

Minutes BLCD

September 9, 2019

Meeting called to order at 7:00 pm by Chairman Lisa Waterman. In attendance were board members Jim Davis, Don Greve, and Vince Simmers, Legal Counsel Andrew Grossnickle. Darlene Ramus was not present at the meeting onset but arrived at 725 pm. Guests included Realtor Jeff Schenher and local landowner, Don Shearer, and Blue Lake Association president, David Waterman.

Waterman asked for a motion to accept the minutes, Simmers made a motion to accept, Seconded by Greve. Motion passed.

The **financial report** was delayed until Ramus arrived later in the meeting and was discussed at approximately 8:12 pm, following the presentation and session with Shearer and Schenher. Ramus read the Accounts Payable Ledger which totaled \$24,211.95, with checks starting #2478 and ending #2503, motion by Simmers, seconded by Davis. Report accepted with Notable differences from normal monthly charges and discussion as follows:

Eberly Electric – new vendor as Eberly just created his own firm after having worked at LA Electric for many years. Maintenance Supervisor Hamilton wants to continue to use him since Eberly previously worked with the BLCD as an employee at LA Electric and knows our system.

Petty Cash – Waterman asked about its use. Sue Hamilton, Finance Clerk, said it is used for stamps and small packages and is retained at \$200 in cash.

Payment to R Hamilton – Greve expressed concern over the \$350 in violation fees paid direct to Hamilton. He said he felt Hamilton was paid to maintain the system and that fixing a problem was part of the job, and that violation payments should come directly into the BLCD. Hamilton relayed that would be fine, but that was not the way it had been set up nor discussed during the life of the BLCD. Waterman interjected and said both parties are correct. The current board has expressed concerns previously but that current and past practice has been to pay the violations direct to the maintenance supervisor. Any changes to that practice would be associated with a change to the Maintenance Supervisor's contract and would need full review. *Hamilton contract needs to be reviewed.*

Additional funds were paid to Hamilton for the hours spent associated with manhole risers installed as part of the recent paving project around Blue Lake of \$395. Rick also assisted Bonar Engineering, when boring was required under the road due to broken conduit, in the previous month. Hamilton feels this is a great deal for the BLCD given his \$35 per hour rate versus paying their engineering team to do it for \$150-\$200/hour charges.

Missing check number 2502 was noted to be on the July Report.

Treasurer Ramus continued with the Statement of Financial Condition which shows the Checking account balance at \$152,632.38, with incoming deposits at \$25, 921.67, \$24,211.95 outgoing, for a checking account balance of \$154,392. Added with the CD at \$100,747.20 creating current assets of \$255,139.30. Monthly Budget was presented and review.

A few additional questions came up regarding the reports including: "Outside Labor" is labor used typically to help Maintenance Supervisor will additional help as needed. Insurance costs was noted with a substantial savings, and annual bond payment will be coming up in September; Outside billings like LA Electric/Bonar, etc. is over budget by \$292; lease buyout of \$4500 completed but not budgeted. Waterman asked that reports not be given with crossouts and asked that Hamilton take the time to submit a clear report that is ready for review.

Finance Reports accepted as presented, Motion by Davis, seconded by Simmers to accept. Motion passed.

President Waterman noted that BLCD board had previously spoken about the value of the pumps retained at Rick's property at that a potential increase in insurance coverage was warranted. Per last month's meeting, Hamilton relayed

the value of the pumps closer to \$75,000. Waterman asked Sue Hamilton to pursue appropriate insurance coverage through our carrier. She agreed to do so and relayed she would contact Mark Coonrod.

Rick Hamilton provided his Maintenance Report to the Board of Directors. Hamilton relayed continued problems with the SE pumps as discussed in the previous months' meeting. He continues to think the hot weather is causing them to overheat and is working with the engineers from the manufacturer to determine a cause and remedy. MBI representative will be coming to review other pumps from Michigan.

Hamilton also presented a better gasket to use at original install that can prevent the infiltration problems we are seeing in our pump pits. Whereas Simmers' suggestion regarding fix-its are to correct existing problems, Hamilton suggested a gasket in new installs that may avoid the infiltration issue altogether, basically allowing more give in the gasket due to the weight of the dirt.

It is unclear if it will be an effective alternative, but Hamilton wanted to offer all possible options. More information will follow in upcoming months. Overall operations within the BLCD seem to be working well. Significant rainfalls have occurred during the period but everything resolved itself.

Waterman asked Davis if he had a chance to review the electricity bills that were previously marked as particularly high during previous billing periods. Davis relayed he was unable to dedicate time to the task this month, *but hoped to review over the pump/lift stations' reports for inconsistencies and issues in the coming month.*

**NEW BUSINESS** – Don Shearer, a landowner within the BLCD, is in attendance to discuss a potential development proposed by Jeff Schenher where 50 acres will be developed with approximately 50 new homes. This development lies off Anderson Road on land currently owned by Shearer and is a direct result of the recent school referendum. Shearer is interested in creating nice homes in our area. It will not be another Threshers Ridge which is focused on more starter family homes. Schenher attended the previous BLCD meeting and we agreed to ask our engineers for a review of what studies he thought would be necessary for us to determine if we could pursue. Waterman relayed that while the Maintenance report seemed like everything was great, majority of problems with the BLCD is in the stretch running along Harrold Road during rains and the rainy season which is where this development will connect.

The study would be required to move forward as BLCD must determine if our system is capable of handling an additional 50 homes at our weakest point on the BLCD system. Shearer agreed to pay half of the estimated \$13,100 to get things rolling which Grossnickle previously requested would be paid PRIOR to any work being done by the engineering firm. BLCD agreed to hire the engineering firm, Jones Rapinski with Henschen, once payment was received. Shearer relayed the engineers' report was put forth into two parts – review of the current system to determine available flow and a future plan if additional homes were built.

Shearer asked how long the engineer report was expected to take and Waterman responded that Henschen did not relay that this would be delayed in any way.

Shearer detailed that he did the development off 500, and it went well. Davis and Hamilton relayed there were plenty of issues there which were then exacerbated by the depth of the system and that a new system would need to look much more like the system serving homes around Blue Lake in a pressure system versus the gravity system on 500.

Shearer asked about infiltration and Davis relayed that we believe 500 is a major contributor to our infiltration issues. Shearer offered to help remedy these issues with financial support

Shearer asked about what percentage capacity we were utilizing of our allocated usage with the Town of Churubusco. Waterman explained that it worked a little different and basically, the town has allotted the BLCD a certain % of their capacity to ensure BLCD will always have operational capacity there. There are currently no issues to our capacity, and as our engineer Steve Henschen previously mentioned and Davis mentioned, the issue really isn't about capacity, it is about the existing pumps' ability to handle the waste generated by current freeholders and additional waste from the new homes.

In closing, Shearer said he thought the development would be very beneficial for the area. Waterman agreed and said the BLCD board had voted previously to move forward with the development and said if we didn't feel good about it, we would not be pursuing it. Before BLCD can fully pursue, it must be determined if our existing system can handle the additional waste without detriment to our existing Freeholders.

Waterman reminded Shearer and the BLCD board that a motion was made at last months' meeting to pursue the engineering study referenced and we agreed to split it half with Shearer. No further motions were required. Schenher then asked about utilizing the least expensive option for a system and Waterman relayed that the BLCD would be relying on our engineers' opinion, not focusing on the costs but rather creating a system that could be maintained and supported appropriately and efficiently into the existing system. Davis clarified that the BLCD system is a pressure system, not a vacuum system. Waterman asked Sue to generate a bill to Shearer for half of the engineering study cost. Shearer relayed that he could be reached by phone if further questions at 260-693 2922 or 260-503-5234

After Shearer left the meeting, Waterman asked the BLCD Board if additional info needed to be discussed concerning Shearer and his developments. Davis relayed that the original development on 500 started out as just 15-16 homes, but that it ultimately turned into 25 homes. While Davis was on the BLCD Board at that time, everything seemed okay, but upon his inspection once the project started, he said he relayed to the BLCD board that he expected future issues given the use of gravity lines versus individual grinder pumps. Davis said we are much smarter now, and we are recognizing issues before they start. Waterman then asked all members and the Maintenance Supervisor, given various expertise, to ensure we would address issues before they begin, in essence, to not put a band-aid on something when we needed to do surgery. The key is to monitor at installation and to review if we should be using individual versus shared pumps.

**NEW LEASE** – David Waterman, President of the Blue Lake Association Board, offered the lease of the BLA community building for BLCD office space for signing. Lisa Waterman, BLCD President, relayed that all persons agreed with some recent suggested changes including a security deposit of one months' rent of \$600 but two other issues needing to be included/addressed. The original lease did not include signage, which is a requirement and also, as a private utility, the BLCD needs sole possession of any entry/access keys to the office space rented. She requested that the doors be rekeyed and that BLCD President and Finance Clerk be the only holders of the keys and that BLA could have access to the office space with 24 hours' notice. She also requested that the BLCD be allowed to post appropriate signage so patrons could find the BLCD office. Dave Waterman relayed they had no problem with either item and agreed we move forward as originally planned with an October 1<sup>st</sup>, 2019, move in date.

We can affix signage to the building per Greve and Dave Waterman.

**Barry Anderson Property**—At last month's meeting, Anderson was present to question how his bill was so substantial compared to the monthly charge of \$68.20 times 12 months. Finance Clerk Hamilton presented his payment history and lack therein. Anderson's bill has been paid annually by his mortgage company. The BLCD board reviewed the report and found that Anderson is not being overbilled, but rather has accumulated several years of charges. IN aggregate, the bill is substantial as it represents several years of charges. The board determined there is no overcharge. Waterman noted that in the future, with the proposal of a disconnect policy, that cases like Anderson's would need to be reviewed. Case closed.

Ramus brought up Ziegler trailer court and asked why they are not required to pay for pumps like everyone else. Waterman said it is because of lack of follow up and showed the letter that Waterman and Fin Clerk Hamilton showed letter sent to request remedy on smoke testing. *Follow up required. 8/.29 sent out, response needed*

**ONLINE Payment update** – Waterman relayed she requested help from the Vendor, Paygov, as she was unable to do it herself.

**Website** – Waterman again relayed she needed pictures of all BLCD representatives. Ramus relayed that she had previously sent her photo.

**Logo letterhead** – Logo is complete at a cost of \$52.50. Reimbursement needed to Waterman

**Boundary lines** -- Simmers relayed he was beginning his work, but wondered about considering new homes coming into the system. The BLCD, through discussion, said we should make the areas roughly even NOW, without worrying about future additions and that the boundary lines needed to be established quickly as the elections would soon be coming up.

**Busco Rate increase** – Waterman reported that the Town of Churubusco feels a rate increase is warranted as they have previously given the BLCD the East End users, which resulted in less revenue to them, and we have had very limited increases since the BLCD was created in the late 1980's. Grossnickle, Waterman, and Simmers have been involved in these ongoing discussions since April 2019.

Jeff Rowe, of BakerTilly Consultants, is representing BLCD and given a multitude of financial changes submitted by Buzz, the Busco consultant, and he continues to refer to our Interlocal Agreement which dictates and governs our arrangements. There is a multitude of different requirements within the agreement, and to ensure we have good relations going forward, representatives of the BLCD and the Town Council will meet semi-annually to review our relationship. The Interlocal is now about 30 years old, and we believe it has a sunset provision of lasting 40 years, as referenced recently by Ron Felger, attorney for the Town of Churubusco.

In reference to the exception for their I & I (infiltration and inflows) and our exclusion to the charges as outlined in the Interlocal Agreement – the BLCD system does not connect directly into their system but rather connects to a pipe that goes behind Turtle Town Plaza, around the town, and connects up somewhere by Sunny Slope in Churubusco. Our system does not enter and then get processed throughout their system. Waterman relayed that she asked Utility Clerk Sade Bartl about if Turtle Town Plaza was on our line – she said she wasn't sure. Waterman asked about Thresher Ridge and Sade Bartl said absolutely not. All in all conversations are progressing, but Waterman advised there would absolutely be an increase, but not sure how much the increase would be. The Town has agreed that such an increase could be eased in over time, with approximately 30% annually until we reach our agreed upon rate.

She also noted that the increase in fee is associated with the processing portion of the bill, NOT the debt service. Debt service represents some \$45 dollars of the monthly residential rate. We are charged \$3.50/1000 gallons processing rate currently and this rate is subject to increase. Due to changing data, Jeff Rowe, our consultant, is planning to submit a suggested rate, using smaller depreciate figures and some limited ancillary I & I associated cost increases, to bring remedy and closure. Next meeting is slated for Monday, September 16, 2019. Waterman also acknowledged that BLCD will also need to do a rate study to determine how much of the increase may be passed to our customers. Sue Hamilton was asked to have the breakdown of the bill for the BLCD board at the next meeting. Davis asked about gathering us all together to further discuss and Waterman relayed we could not given the Open Door laws as if all members attend, it is a public meeting. Waterman, Simmers, and Grossnickle will relay further developments to the BLCD board.

**Office relocation** – Waterman relayed that she was trying to reduce the amount of boxes required to be moved by determining the retention laws about how long certain documents needed to be retained. Grossnickle said the laws were sketchy so he would suggest 15 years.

Waterman pursued looking into a scanning service, like Iron mountain and had requested a quote. Await quote for scanning.

Schedule is to move in 9/30/19 into new office and have office ready by October 1<sup>st</sup> at new location. Finance Clerk was asked to secure appropriate office services including phone fax and internet. Waterman asked about who would serve as BLA representative so that Finance Clerk or anyone on the BLCD board having issue have someone to speak with. Greve relayed that David Waterman, BLA President, should be that contact. Greve would serve as the contact for the BLCD board.

Waterman offered a Resolution to formally change the official location of the BLCD office to 7419 E 550 North, Churubusco, IN 46723. Our previous Post Office Box 184 is retained. Waterman read the Resolution 2019-02, in its entirety. Simmers made the motion to accept, seconded Greve. Motion passed.

Hamilton, Waterman and all agreed that deadbolts would be needed on all entry doors given we are a public utility.

**Lease agreement** – Grossnickle, our legal counsel, prepared the lease together based on the written agreement BLA and BLCD had put together. Waterman focused on a few key aspects including that it was for a 5 year renewable lease for \$600 month, due on the first of the month with a \$25 late fee if paid late; a security deposit of \$600. It was also noted that Sue Hamilton needs to contact Star Insurance – Mark Coonrod to determine appropriate liability maximums for the agreement and ensure appropriate coverages. We will have use of the larger meeting space at the BLA building on the first Monday of the month and the second Monday of the month having holiday Mondays. The lease also specifically addresses cleaning given the restroom is likely to be used by BLCD people during the week and renters of the BLA building during the weekends.

**Need new lease** for pump storage – Grossnickle to prepare to ensure appropriately done. Rick will sign a Conflict of Interest statement, and the statement and lease agreement are submitted to the State of Indiana for acceptance.

**Review of contracts** – delayed.

**Review of I & I couplers** – Simmers estimates costs of the couplers designed to fix I & I to top out at some \$125, with a possibility of some reduction based on the use of Schedule 80 couplers versus others. Real cost will be the labor to install. Simmers relayed that backhoe would cost \$3000 month, or \$600 per day. Mini-excavator is about \$1500.

Discussion ensued. Rick Hamilton relayed he had previously worked with IronClad and they were able to fix about 7 of these in 4 days and he would prefer to work with them. Overall the couplers themselves will be a fixed cost, so Waterman pressed the others to offer a motion for an amount to authorize Hamilton to pursue remedy. Hamilton said he would charge for his time at \$35/hour, and there would need to be one other person or he would work with a company like IronClad.

Motion made by Greve, seconded by Simmers, motion passed to authorize \$10,000 to remedy our I & I through remedy proposed by Simmers to replace certain couplers. Hamilton will create a focused plan of priority areas and work with IronClad to determine the optimal use of time, energy, and resources.

He will charge separately for his time associated with this project as it includes the movement of dirt.

Meeting adjourned at 9:54 pm.

Respectfully submitted,

Lisa L Waterman, President and Recording Secretary

Accepted this \_\_\_\_\_ day of October, 2019.

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