

**STEUBEN LAKES REGIONAL WASTE DISTRICT  
BOARD OF TRUSTEES MEETING  
NOVEMBER 20, 2024  
24-11R  
6:00 P.M.**

**MEMBERS PRESENT:**

Craig Rice  
Jon Flaugh  
Rob Moreland (Remote)  
Abby VanVlerah  
Kelly Johnson  
Mike Miller

**MEMBERS ABSENT:**

Renee Clauss

**Also Present:**

Andy 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 OCTOBER 2024 MEETING MINUTES CHANGES OR ADDITIONS.**

The Board presented minutes of the OCTOBER 23, 2024, board meeting minutes for review and approval. Mike Miller does not see where he requested language for potential rate increase to be sent to customers. Minutes will be amended to show that statement by Mike Miller. Upon motion duly made by Mike Miller and seconded by Kelly Johnson the Board unanimously approved the board meeting minutes OCTOBER 23, 2024, as amended. Each board member must vote in roll call due to Rob Moreland participating remotely. Each board member voted in approval of the OCTOBER 2024 board meeting minutes as amended.

**FINANCIAL REPORTS**

The financial reports, check register, project check register, bank account report, and claims for OCTOBER 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 OCTOBER 2024 were presented for review. Craig Rice moved, and Kelly Johnson seconded the

motion, to accept and approve the OCTOBER 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 OCTOBER 2024 financial reports.

Financial Adviser: Steve Brock has brought us a detailed utility rate study. The board has asked him to put together a rate study in regard to future funding. We looked at how much of the project we can do without a rate increase as well as to consider what interest rates we could qualify for with the SRF. The average useful life of the pump stations per Steve Henschen is estimated at 27 years. The interest rate for 27-year financing is currently at 4.5% and the discount rate is projected to lower in December this year and another 4 times next year. We will not know the interest rate until May or June 2025. As we approach that time, we will be able to try and predict what the interest rate would be on a 27-year fixed bond. The board has asked us to look at a rate increase. The last rate increase was in March 2023. Regional sewer districts have limitations according to Indiana code on what type of rate increase we can put into effect without County involvement. We can raise rates once per year by 5% without County involvement. Right now, we the allowable maximum rate increase we can do without County involvement is 9.2% due to the last increase being in March of 2023. This is not saying we will be raising the rate the maximum percentage, but this is just for perspective of what we have the ability to do. It resets the clock so to speak. The prepared report looks at an increase of 2%, 5%, and 9.2% as options to consider.

Page 55 of the financial report shows a breakdown of each increase from the current rate (Class I \$110.27, Apartment/Unit \$83.41, Mobile Homes \$83.41, Co-Operative \$53.72, Guesthouse \$55.14, and metered rates calculated by size of meter and number of gallons with an interim rate of \$55.14.). At a 2% increase you are looking at a rate of Class I \$112.48, Apartment/Unit \$85.08, Mobile Homes \$85.08, Co-Operative \$54.79, Guesthouse \$56.24, and metered rates calculated by size of meter and number of gallons with an interim rate of \$56.24. At a 5% increase you are looking at a rate of Class I \$115.78, Apartment/Unit \$87.58, Mobile Homes \$87.58, Co-Operative \$56.41 Guesthouse \$57.90, and metered rates calculated by size of meter and number of gallons with an interim rate of \$57.90. At a 9% increase you are looking at a rate of Class I \$120.19, Apartment/Unit \$90.92, Mobile Homes \$90.92, Co-Operative \$58.55 Guesthouse \$60.10, and metered rates calculated by size of meter and number of gallons with an interim rate of \$60.10. For clarification the Large Users (metered accounts) are usually restaurants.

Page 51 of the financial report shows a breakdown of Revenue Requirements without a rate increase, with a 2% increase, and with a 5% increase, all with 27-year bond financing. Items A through H are all cash in, cash out. Item I: Return on Plant and Debt Coverage shows operating at a higher risk of \$60,000 with the 27-year financing no rate increase versus with a rate increase of 2% making that line item \$145,000 or at 5% making that line item \$215,666.57. The residential monthly fee Class I with Column A, without rate increase with 27-year financing would be \$110.10. The short-term asset replacement would be in the amount of \$400,000 annually. The residential monthly fee Class I with Column B, with a 2% rate increase with 27-year financing would be \$110.07. The short-term asset replacement would be in the amount of \$400,000 annually. The residential monthly fee Class I with Column C, with a 5% rate increase with 27-year financing would be \$110.12. The short-term asset replacement would be in the amount of \$550,000 annually. We did have two debts fall off in 2023 and two reissued at 0% interest.

The debt service coverage ratio has to be 1.5 and we are looking at a Debt Service Ratio of 2.84 with Column A, 2.87 with Column B, and 2.93 with Column C. All columns are considering a nearly \$6 million dollar bond on a wraparound basis. As we get closer to interest rates changing, these figures will change. The current figures are calculated at the current 4.5% interest rate. Steve is pretty comfortable with these conservative figures. Kelly Johnson and Steve Brock break it down as Line J as the total expected expenditures, Line K is the total expected revenue, and Line I is the portion that goes back into our 'cushion' for planning for unexpected expenses after all expenses have been paid. These funds would not be earmarked for anything (capital, operating, etc.). It is delegated as on-hand funds for emergent situations. We keep a minimum of \$1 million in the operating bank account at all times. Steve can make it work with no increase, a little bit of an increase, and he feels strongly a little increase would be beneficial to the budget overall. According to our financial reports we currently have 1.8 million in Capital funds, almost 1.5 million in operating funds, and our construction account holds our BAN C funds for construction only, and the Bond & Interest account holds sinking funds towards our bi-annual bond payments. Any amount over the \$1 million in Operating is what Bryan Klein would ask to be transferred into Capital as an accumulated overage of funds to go towards asset replacement. Abby VanVlerah clarifies that some confusion may be coming from those asking why we are not using the required \$1 million minimum balance kept in the Operating account to pay on debt/fix pump stations instead of leaving it sit in the bank. Part of the reason for the rate increase is not to deplete those funds. Line I is the gap funds between the minimum \$1 million kept in operating funds and all expenses. The current capital need with no rate increase is issuing a \$6 million dollar bond to fix an estimated 6-7 of the 25 remaining lift stations that need to be worked on. All lift stations have been rated from those needing the most repairs to the least repairs. The hope was to do a small rate increase to fix these lift stations without issuing more debt. The thought process is a series of rate increases every two to three years to be able to pay for these necessary lift station repairs without having to incur another bond. We are looking at small rate increases to avoid issuing more debt. Craig Rice asks if we can make the rate an even number and the answer is yes, the figures calculated in the report are done at even percentages. A rate will need to be introduced to move forward with a rate hearing in December. Abby VanVlerah thinks the December meeting may not be the best time to motion on a rate change due to possible lack of ability to attend the meeting. We are in the position where we don't have an immediate stress to do this tonight, but it is time to address the rate as to not push out the clock with our aging infrastructure that is not getting any younger. Bryan asks at what point do we lose the opportunity for the Spring program to submit to the SRF. Steve clarifies the PER is already submitted and approved and we have time. Andy states when we introduce a rate percentage, such as 2%, we cannot later decide on 3%. You can go down but not up. We would have to start the process again and re-introduce a new percentage increase. If we introduce the maximum (9.2%) it means we can go with less without having to re-introduce. This does not mean we are choosing the maximum increase but that we introduce it at the maximum with the understanding we can choose a percentage less than that 9.2% without having to start the rate introduction process over again. Steve has calculated to include inflation changes and preparing for a possible inflation increase. Say that inflation increases 2% and we do a 2% rate increase, we are not gaining any ground in regard to setting aside funds for the lift station repairs. Had we consistently raised rates slowly over time instead of going years without any rate increases, we are now in this situation. Now we are the group that has to plan for these repairs and how to fund them. Our last rate increase was in March 2023 and prior to that the last rate change was in 2020. NIPSCO

is asking for a 23% increase, so we are not the only utility having to raise their rates to continue operating.

Mike Miller asks if he is missing something as he thinks the money is there to fund the projects and he wants to know what the cost-saving initiatives were in the budget when the District acquired two new trucks and paved the parking lot. As he sits on the board, he wants cost saving measures addressed as that is where his mind is right now. Kelly Johnson asks what his recommendation is and Craig Rice asks Mike Miller what his suggestions are for cost saving. Mike would like to start talking about some cost-saving initiatives. Bryan Klein clarifies that anytime we are faced with a decision to make we weigh all options and costs to find the best option for the District budget. It is not as if we make decisions without cost in mind. He is unsure what cost saving initiatives Mike is referring to. Mike points out three District employees in attendance and asks if they are being paid to attend the meeting. The answer is no, those employees are attending the meeting on their personal unpaid time. He asks for those employees input for cost saving initiatives. Mike clarifies this may not be the time to bring this up, but he thought the raised rate would do more. Mike asks about the two new trucks and if they were needed or if we could have only bought one instead of two. Courtney Masters addresses Mike Miller and said she believes that if he were to come into the office to speak to Bryan like previously discussed to understand more of how the District operates, she thinks it would help a little bit in making him more aware of these things. Abby asks how many customers we have currently, the answer is just under 5,000. Abby states a 2% increase across 5,000 customers is not very much and considers this is the only way that we have revenue to operate. A 2% increase puts our nearly 5,000 customers at a monthly increase of about \$2. We also have to revisit the fact that our cost of chemicals has doubled. In that situation there is no cost-saving measure as the increase in chemical cost is out of our control and a necessity in our treatment. If we are not doing a regular annual increase, we will need to do something reactionary in the future. We have been able to piece together repairs as they come along in efforts to prolong the life of parts and equipment to save the larger costs of replacements. Although the cost-saving measures that have been taken do not show up in the balance sheets, they have been done when making all decisions. Mike states he isn't doubting that at all and appreciates Courtney's input but when he looks at the numbers, he thinks we are right where we want to be with the \$1million in the bank in operating funds and the \$1.5million in capital funds which are budgeted, and he thinks we should come out a little bit ahead. He agrees we had no increase for two years, but any increase is still going to need to be explained to our customers as to why it is happening, and Andy was going to put something together. Andy confirms that document is included in the board meeting documents. Bryan Klein states in the 8 years he has been here as superintendent, there has been one rate increase that was based on operating expenses. All other increases have been project/debt related only. He is very proud of the people that work here with there being almost 5,000 customers, 31 lift stations, and over 500 miles of sewer line in the ground and it is all maintained by 17 employees. That fact that was all done with only one rate increase for operating shows cost savings and efficiency as the cost of everything goes up. Steve Brock addresses the 0% interest rates on bonds to keep our debt down as low as possible and to keep the customer impact as low as possible. Rob states there is always going to be a negative reaction to introducing a percentage increase on the high end to motion lower later. Rob thinks we should wait and introduce next month. Abby VanVlerah encourages any board members who would like to meet with Brayn at a later date to get their questions answered before the next meeting to continue the discussion then. No motion at this meeting.

## NEW BUSINESS

Encroachment Variance Request – 140 Ln 160 Crooked Lake: Gary Manahan from Manahan Construction presents his request for an easement encroachment to construct a new deck on an existing cottage. The proposed deck would encroach 30” to 48” on the 5’ easement of the lateral sewer line. It would follow the same footprint as the existing deck but would increase from 6’ to 8’ in one direction. The deck would not be going over the lateral sewer line. Bryan and his team have reviewed the proposed plans with no issues.

Kelly Johnson moved, and Craig Rice seconded the motion, to accept and approve the encroachment request for 140 Ln 160 Crooked Lk 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 140 Ln 160 Crooked Lk.

## ATTORNEY REPORT

Potential Agreement for Connecting Jellystone Campground: Back when we were in the planning stages of the NED II project, Jellystone was interested in connecting. Jellystone has reached back out to see if they are still able to connect. They would put in all of the infrastructure and hand it over to us. This addition would be at no cost to the District. This would be roughly 600 connections, which is a fair amount of revenue. The board agrees to revisit this potential agreement with Jellystone.

Notice of Rate Hearing: No hearing set at this time. Will wait until next month to set hearing date. Abby would like Andy to create some talking points for the board off of the rate hearing notice in the board meeting documents. This should meet Mike’s request for information to relay to the customers affected by a rate increase.

## ENGINEERS REPORTS

A. JPR Update Memo: We have about 70% of the new easements in hand. Some of those are new customers. If they do not sign the easement agreements, we will not install equipment at the properties, and they will have to install at their own costs. JPR is sending out follow-up letters. The deadline has technically passed, and the letters will have a revised deadline of January 22<sup>nd</sup>, 2025. If the contractor has moved out of the area and someone comes forward with a signed easement and wants to connect, if there is an additional contractor costs to remobilize to that area the cost is passed along to the customer. This is included in the follow-up letter. The progress map gives an idea of where we are at. We will have a separate map for Contract C once they get up and running sometime in January 2025.

B. NED Phase 2 – Construction Update – Steve Henschen updates:

*Contract A* which is being done by Selge Construction for Lift Stations 1, 2, and 9. We are waiting for NIPSCO to come and provide service. We have to have everything there and ready to go to switch over, so we are built as much as possible at this time. Once we have gas for the backup generator we will move forward with the switch over. We are roughly 80% of contract time with this change order. They are about 75% earned on their contract.

*Contract B* which is being done by Niblock Excavating for the West service area collection system phase 1. Niblock is at the North end of Snow Lk. We are 61% of contract time and they are about 30% of the contract value earned through payout.

*Contract C* which is being done by Selge Construction for the East service area. Contract C is the lower part of Snow Lk and running East on 120. We are at 26% of contract time and they are at 2% of the contract value earned.

- C. NED Phase 2 – Contract A Pay Application #7 in the amount of \$851,137.30: Selge Construction is asking for payment in the amount of \$851,137.30.
- D. NED Phase 2 – Contract B Pay Application #8 in the amount of \$209,240.46: Niblock Excavating is asking for payment in the amount of \$209,240.46.
- E. NED Phase 2 – Contract C Pay Application #2 in the amount of \$119,106.25: Selge Construction is asking for payment in the amount of \$119,106.25.

JPR has reviewed all pay applications for work completed and found them to be appropriate. These are to be paid from project SRF funds.

Craig Rice moved, and Kelly Johnson seconded the motion, to accept and approve Contract A Pay Application #7 in the amount of \$851,137.30 to Selge Construction, Contract B Pay Application #8 in the amount of \$209,240.46 to Niblock Excavating, and Contract C Pay Application #2 in the amount of \$119,106.25 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 Contract A Pay Application #7 in the amount of \$851,137.30 to Selge Construction, Contract B Pay Application #8 in the amount of \$209,240.46 to Niblock Excavating, and Contract C Pay Application #2 in the amount of \$119,106.25 to Selge Construction.

F. NED Phase 2 – Contract A Change Order #4 in the amount of \$103,570.00: Selge Construction is asking for a time extension to April 2025 due to waiting on NIPSCO through at least December into January. Bryan and staff have reviewed and are comfortable with this time extension. JPR is also asking for a couple of items to be added to the change order. These lift stations have large 16” force main pipes with large plug valves that are 8’-10’ long with large gears. They are buried and the District needs to be able to open and close them. We normally have a standard valve box on them, but the new valves come with a plug valve indicator dial which shows if the valve is open or not. The gear indicator dial is just another tool for the team in the field to know the position of the valve and if it is open or not open. They occasionally need a break and need to be exercised. This valve indicator will also help staff know if they are over tightening and

putting extra stress on the stem. We have 10 different locations on those three pump stations where we would put a larger valve box that has a lid on it but as they are operating, they can actually see the indicator. The standard box is only a 5" thing and cannot see the valve indicator that is 5' below ground. The cost of each larger valve box is about \$2500 each, with a total cost of \$25,000. The second item is called the OBIC coatings in the wet wells. On the previous projects, since about 2017, we have been specifying a product in our concrete structures called con shield that is an add mixture that goes in when they make the precast concrete panels. The whole purpose of it is to help reduce concrete corrosion from hydrogen sulfite gases. Bryan and his team as a part of their annual maintenance were washing down the wet wells from the NED Phase I project at the Lone Tree Point/Lake James area and two of the four lift stations are exhibiting concrete corrosion and have the con shield. These stations are now 4 years old. So, we are seeing the same type of corrosion in these stations as older stations that did not have the con shield. Every structure in the NED Phase 1 has the con shield additive to the concrete panels. Steve said they have been using this con shield all over but not seeing this issue all over. For example, the City of Fort Wayne made it a standard in the specifications back around 2018. We are expecting pumps to last 15 years and these concrete structures to last 50-75 years, but we are 4 years in and seeing this corrosion. They will not last that 50-75-year range with this corrosion. There is a 1-year standard warranty. Some things we are looking at right now after having a meeting with Bryan and Cole and Midwest Tile, they are a concrete manhole manufacturer, and they buy the con shield product from the company that is the maker of the con shield; they saw the photos of the corrosion and also expressed concern. They have been doing this since around 2015 and these are the first concerns about corrosion they are seeing with the con shield. They are going to bring the makers of con shield in and have a meeting to address the specific concerns regarding the NED Phase I stations with corrosion and the current and future projects. We need to make sure they had the correct liquid mixture. They use 1 gallon of this con shield liquid mixture with every 1 cubic yard of concrete. We expect to hear back from them this week or next about possible testing that can be done on the existing concrete that is having this corrosion problem. Andy has been brought up to speed on this situation in case it turns into a possible legal issue but that is not where we are moving to at this time. We are looking for answers as to why we are experiencing this with the con shield product. With the size of our structures, the value of their product is estimated at \$10,000-\$20,000 per structure. If we were to rebuild the structure the cost would be approximately \$100,000 per structure, and there are four structures we are talking about. On Contract A which was approved with con shield and the manholes are all in the ground; after discussing with Bryan and not wanting an additional delay of a year, it would be worth it to pay for a concrete liner. This is something we are currently doing on lift station 13. It goes on in three layers, is a 1/2" thick, and has a 10- year warranty. If there is a failure, they will come look at it and do the repair. The cost of that coating on these three lift stations (1, 2, and 9) would be \$89,320.00. From a construction standpoint, we always have a contingency fund that is usually 10%. If this is approved, we will still have approximately \$700,000 remaining in the contingency fund for Contract A and Contract B. We have had to use some contingency funds previously along Co Rd 300 due to that other utility work and we should not be using all the funds as originally thought (approximately \$300,000). The contractor so far has been able to put in

fewer road cuts, which has reduced costs. We are optimistic that we will have \$100,000 remaining from those delegated contingency funds. We think this is a good investment in one of our most expensive assets. Craig Rice asks how many more wet wells we have to install in this current project. There are three more lift stations to consider in the NED II project. We are looking at doing the liner instead of the con shield. The approximate cost of the con shield per station is \$10,000-\$18,000, so a total cost of \$30,000-\$54,000. The coating is \$20,000-\$30,000 for each station, so a total cost of \$60,000-\$90,000. Bryan is talking about eliminating the con shield and delegating those funds towards the expense of the coatings since we cannot trust the con shield to protect the concrete structures. There are other coating manufacturers that do not offer a warranty. Previously we were unable to easily shut down a lift station to do the coating but the way we are setting these stations up currently allow us to easily take a pump station down for the three days it takes for the coating since we have the bypass structures. The first day is the pre, second is coating, and the third to clear all the gear out of the structure. Andy asks if this is new technology, and the answer is no but it has come a long way. This is not a liner but is a coating, so we do not have to build an additional concrete wall on the structure.

Craig Rice moved, and Kelly Johnson seconded the motion, to accept and approve Contract A Change Order #4 to Selge Construction in the amount of 103,570.00 and including a time extension until April 1<sup>st</sup>, 2025, 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 Contract A Change Order #4 to Selge Construction in the amount of 103,570.00 and including a time extension until April 1<sup>st</sup>, 2025.

G. NED Phase 2 – Contract B Change Order #8 in the amount of \$20,506.50 with Niblock Excavating:

H. NED Phase 2 – Contract C Change Order #3 in the amount of \$20,856.00 with Selge Construction:

For both Contract B change order #8 and Contract C change order #3: These are changes in relation to relocating sewer equipment at particular properties per the homeowner's request. The District has made it a goal to try and work with the homeowners on these requests as much as possible. Our inspector is meeting with property owners currently. Bruce Deters, who retired from the District is working with JPR and doing site meetings. There is no time extension with these change orders.

Craig Rice moved, and Kelly Johnson seconded the motion, to accept and approve Contract B Change Order #8 to Niblock Excavating in the amount of 20,506.50 and Contract C Change Order #3 to Selge Construction in the amount of \$20,856.00, 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 Contract B Change Order #8 to Niblock Excavating in the amount of 20,506.50 and Contract C Change Order #3 to Selge Construction in the amount of \$20,856.00.

## OLD BUSINESS

Paid Parental Leave Draft: Draft prepared by Carson LLP for review. 2 weeks paid and 4 weeks unpaid for a total of 6 weeks leave. Kelly Johnson moved, and Mike Miller seconded the motion, to accept and approve the Paid Parental Leave Draft for 2 weeks paid parental leave 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 Paid Parental Leave Draft.

## DISTRICT BUSINESS & OTHER GENERAL MATTERS

- A. Manapogo Park has contacted us with interest in connecting to the District sewer system. That would be approximately 300 connections. We will be meeting tomorrow to discuss details before having further discussions.

## PUBLIC COMMENT

Theresa Steele at 360 Ln 150 Little Otter Lk: Theresa Steele is a part of the Facebook group and sees the posts and comments. She would like to see information readily available. She looked up the agenda for today and called the office today to request records. She would like the records request to be easier to access on the website. Courtney Masters clarifies that she believes Alyssa in the office went over the steps of how to request records on our website. Courtney will look into this again tomorrow as Theresa said it kept taking her back to the FAQs on the website. Theresa asks what the public has access to, and Andy clarifies they have access to almost everything except employee personal files. The records are also all available on Gateway which is the State's financial website. Those items can also be requested directly from the District if you do not want to go through Gateway for those financial documents. The difference would be the 48-hour wait time for the District to gather the documents when requesting records directly from the District versus immediately being able to access and view them on Gateway. We could look into adding supporting documents to the website and keeping them up for a month at a time. The issue with this consideration would be the space the documents take up on the website to leave them up any longer as well as the charges per page to put PDFs on the website. That would come at a cost. Theresa asks about Boardable, of which Abby clarifies that is the site for the board members which is private. It is a subscription that we do have to pay for 0-20 users, which takes care of all of our board members as well as the engineers and lawyer to use the service for meetings. It is a private subscription and not for the public as it has a limited number of users. Google Docs is an option to look into for making PDF documents more accessible. Theresa would like to stop the speculation online and have documents more easily accessible. One issue is how people interpret and try to understand some of the documents without having the context that we have at the meetings with the lawyers, engineers, discussion etc. These meetings are recorded and then the minutes are available. The audio recordings can be requested directly from the District. We would need to look into the best way to send those audio files. Customers can also log into the meeting on our website to listen. Theresa suggests YouTube as an option to post a video recording of the meetings. These are questions for our IT team as well and any costs that go with these options.

## 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.