADDITIONS.

The Board presented minutes of the JANUARY 24, 2024, board meeting minutes for review and approval. Upon motion duly made by Rob Moreland and seconded by Craig Rice, the Board unanimously approved the board meeting minutes JANUARY 24, 2024. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the JANUARY 2024 board meeting minutes.

FINANCIAL REPORTS

The financial reports, check register, project check register, bank account report, and claims for JANUARY 2024 were presented for review.

The Revenue Report, Appropriation Report, Capital Expenditures, Accounts Payable Register, Fund Report with Investments, and Monthly Budget Report with Capital for JANUARY 2024 were presented for review. Craig Rice moved, and Jon Flaugh seconded the motion, to accept and approve the JANUARY 2024 financial reports as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland

participating remotely. Each board member voted in approval of the JANUARY 2024, financial reports.

2022 Audit Report: Bryan Klein presents the 2022 audit report. As we are finalizing financing for the NED II project, an audit was required for 2022. Crowe LLP was hired by the SBOA to perform this financial audit. The exit conference which Rob Moreland attended remotely was conducted yesterday, February 27th. The documents presented were created by Crowe LLP. There was one clerical error of funds received in January 2022 that was missing and the error was caught and corrected in August 2022. There were three data reporting corrections to be made in the Annual Financial Report. Simple human error. The SBOA audit is done to ensure there is no fraud. The credit card policy that we had was created for the gas cards created to fuel the work vehicles. Since Visa cards have since been issued to the SLRWD department heads, we do need an updated credit card internal control policy. This will be taken care of in tonight's meeting. Rob Moreland mentioned that during the exit conference, Crowe representatives were complementary with the SLRWD staff. They mentioned that SLRWD does not follow GAAP as we follow the SBOA financing rules. The audit took roughly a month. We are waiting for the invoice from Crowe. We do not know what the charges are at this time. Moving forward, the audits will still be every two years unless required for financing, like in this case. No motion is needed.

Discussion of BAN B & BAN C and Lift Station Project Funding: We had taken out three BANs (A, B, and C) for the preconstruction costs of the NED II project. BAN A has already been refunded. BAN B is due April 1st, 2024, in the amount of \$650,000. BAN C also in the amount of \$650,000 is due April 1st, 2025, but because they are both for preconstruction/engineering costs for the NED II project, we need to be able to decide what to do with them. Total expended from BAN B to date is \$66,114.79 and total expended from BAN C is \$13,590.90. BANs are Bond Anticipatory Notes that are used to pay for preconstruction costs that will later be reimbursed with the bonded project funds. Steve Brock confirmed BAN B in the amount of \$650,000 with an interest rate of 1.69% is due April 1st, 2024, and BAN C in the amount of \$650,000 with an interest rate of 1.99% is due April 1st, 2025. The idea originally was for JPR to design the lift station project and apply SRF funding. The funding in the last 5 years with the SRF has included a free grant as well as refinancing original SRF debt to 0% interest. Why we are talking about not moving forward with the lift station project is that the other marching order given is no rate increase. As we talk about the estimated cost of \$15,000,000, we have to figure out how to do that without a rate increase. Steve has proposed pushing back the principal on new debt until old debt falls off with 0% interest if possible. This is the wrap payback structure to only make minimal principal payments until the current debt service decreased in 2043 and then pay back the entire loan over the years of 2043-2051. The estimate being proposed is financing of \$15,000,000 at 0% interest rate, \$6,000,000-\$9,000,000 at 2.50% interest rate (traditional program), or \$3,000,000-\$3,500,000 at 5.50% interest rate (pool program). We still need to maintain a 1.25 or better debt coverage ratio which is estimated to be possible with the above financing options, but we will need to run the actual calculations to know for certain. The useful life according to Steve Henschen on these lift stations is 27 years which means we need no more than a 27-year loan term. The amount of the project that can be financed depends on the interest rate we get from the SRF. If we receive 0% interest, we can fund the entire project. If we receive any interest rate above 0%, we can only fund part of the lift

station project. The higher the interest rate the lower amount of the project we can finance. We will make an application on April 1st, 2024, and should find out our interest rate in mid-July 2024 or after. Once we see where we score on the project and what funding offer we receive, then we will know if we will need the traditional program or pool program. We would need to close on the loan after March 1st, 2025. Then Steve Henschen would be pressed on the design aspect which was started a year and half ago. It is not wasted work and will be ready to start again once financing has been settled. Steve Henschen clarifies lift stations 1, 2, and 9 that are being replaced in NED II Project A which are already under contract with Selge, are over \$1,000,000 each. Smaller lift stations may be closer to \$500,000. Overall average cost of all lift stations has been set at \$15,000,000. This is an increase from \$11,000,000 estimated 2.5 years ago prior to inflation and COVID. We saw costs jump 35%. Steve Brock confirms the SRF engineers have seen a jump in cost of 40%. Depending on the interest rate, we will have to prioritize which lift stations receive replacement. Steve Henschen states if all we qualify for is \$7,500,000, we would proceed with the design for 10 or so lift stations instead of 21. Steve Brock confirms if that were to happen, we could do half the lift station project these 5 years and then the other half in another 5 years. Another option would be paying one of the BANs back and design half of the project or paying off both of the BANs and design the entire project and decide in March. If you decide to go forward with the BANs, one BAN (B) is due April 1st, 2024, and would need rolled over which takes about 30 days. This means we pay interest on it now and it rolls over for another year. At 1.69% interest that would mean paying \$10,985 in interest. Steve Brock notes we will not currently get an interest rate of 1.69%. Bryan Klein confirms we do have the capital funds to pay that interest if needed. No more spending from the BAN should happen until July when we find out the offered financing. The BAN B and BAN C funds are held with our Farmers State Bank construction account, not held at the BNY Mellon. We are currently drawing from those funds and keeping track of all expenditures. If we close BAN B, then those funds are gone. If we rollover the remaining funds are still available for another year. Andy Boxberger confirms we could pay off BAN B that is expiring April 1st, 2024, and keep BAN C that expires April 1st, 2025, to split the difference and have cash on hand and still have a good rate. Steve Brock agrees with that option to pay off BAN B (meant for pump station replacement phase 1) and keep BAN C (meant for pump station replacement phase 2) at 1.99% interest. Andy will confirm we structured BAN B for pump station replacement phase 1 and BAN C for pump station replacement phase 2, which means we should have no issues using BAN C for any phase of pump station replacement. It was a construct we put on ourselves and not dictated to us. We have an application in and an approved PER. They are aware we are waiting on funds. The financial commitment we would be making by paying off BAN B now and keeping BAN C for another year would be the interest of 1.99% on BAN B. The only thing under contract currently is the design. We graded all of the lift stations and found 10 of them are in very bad shape and need to be replaced ASAP. The remaining lift stations could be done once we can confirm funding. All of the lift station photographs are submitted by Cole Shock, SLRWD Collection System Supervisor. The photos show what a grade 4 looks like.

Rob Moreland moved, and Craig Rice seconded the motion, to accept and approve the payoff of BAN B and the continuance of BAN C as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the payoff of BAN B and the continuance of BAN C.

Craig Rice moved, and Renee Clauss seconded the motion, to accept and approve proceeding with anything needed for the application to the SRF that we need \$15,000,000 in funds for the pump station replacement project prior to April 1st, 2024, as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of proceeding with anything needed for the application to the SRF that we need \$15,000,000 in funds for the pump station replacement project prior to April 1st, 2024.

ATTORNEY REPORT

- A. Credit Card Policy: The old credit card policy only dealt with gas cards. Now that SLRWD department heads have Visa cards, the SBOA would like an updated policy with more formal guidance. The policy limits the card usage to \$2,500 a card. This policy has been shown to the SBOA and they have approved the policy. Craig Rice moved, and Jon Flaugh seconded the motion, to accept and approve the updated Credit Card Policy as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the updated Credit Card Policy.

ENGINEERS REPORTS

- A. Meloon Subdivision – New Development Conceptual Review: VanGordon Construction is the developer of the proposed Meloon Subdivision, which consists of 4 lots and is located on Co Rd 425 just North of Orland Rd, on the West side of Co Rd. 425. It will be a small street ending in a cul-de-sac. Per our development standards dictate, he submitted the conceptual plan application and plans for review. The developer is in the beginning planning stages and the County is requiring non-objections from local utilities. In September of 2023 it was determined that there were a total of 635 EDUs remaining that could be connected to the District WWTP after the completion of NED II. After the 48 EDUs previously approved in developments and the maximum 6 EDUs present in the Meloon Acres Development, there would be a total of 544 available EDUs remaining. The next step is to either accept or deny this conceptual request. Even the approval of this conceptual plan does not give final approval and no construction can begin. Craig Rice moved, and Renee Clauss seconded the motion, to accept and approve the Conceptual Application of Meloon Subdivision as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the Conceptual Application of Meloon Subdivision.
- B. NED Phase 2 – Construction Update: This is primarily dealing with Contracts A (lift stations 1, 2, and 9 with Selge) and Contract B (Niblock is doing the collection work on the West side of the NED II project). No change orders at this time. There have been two change orders in the past as shown in the provided update report. This report will be presented at each monthly board meeting to keep track of the financials of the project. One

of the change orders was for the last-minute changes of relocating the lift station to the Big Boyz Toys location. There is no formal on-site construction yet. Selge under Contract A has done some clearing and ordered materials. Regarding time extensions, Contract A we had a short duration contract time with Selge as it expires May 30th, 2024. Selge has most of the parts, except an automatic transfer switch that was ordered last summer, will not get delivered until July. There have been some world-wide logistic issues with getting parts such as switches, VFDs, and control panel parts. The request to extend the time is reasonable. Selge will be doing all three lift stations back-to-back while all of the equipment is rented. There will be no cost to this time extension. The discussion needed is that the intention was to have Contract A completed prior to the summer season starting (Memorial Day) due to it being the busy season and requiring more pumping during times of higher flow, which he has planned for. Since we will not get that last part until July, the question is are we going to wait until right after Labor Day to start the 2-month duration of this project (Contract A). Contract time for Contract B (West service area) the contractor has until October 22, 2025. They (Niblock) will likely not be on site until the fall of 2024 and have Contract B done well before the completion date of November 2025.

- C. NED Phase 2 – Contract A and B Pay Applications: On the second page of the provided report shows two pay applications.
- a. Selge Pay Application #2 for \$749,403.23: These are for the pieces of equipment that have been available, delivered, and stored safely on site. JPR has reviewed and would recommend payment for this pay application.
 - b. Niblock Pay Application #1 for \$386,614.85: Primarily for pipe that has been delivered to the site along with a few other items. JPR has reviewed and would recommend payment for this pay application.
 - i. Craig Rice moved, and Jon Flaugh seconded the motion, to accept and approve payment of Pay Application #2 to Selge in the amount of \$749,403.23 and Pay Application #1 to Niblock in the amount of \$386,614.85 as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the payment of Pay Application #2 to Selge in the amount of \$749,403.23 and Pay Application #1 to Niblock in the amount of \$386,614.85.
- D. NED Phase 2 – Contract C – Notice of Award: Contract C is the Eastern service area of NED II which primarily includes the Bearman cluster field and the customers currently pumping to Fremont. This is the last piece of the puzzle for the Northeast district. The financing has all been worked through with closing scheduled on March 5, 2024. Pre-closing has been completed with no issue. With the closing planned, JPR has prepared a Notice of Award between the owner and the contractor (Selge) in the amount of \$7,549,972.75. Andy Boxberger has reviewed the Notice of Award. We need to motion authorizing Bryan Klein as Superintendent to issue the Notice of Award pending a successful finance closing on March 5, 2024. The Notice of Award will be sent to the contractor with an unsigned agreement. The contractor will have two weeks to get the signed agreement, insurance certificate, and payment performance bonds back to us. They will then be ready for board approval at the March board meeting. Rob Moreland moved,

and Renee Clauss seconded the motion, to accept and approve to authorize Bryan Klein to submit the unsigned Notice of Award to Selge Construction as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of authorizing Bryan Klein to submit the unsigned Notice of Award to Selge Construction.

- E. NED Phase 2 – Contract C – Wage Rate Compliance Services – Shipman Consulting: Because we are using federal funds, it is required that the contractors pay the Davis Bacon wage scale to their employees. Most contractors that JPR works with on these large projects are already paying their employees similar wages already, so it is not adding what we see as an extravagant cost to the project. It does require compliance and monitoring, which JPR is not allowed to do as the engineer. JPR has used Lori Shipman Consulting, LLC in past projects and has had a seamless experience. They do private interviews with employees on a drop-in basis as well as monitoring weekly payroll throughout the duration of the project. They are already providing this service for Contracts A and B. Because this is a separate contract (Contract C) it requires a separate scope of services. The amount they are requesting is \$19,750.00. We had at least \$20,000.00 allocated in the project budget and this is a reimbursable cost that will come out of the \$9,500,000.00 funds that will be received for this project. Andy Boxberger has reviewed the proposal. Renee Clauss moved, and Craig Rice seconded the motion, to accept and approve the Lori Shipman Consulting, LLC proposal for labor standards in the amount of \$19,750.00 as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the Lori Shipman Consulting, LLC proposal for labor standards in the amount of \$19,750.00.
- F. PS 24 – Control Panel Replacement – Engineer’s Recommendation: Pump Station #24 (South of 900 near Miller Poultry) has been experiencing failure due to corrosion caused by gases going into the control panel. The District has already purchased the control panel for roughly \$94,000 and we need quotes for installation. This control panel will be able to be reused in the future when the time comes for the pump station to be replaced. JPR assisted in putting together a quote package and requested quotes from four electrical contractors. Service Electric of Allen County was the lowest quoter at \$11,945.00 and Bender Electric was \$13,500.00. Both firms have done work for the District before, primarily under projects. Bender Electric did the NED Phase 1 electrical at the pump station and Service Electric of Allen County may have done work some time ago but does this type of work all the time. Service Electric went above and beyond in writing up a very detailed scope of work to make sure they had a full understanding of what we require. JPR suggests the board take action to authorize execution of the attached notice of award to Service Electric of Allen County and to authorize Bryan Klein as District Superintendent to sign that notice of award. We will then get that notice to Service Electric of Allen County to be signed. The work is planned to be done within a few days. One of the contractors gave a quoted budget of \$15,000-\$20,000 to do the work but with the District trying to keep costs down, they are going to self-perform some of the bypass pumping work which will keep the contractor from having to bring in their own pump to do the bypass pumping work. This decreased the scope of the work and therefore the cost of the quote. Craig Rice moved, and Jon Flaugh seconded the motion, to accept and approve the Notice of Award

to Service Electric of Allen County in the amount of \$11,945.00 and authorize Bryan Klein as Superintendent to sign the contract as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the Notice of Award to Service Electric of Allen County in the amount of \$11,945.00 and authorize Bryan Klein as Superintendent to sign the contract.

G. Notice of Award and Unsigned Agreement: (Covered in item F above)

OLD BUSINESS

N/A

NEW BUSINESS

1. 6435 N Maple Crest Drive – Encroachment: Shad VanStedum with Allen Edwin Homes requests an easement encroachment for a concrete driveway. Cole Shock has performed a site visit and has no issue with this encroachment request. Builder and homeowner is aware the cost of removing or fixing the driveway in the future for the District to gain access to our line and/or equipment is at their cost. Jon Flaugh moved, and Renee Clauss seconded the motion, to accept and approve the encroachment request for 6435 N Maple Crest Drive for a concrete driveway as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the encroachment request for 6435 N Maple Crest Drive for a concrete driveway.
2. 6355 N Maple Crest Drive – Encroachment: Shad VanStedum with Allen Edwin Homes requests an easement encroachment for a concrete driveway. Cole Shock has performed a site visit and has no issue with this encroachment request. Builder and homeowner is aware the cost of removing or fixing the driveway in the future for the District to gain access to our line and/or equipment is at their cost. Jon Flaugh moved, and Renee Clauss seconded the motion, to accept and approve the encroachment request for 6355 N Maple Crest Drive for a concrete driveway as submitted, which motion was unanimously approved. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the encroachment request for 6355 N Maple Crest Drive for a concrete driveway.

DISTRICT BUSINESS & OTHER GENERAL MATTERS

N/A

PUBLIC COMMENT

1. Mike Miller: Mike brings up a Facebook page (not the District's page) that was created by the public to discuss the District. There is a customer posting regarding issues they had at their home with their tank and complained there were four technicians that showed up and supposedly stood around not working. Cole Shock, Collection System Supervisor, spoke up as he was one of the workers at this service call. He confirms they were not charged for four technicians as they were only charged for their pump out. We only charge for the time and materials related to the negligence. If we had to perform additional maintenance work such as replacing floats, we do not charge the customer for that time and material. In this situation there was a tampon flushed and caught in the system. Due to the snow, our pumper truck got stuck after pumping out the tank and additional technicians were called out to get help. That was not charged to the customer. Also, the cost of this visit was reasonable due to the fact it was customer negligence due to a prohibited discharge. Mike said we should reach out and explain this to the homeowner. Courtney Masters confirmed the customer did call into the office and unfortunately was not pleasant during the conversation trying to explain what she was being charged for and what the problem was that could be prevented in the future. We had the same experience with her husband when he called in and we tried to explain to him. The husband spoke directly with Cole Shock and after much name calling, the wife actually called back to apologize to Cole for her husband and Cole provided her with the explanation of what is going on in this situation. Mike acknowledged that he imagines Cole handled that conversation well as he did during this meeting. This is a repeat issue for this property and quite routine that we are being called out for tampons stuck in the system. Cole even upgraded their system to a V2 pump hoping it does a better job of cutting up the material than the pump they had. We have done what we can to prevent this issue but ultimately the customer needs to stop flushing prohibited items. Bryan Klein confirmed that the customers are charged for prohibited discharges as it is their negligence and not fair to the other customers of the District to have to cover the cost of their neighbor's negligence. Craig Rice acknowledged that a lot of people go to online forums such as Facebook to voice their complaints. He has had two people come up to him, one at the bank and one at the post office, who wanted to thank him for how well our technicians did at their home on service calls. Bryan Klein confirms that we get regular compliments regarding the services provided by our technicians. Rob Moreland agrees that we should ignore the online forum due to the misinformation being shared. Mike brought up contacting customers prior to technicians performing utility locates at individual properties. Confirmed that there are sewer easements around all of the District lines and equipment where the staff is legally allowed to enter on the properties. We do not contact individual homeowners to let them know we will be out to perform a locate they or someone else called in. The District performs utility locates called in by 811 and the homeowners are not contacted prior. The District staff only enters the property in the utility easements. All rates are listed in our ordinance online for anyone to review what possible charges are. Mike's wife, Kate, brought up customer service training due to customer complaints. Abby VanVlerah said it is helpful to gather more information from the person with the complaint to figure out who they spoke with and what the situation is. Misunderstanding and misinformation can lead to a negative experience. Craig Rice confirmed he was in our office and overheard a customer call the office who was angry right off the bat and the office team member handled the call very well and with more patience than he would have had in that situation.

Bryan Klein does not believe that customer service training is necessary at all. When someone calls and gets an answer they do not like, they expect to speak with him and get a different answer. He has listened to office staff being verbally abused and is amazed by the patience the staff has in these situations. He has advised all staff to pass those phone calls directly to him. Mike's concern is deescalating these calls. Craig Rice recommends Mike go into the office and experience their service and the phone calls they receive. Craig stood in the office and heard customers yelling through the phone at the office team members. He agrees that gathering more information from those complaining is key to moving forward.

MOTION TO ADJOURN

There being no further business to come before the meeting, Abby VanVlerah asked for a motion to adjourn. Such motion was made, seconded, and unanimously carried; the meeting was adjourned.