

KOONTZ LAKE REGIONAL SEWER DISTRICT

P.O. Box 204
Walkerton, IN 46574

MINUTES OF REGULAR MEETING OF BOARD OF TRUSTEES OF KOONTZ LAKE REGIONAL SEWER DISTRICT

May 17th, 2022

The May 17th, 2022 Regular meeting of the Board of Trustees of the Koontz Lake Regional Sewer District was held at approximately 5:30 p.m., local central time, at the KLRSD Administrative Building, 10625 East Prairie Avenue, Walkerton, Indiana 46574. The meeting was called to order by Jeff Jarnecke. Other board members present were: Kristy Wilsey, Jerry Weber, Mike McKenna and Ron Armstead. Also present was Shelley Bell.

Mr. Jarnecke asked if there were any additions or corrections to the May 17th, 2022 Agenda. There being no additions or corrections, Mr. McKenna made the motion to approve the Agenda as posted, Ms. Wilsey seconded and upon vote, the Board unanimously approved.

Next, Mr. Jarnecke asked if there were any additions or corrections to the April 19th, 2022 KLRSD Board Meeting Minutes. Mr. McKenna made the motion to approve the Minutes as presented, Mr. Armstead seconded, and upon vote, the Board unanimously approved.

There was no Nominations Committee report.

Next, the Treasurer's Report was present by Mr. McKenna.

Continued on next page.

06/18/2022

KOONTZ LAKE REGIONAL SEWER DISTRICT

TREASURERS REPORT

Page 1 of 1

May 17, 2022

CASH

1 st Source Bank Checking Account		
Balance as of March 31, 2022:		\$298,865.72
Checks, withdrawals, debits		-\$36,327.28
Service charges		-\$32.54
Deposits and credits		\$52,106.74
Interest earned		\$25.59
Statement balance as of April 30, 2022:		\$314,638.23
Checks written but not cleared		-\$491.21
Available balance in checking:		\$314,147.02
Certificates of Deposit:		\$1,005,868.21
Total funds		\$1,320,015.23

RECEIVABLES

Reported by JPR as of 4/15/2022 **\$104,599.32** (see Note 1)

CLAIMS

The following invoices and claims are presented:

NIPSCO	CWP gas	\$230.50	*1
NIPSCO	CWP electric	\$4,896.80	*1
NIPSCO	OB gas & electric	\$212.03	*1
NIPSCO	CS grinder electric	\$1,462.61	*1
Republic Svcs	sludge hauling	\$0.00	*1
CenturyLink	Phone Svc	\$205.39	*1
Marshall County REMC	SLR electric	\$222.00	*1
Astbury Water Tech	Operater services	\$14,405.80	*3
Jones Petrie	billing services	\$2,720.00	*4
Jones Petrie	billing reimbursables	\$702.74	*4
Jones Petrie	locate services	\$2,080.00	*4
Jones Petrie	engineering	\$2,492.50	*4
Jones Petrie	inspection services	\$0.00	*4
Personnel Partners	staffing services	\$645.75	
Shelley Bell	bookkeeping expenses	\$32.48	
Starke County Treasurer	ditch tax	\$12.48	
	Total claims	\$30,321.08	

* Footnotes to Claims:

- *1 Preapproved for automatic payment.
- *2 Debit Card
- *3 Contract services plus SLR services, numerous service calls and repairs.
- *4 Contract services.

Note 1: Receivable aging:	Current	\$53,271.42	
	30 days	\$3,454.35	
	60 days	\$1,843.97	
	90+	\$8,704.54	
	Lien	\$37,325.04	5.8% (percent of annual revenue)
	Total	\$104,599.32	

Note 2: The Treasurer recommends approval to pay all claims listed above.

06/18/2022

Mr. McKenna feels comfortable with a 5% core replacement rate per year.

Mr. Jarnecke told the Board he would like to reach a consensus next month regarding rate increases and reasons for it with a projected rate increase to take effect in January of 2023.

There were no reports for the following:

- Asset Management
- Billing
- Engineer
- Operator
- System Manager – everything was noted as being okay.
- Building Manager – cleaner has injured arm, so she skipped this month.
- Website
- Compliance
- Contract Management
- Key Control
- P & P Committee
- Records Management

Regarding the PIR study by JPR, Mr. Jarnecke said he would follow up with Mr. Kenny Jones to get the final report.

Mr. McKenna said all Astbury invoices were legitimate. 21 grinders were pulled and replaced 3 to 5 times at a cost of \$650 to \$1400 each time. Questions to ask include what are the conditions of operation and why the recurring failures?

Mr. Jarnecke asked if the District can fine owners for issues that keep causing grinder failures. Mr. McKenna said the communication is the first step, however, the District can impose fines if in violation of ordinances.

Mr. McKenna noted that the District needs to change some of the ordinances to meet what we've been experiencing. He wants to get Mr. Jones and Mr. Fox together to look at frequent offenders.

Mr. Jones also recommended a comprehensive update of the GIS system. Mr. McKenna recommends them adding this to JPR's list of services and billing us on a monthly basis.

Mr. Jarnecke wondered if it might be better done by Astbury since they are the ones doing the servicing. Should it be the engineer or the operator providing this service?

Ms. Wilsey suggested getting a quote from both JPR and Astbury.

06/18/2022

There were no questions or comments on the Treasurer's Report. The motion to approve all claims presented was made by Mr. McKenna and seconded by Ms. Wilsey. Upon vote, the Board unanimously approved.

Next, Mr. McKenna talked about the 10 Year Financial Plan for the District.

We are currently at a 3 year annual revenue of \$720K.

Our average annual expenses are \$635K for these same 3 years.

Current Capital Improvement Fund available is \$825K

JPR was commissioned to help the District come up with a plan for the next 10 years, which included:

- Not spending \$250,000 on a Bar Screen. Mr. Dan Fox, of Astbury agreed.
- The Sludge Dewatering Pad is more of a convenience. Mr. Fox thinks a Sludge Holding tank might be a better idea. A Sludge Holding Tank eliminates the need for a second Dewatering Pad and saves the District \$60,000.
 - o It was explained that if we can get sludge to be more solid, it saves hauling removal costs because of the difference in water weight.
 - o Mr. Fox had also said we might do a IT Round Truck. Astbury might buy this truck but rent the service to the District. Doing this might eliminate the need for another Sludge Tank.
 - o This would also be a more efficient way of handling the sludge

Mr. McKenna also eliminated the Asset Management Plan from the Proposed Project Costs telling the Board that if we finance ourselves, we wouldn't need to pay this as it is needed more for State and Federal Funding.

Mr. McKenna estimated the District will probably need to buy 25 grinder units per year at \$3100 each, making Grinder costs 5% per year. This would come to \$800K in 10 years.

The question of what Swan Lake Resorts contributes to the costs was answered that Swan Lake pays 24% toward improvements.

Mr. McKenna said that, ignoring soft costs and inflation, the District would need \$1.215 mill over the next 10 years. While we currently have enough in Capital Improvement funds, it would basically drain

06/18/2022

down our Capital Fund. This also ignores possible higher inflation and possible emergency/unexpected repairs.

Mr. McKenna noted that most repairs at the CWP are done by Astbury including air flex hoses and valves, which are repaired as needed, not all at once per Mr. Fox. This way, these repairs are not a big project on their own.

Mr. McKenna also told the Board that Swan Lake's rates are adjusted annually based on the previous year's overall CWP costs.

Mr. McKenna said the District should also remind the public that we've been in operation for 10 years now without a rate increase. Our mission statement says we will provide service at as reasonable a cost as possible. Others noted that our District's rates are low compared to other districts.

We also want the public to know that the Board does not WANT to raise rates, but to plan for future needs it may be necessary.

Mr. McKenna wants to get a discussion going within the next month.

Mr. Jarnecke asked "What steps would we need to plan on?"

Mr. McKenna replied that we would need to announce a Public Hearing at the start of a regular meeting if we are looking at increasing rates. He believes it is required to have two of these hearings.

Mr. Jarnecke feels the District needs to have a better explanation for the rate increase and what projects it would pay for.

Mr. McKenna said he would get in touch with other districts who have been through rate increases and seek advice on what to do to be ready.

Mr. Weber said that the Board should give Mr. Fox the go-ahead to do work on the UV System. The current one has been failing and we need an air dryer. Mr. McKenna told Mr. Fox that if we need it, to get it.

It was noted that 53% of the grinders (250) are the original grinders. All are past their life expectancy.

Mr. Armstead noted that some of these grinders are used only for vacation properties, so they are not functioning with the amount of usage as grinders used for year-round residences.

Mr. McKenna noted that the District is doing a good job of keeping pumps in service even after failures. Mr. Armstead said the pumps are rebuilt several times to extend their life.

06/18/2022

Mr. McKenna noted that the price of grinder has gone up considerably. Previously, the price for 10 new grinders was \$2,300 each but now the price is over \$3,357 each. The current pricing is 10 for \$3,357 each, 20 at \$3,100 each and 50 at \$2,385 each.

Mr. McKenna told the Board that the District has only used the warranty on a few grinders.

Mr. McKenna made the motion to buy 50 units, Mr. Weber seconded and upon vote, Ms. Wilsey, Mr. McKenna, Mr. Weber and Mr. Armstead all approved, while Mr. Jarnecke opposed this plan. The motion carried due to majority approval.

Mr. McKenna explained that the District has been putting money away for this for 10 years and the driving force of buying so many now is the cost and lead times to receive the products.

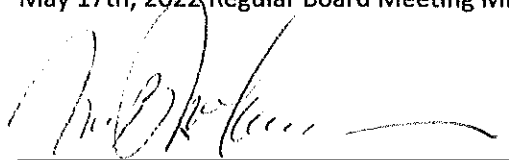
There was no Old Business.

There was no New Business to discuss.

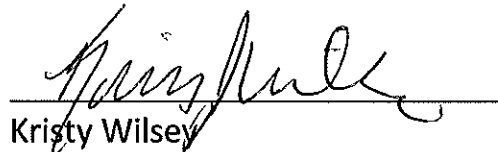
There being no further business to come before the Board, Mr. McKenna motioned for the meeting to be adjourned, Ms. Wilsey seconded, and the May 17th, 2022 Regular Meeting of the Koontz Lake Regional Sewer District Board of Trustees was adjourned at approximately 6:45 p.m. local Central Time.

Respectfully submitted by Shelley K. Bell, KLRSB Bookkeeper

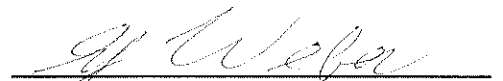
May 17th, 2022 Regular Board Meeting Minutes approved by:



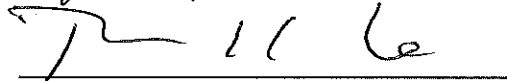
Michael McKenna



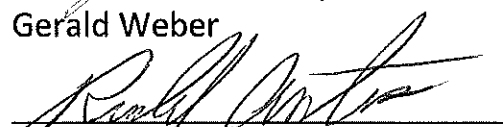
Kristy Wilsey



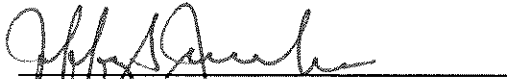
Gerald Weber



Paul Warnke



Ronald Armstead



Jeff Jarnecke

06/18/2022