

SHOREWOOD FOREST UTILITIES, INC.
425 Utility Dr
Valparaiso, IN 46385
219-531-0706

BOARD OF DIRECTORS MEETING

President, Terry Atherton
Vice President, Randy Becker
Vice-President, Gary Maxwell
Secretary, Chuck McIntire
Treasurer, Phil Litherland
Assistant Treasurer, Donna Atherton

Regular Meeting of January 16, 2012

NOTE: All minutes are summarized to give the community the essential information of what has happened at meetings and what votes were taken. Board discussions and public comments are not presented verbatim.

Pursuant to the call of the Board of Directors of Shorewood Forest Utilities, Inc., Board President Terry Atherton called the January 16th meeting to order at 7:07 p.m. in the Shorewood Forest Clubhouse. Directors, Gary Maxwell, Chuck McIntire, Randy Becker, Phil Litherland, & Assistant Treasurer Donna Atherton were present. Also in attendance were Plant Manager Forest Ash, Office Manager Linda Walla, and several residents.

Approval of Prior Minutes:

A motion was made by Director Litherland and seconded by Director Becker to approve the minutes for the December 19, 2011 Board of Directors Regular Meeting. The motion was approved unanimously.

Shop Report:

As reported by Plant Manager, Forest Ash:

December 17, 2011 – January 12, 2012

Main Plant

1. Our NPDES Permit is for 450,000 GPD. We had an average flow of 175,890 GPD and our high flow was 324,460 GPD. We treated a total of 5.5 million gallons of wastewater last month, or 39% of our permitted capacity. We removed 99.2% of BODS, 98.7% of Suspended Solids, 99.3% of Ammonia, and 98.2% of Phosphorus. We had no violations this month.
2. On December 28th, we walked to the outfall for our monthly inspection. We did not see any visible solids. The creek and the outfall are clean and odorless.
3. On December 27th E-Squared came out to work on the SCADA alarm. We found that when the SCADA called for high levels, it would give us random numbers and did not identify the problem.

E-Squared found that the wave files were not installed properly and they reinstalled them. The SCADA is now working.

4. On December 29th, Eddie Depositor from IDEM came in a second time for an inspection. We walked to the outfall and discussed the letter we had sent to IDEM. He feels we should be able to shut off #4 aeration tank and that the operation is at the discretion of the plant operator. Mr. Depositor stated that we should be free to run the plant as efficiently as possible, without compromising the integrity of the effluent limitations.
5. On January 7th, after running the 30 minute settleable solids test, I noticed that the solids were fluffy and not condensed. This could be caused by a couple of things. One reason is wasting too much causing a younger sludge that is harder to settle. Another reason may be too many Filamentous in the aeration tank. I did not waste over the weekend to test the sludge age; the solids came up instead of going down. Monday, January 9th, I started a chlorine drip in the return to kill the Filamentous bacteria. This seems to be working. The solids have come down and the sludge is settling better.
6. On January 11th, we had been noticing that the level in the aeration tank had been getting higher than normal; we were afraid that the pipe between the aeration tank and the clarifier was plugging up. We had Metz jet the line and the level seems to be back to normal.

Lift Stations

1. Lift station pump run times from December 1 – 31, 2011

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	139	7	Nature Preserve	703	63.9
Pixley	479	26.7	Devon	1840	54.5
Edgewood	875	50	Main	7049	180.2
Surrey Hill	740	45.1	Wessex	561	46.2
Wexford	758	38.1	Scarborough	497	20.4
Amhurst	1361	114.7	Shorewood Ct.	653	40.5
Roxbury	1064	66.1			

2. On January 3rd, we pulled the pump 1 from Devon Lift Station. The pump is a 7.5 hp Hydromatic pump and in order to get the pump out, we had to physically jog the pump and force it out of the wet well hatch. The new 7.5 hp KJI Hydro pump volute is 1 1/2 inches bigger than the Hydromatic that we pulled out. After discussion with our representative from Hydro Aire, we felt confident that the 5 hp pump we had in stock would work since this lift station only requires a 5 hp pump. We installed the pump and it is working fine.

Sewer Lines & Manholes

1. No sewer line problems this month.
2. Sagamore has completed laying the sewer service and service laterals for the completion of Phase 1. We will begin to pressure and vacuum test soon, depending on the weather.
3. Philip and Riley have worked on the manhole repairs. We have 3 left to complete and 1 that can not be found.

Other

1. On December 18th, Lot 105 on Wessex Ct called stating that her toilet would not flush and something was wrong with our sewer. We sent Philip out to investigate and found out that she had no water pressure in her toilet. There was no problem on our end.
2. Our UV disinfection lights are due for changing. We are ordering new UV lights to keep our disinfection in good standings.
3. We have received the bid for repair of the 5 hp grinder pump from Hydro Aire, the bid was \$3,177.00. A new one from Hydromatic is \$4,250.00. The bid is enclosed.

Questions ensued regarding Forest’s shop report:

President Atherton asked Forest which lift station needed the Hydromatic Grinder Pump. Forest responded that the 5 hp grinder pump is needed at the Pixley Lift Station. Forest stated that the cost of a repaired pump is \$3,177 from HydroAire and the cost of a new pump is \$4,250 from BBC Pump and Equipment Co. Inc. Director Litherland asked Forest what the warranty would be for the repaired pump versus the new pump. Forest replied that there is a one year warranty on the repair pump and a 3 year warranty on the new one. Forest recommended that we purchase the new pump. President Atherton stated that the new pump would be a capital replacement asset with a 5 year useful life. Director Maxwell asked Forest how long the previous pump had been in use. Forest stated that the last pump in the Pixley Lift Station lasted 7 years.

It was moved by Director Litherland and seconded by Director Becker to accept the quote to purchase a new Hydromatic Grinder Pump for the Pixley Lift Station from BBC Pump and Equipment Co. Inc. in the amount of \$4,250.00. The motion was unanimously approved.

Director Litherland asked Forest if there are any recycle requirements regarding the old UV lights. Forest stated that yes, there are recycle requirements and that he would contact the supplier, Trojan UV to find what needs to be done.

President Atherton stated that Nathan from Midwest Contract Operations reported that he believes the line going from the aeration tank to the clarifier is too small for the flow. President Atherton asked Forest to follow up on Nathan’s observation.

President Atherton stated that item #2 in Forest’s shop report, under “Sewer Lines and Manholes” should be corrected. The sewer lines in Sagamore have been completed in Section I, not Phase I. According to President Atherton, the completion of the Sagamore Subdivision is under one contract at this time and we still need a contract revision from Attorney Welsh that would allow us to accept the work in Phases.

Director McIntire asked Forest if the sewer lines that were completed in Sagamore have been televised. Forest replied that the televising would occur this spring. Forest stated that it is too muddy for them to attempt the work at this time. President Atherton reminded Forest that Shorewood Forest Utilities, Inc. will not permit any hook ups until the lines have been televised and only at that time, would we accept the completed Phase. Director McIntire asked President Atherton if we needed a formal letter of acceptance and President Atherton stated that yes, we would have to sign such an agreement.

Financial Report:

A copy of the financial summary was handed out to all members that were present. Treasurer Litherland presented the financial reports as follows:

The Summary Financial Report as of December 31, 2011 (*a copy of the full report can be obtained from the SFU office*) is highlighted as follows: Capital Replacement Fund \$118,601.29; Capacity Fees Fund \$514,093.21; Total Operating Fund \$329,737.28 (6.59 months of cash on hand); December Income \$62,955.22; December Expenses \$30,282.01; 2002 & 2005 Bond Payment \$17,781.42; December Net Income \$14,891.79; Year-To-Date Debt Service Ratio is 1.93 (1.25 is required to be in compliance with our Bond Covenants).

Treasurer Phil Litherland reported that during 2011, we collected \$15,625.73 from customers who were in arrears. He thanked Assistant Treasurer, Donna Atherton for her hard work and persistence in the collection of past due accounts. Several customers with arrearages received demand letters stating that Shorewood Forest Utilities, Inc. would dig up or cap their sewers for non-payment. Fortunately, we did not have to dig up any of those customers for non-payment. Upon payment of their arrearages, those customers were transitioned over to Indiana American Water for billing. Director Litherland reminded the Board that sometime this year, Indiana American Water will no longer bill the sewer portion for us and this could cause collection issues, which in turn would leave us with no alternative but to dig up customers for non-payment of bills.

Old Business:

There was no old business to discuss.

New Business:

Approval of Bad Debt Write -Offs in 2010:

Treasurer Litherland stated the bad debt write-offs for 2010 were \$2,669.18. Although, we are asking for the Board to approve the write-off for uncollectible accounts, we can continue to collect on those accounts should the opportunity present itself.

It was moved by Director Litherland and seconded by Director Becker to approve the 2010 write-off of bad debt in the amount of \$2,669.18. The motion was unanimously approved.

Bids for Pixley Lift Station Grinder Pump:

This was discussed and addressed during Forest's shop report.

Uniform Bids:

Director Litherland explained that we currently have Aramark as our supplier of uniforms, shop mats, and shop towels. They provide the service to us for a weekly fee of \$69.97. We have obtained two other bids for this service: Cintas, with a weekly cost of \$29.16 and Ziker Uniforms, with a weekly cost of \$50.00. Director Litherland recommended that we accept the lowest quote from Cintas. According to Director Litherland, we would be saving \$2,105 per year by using Cintas. Director Litherland also stated that for an extra charge of \$6.90 per week, we could obtain uniform jackets for Forest and Phil. There is one-time set up fee of \$27.50. Although it is common practice to sign a five-year agreement, Cintas will allow us to enter into a three-year contract.

It was moved by Director McIntire and seconded by Director Maxwell to accept the three-year contract from Cintas in the amount of \$36.06 per week for jackets, uniforms, shop mats, and shop towels. The motion was unanimously approved.

Kevin McCarthy (Lot 72-Sagamore) of Ziker Uniforms questioned whether Cintas has an automatic contract rollover. Assistant Treasurer Atherton responded that Cintas will not automatically rollover the contract. Mr. McCarthy also asked if Cintas would do a yearly price increase and if they have an extra fee for sizing. Assistant Treasurer Donna Atherton stated that Cintas will keep their price the same for the duration of the contract and that the extra charge for sizing was included in their total weekly bid.

Progress Report:

Wexford Lift Station Landscaping- Director Litherland:

Director Litherland stated that he would landscape the area at the Wexford Lift Station, sometime in April of this year.

Manhole Repair Report as of January, 2012 – Presented by Director McIntire:

Prior inspection of our manholes showed 35 in need of repair/adjustment, plus 5 with moderate to severe Hydrogen Sulfide corrosion.

The 5 with HS corrosion should be addressed in the 2012 CIP Budget. Two manholes were deemed serviceable and did not need to be repaired. Eleven manholes were awarded to a contractor for repairs and are now completed. It was deemed that SFU staff could repair 22 manholes; of those, 15 have been completed by our staff. The status of the remaining seven manholes is as follows: two are awaiting parts; one needs to have a phone cable relocated; one manhole cannot be located; and three manholes may require contractor assistance do to proximity of location in driveways.

After completion of our Smoke Testing program, we found we had another 27 manholes which were in need of having the lids/castings sealed to prevent surface water intrusion. Our staff completed all but one of these repairs in late December, early January. The remaining manhole is included in the “need of contractor repairs list”.

Forest and his staff are to be commended for getting so many of these done “in-house” and thus saving the Utility a great deal of money. If we had hired this out, there is no doubt; the cost would have been exorbitant. Director McIntire stated that Shorewood Forest Utilities, Inc. will obtain several proposals to repair and slip-line the manholes that cannot be done “in-house”.

Website Demo-Director Becker:

President Atherton stated that no further progress can be made until Director Becker is given the signed Shorewood Forest Utilities, Inc. By-laws, Rules and Regulations, and Articles of Incorporation to be included in the Website.

McMahon Efficiency Report & Letter to IDEM – President Atherton:

Today, President Atherton and Director McIntire met with Tim Bronn of McMahon and Associates. President Atherton stated that he asked Mr. Bronn to make some modifications to the final efficiency report to make clearer what the recommendations are and to give us a priority list that will allow us to develop a 5-year capital plan. We are looking at a cost of approximately \$2 million to incorporate McMahon and Associates’ recommendations. President Atherton stated that the Board will see what needs to be done in order to secure funds and plan a 2012 budget. He stated that we need to review which recommendations will help us continue to meet our NPDES Permit and which recommendations will help us increase our capacity. President Atherton stated that we should have this information by the next meeting.

Status of Non-Payment Issues- Assistant Treasurer Atherton:

Assistant Treasurer, Donna Atherton stated that Shorewood Forest Utilities, Inc. will continue to pursue those customers with arrearages.

Comments from the Board:

Director McIntire asked Forest why we are losing the SCADA signal at the Nature Preserve Lift Station. Forest replied that at times the tree foliage prevents the signal from being transmitted. E-Squared recommended raising the antenna 10 feet about the tree line; however, Forest is apprehensive of extending the antenna because the control panel will be more likely to move during high winds. President Atherton asked if we could move the antenna onto Blum's property. Forest suggested that instead of using Blum's property, we could run the antenna to the top of the hill near the Nature Preserve Lift Station and put it by the gates. President Atherton asked Forest how far we could run the coaxial cable. Forest replied that it is approximately 342 ft. from the Nature Preserve Trail to the poles at Shorewood Dr.

Director McIntire inquired why the level transmitters were not working. Forest replied that we previously used the Wika Level Transmitters that were recommended by the vendor that installed the SCADA system. After reading about the Wika Transmitters, Forest stated that he found out they are used primarily for water towers and not for measuring sewage levels. Forest stated that he has since purchased the Dwyer Level Transmitter with a surge protector. Forest stated that we are spending about \$150 more for the Dwyer Transmitters than for the Wika Transmitters; however we have had no problems since the Dwyer Transmitters were installed.

President Atherton once again commended Assistant Treasurer, Donna Atherton for all the work that she has done regarding the collection of bad debts. President Atherton reiterated the fact that it is the intent of the Board to follow through with the disconnection of sewer services for non-payment. It is not an empty threat. Fortunately, all the customers that were slated for dig-ups paid their bills before such action had to be taken; however, it is an option that we will use, if we have to. Recently, there was a newspaper article about a South Haven Utility customer that had his sewer plugged for non-payment of his sewer bill. Assistant Treasurer, Donna Atherton commented that the approximate cost to have a contractor dig-up a sewer is \$5,800, which the customer must pay before the sewer service would be reinstated. It seems that it would be more cost effective for the customer to pay their arrearage, for example \$450, than to incur an additional \$5,800 to reconnect their sewer.

Comments from the Membership:

Kevin McCarthy (Lot72-Sagamore) asked President Atherton to explain the McMahan Efficiency Report and the 5- year plan. President Atherton reported that McMahan and Associates conducted a study as part of our IDEM Agreed Order to help us achieve greater operational efficiency and capacity. They prepared seven basic recommendations, but they aren't prioritized. President Atherton stated that we would like to take those recommendations and put them into a 5 year plan. Currently, we have approximately \$500,000 in the Capacity Fund Account which is set aside for capital projects. We will need to raise the additional capital. Some of the projects reflect significant savings if they are implemented. The head works project, for example, will save us approximately \$100,000 per year. Over a five-year period, we can recuperate our costs for that project. Some of the projects must be done right away according to IDEM and that is what we are reviewing.

Adjournment:

Motion to adjourn was made by Director Litherland, seconded by Director Maxwell, and unanimously approved. The meeting was adjourned at 7:43 p.m.