

South Sangamon Water Commission
Minutes of the Regular Meeting of the Board of Commissioners
June 19, 2023
Water Plant, 9199 Buckhart Road, Rochester IL

Commissioners:

Present: Jim Roth, Cindy Morris, Dave Johnson

Absent: none

Quorum: yes

Others Present:

Stephen Bivin & Laura VanProyen (SSWC); Max Middendorf (MECO Engineering); Randy Segatto (Barber, Segatto, et al), Mike Southworth (Hart, Southworth & Witsman)

Proceedings:

- The meeting was called to order at 5:30 p.m. by chairman Jim Roth and roll was taken.

Report from Bond Counsel and Related Discussion:

- Attorney Mike Southworth presented his report after looking into what impact a possible rate reduction might have on the commission financially and as related to bond ordinances/covenants.

- Areas of possible concern:

Reporting to bond entities (EMMA) – He found nothing that would require reporting for a rate reduction.

Standing with bond rating agencies (Moody's) – They would like to see debt coverage of 1.35 or higher. The commission would want to maintain a good rating should it wish to compete in the marketplace to borrow again in the future.

Bond covenants – Currently the commission is committed to maintain debt coverage of at least 1.1. If coverage is not sufficient, a study could be required to determine why and how to bring it to that level.

- Pre-audit FY2023 numbers showed about 1.33 debt coverage; FY2022 was about 1.39.

- Looking at proposed FY2024 budget numbers debt coverage was estimated at about 1.06; this could cause a slight shortfall at FY2024 even without a rate reduction. Accounting for the possible rate reduction could bring debt coverage to about .93.

- Money from the Surplus and/or Depreciation, Repair and Replacement Funds could be used to pay enough expenses to reduce the budget expense total to increase the debt coverage to at least 1.1.

- The mayor of Chatham contacted Southworth stating they want the rate reduction to happen.

- Commissioner Roth calculated we could have 1.1 coverage by reducing expenses and/or reserves by approximately 14% (\$348,000). The Surplus Account is the least restricted of the options should that be the decision.

- Southworth recommended having a conversation with Chatham.

- Chairman Roth to discuss with Chatham what they're doing to solve their problem long term and to make them aware of possible impact on Commission bond covenants, ratings and surplus balances for future projects.

- Attorney Segatto said whatever decision the commissioners make about reducing/moving expenses can be completed with a Resolution. We would need to give notice to customers according to our rate ordinances.

Southworth was excused from the meeting.

Operating Report:

- Stephen Bivin distributed and reviewed the May, 2023, written report.
- May was a record month for water production since the plant opened. Chatham did buy some water from CWLP. Bivin is communicating with the village about the possibility of a leak.
- The EPA tri-annual evaluation report was reviewed and discussed. Most deficiencies had already been addressed by plant personnel.
- Commissioner Johnson asked Bivin his thoughts about the recommended improvements attachment to the report. Bivin stated a water tower would solve many things.
- The report regarding the Tonka softeners was received from Kurita. Everything checked out well. The chloride leaving the softeners runs a bit high; they continue to monitor this. Valves and actuators are on order.
- Garrett had told Bivin there were likely leak(s) in the mains east of New Berlin. Bivin had been looking but had found nothing.
- JD from Chatham was willing to help with some of their leak detection equipment, but it's not the type of equipment sufficient to locate leaks in mains like ours. Hiring leak detection contractors would be expensive unless it's determined we're losing large quantities of water.
- Bivin would put together numbers for future discussion.

Engineering Report:

- Max Middendorf reported there was some infrastructure (12" main) already in place that could be useful in adding wells #12 and #13 in the future.
- Middendorf and Bivin met to look over well fields for possible recapture of exiting Well #4 parts, accessibility.
- Topographic information would be the next thing needed.
- Middendorf recommended hiring a modeling firm at an estimated cost of \$18,000 plus testing to help in assessing aquifer impact and planning for future wells.
- MECO is looking into slightly different design of the new wells for better access.
- Commissioner Morris asked about timeframe for Well #11 completion. Once topographic data comes is available, it would go to EPA; we may have to wait fifty days or, more likely more, to receive their response. We can put some things in place while we wait. Gathering bids could begin in early Fall with a possible October date for contractors to begin; there are only two contractors who are both currently busy, so it could be later.

Approval of Contract with MECO Engineering regarding Well #11:

MOTION by Morris, second by Johnson to approve Resolution 23-05, a resolution approving a contract with MECO Engineering Co, Inc. regarding Well 11

Roll call vote: Morris – yes Johnson – yes Roth – yes

Motion carried.

Public Comments:

- There were no public comments.

Approval of Minutes:

MOTION by Johnson, second by Roth to approve the minutes of the May 15, 2023, regular meeting as presented.

Voice vote: Motion carried.

Treasurer's Report:

- Commissioners received unbudgeted draft financial reports for May 31, 2023.
- Audit field work was completed June 13 and 14.
- One suggestion from the auditor for commissioners' consideration was to have a document outlining wage increases to be signed off by each employee acknowledging the new terms of their pay. This could be part of an annual review process, and would eliminate possible misunderstandings or confusion.
- With the audit of bank balances complete, discussion of possibly transferring funds to the Surplus Account would be added to the July regular meeting agenda.
- Commissioners Laura VanProyen to contact Warren-Boynton State Bank for current interest rates and account types .
- VanProyen reported it was time for the Public Officials Liability policy to be renewed. The estimated cost recently received was similar to the current amount. She requested authority to work with AJ Gallagher and sign necessary forms to renew and pay for the policy to keep the process moving forward between regular Commission meetings.

MOTION by Roth, second by Johnson to grant authority to Laura VanProyen to act on behalf of the South Sangmaon Water Commission for purposes of renewing Public Officials Liability insurance in an amount not significantly different from the existing premium.

Roll call vote: Morris – yes Johnson – yes Roth – yes Motion carried.

Approval for Payment of Invoices:

- Commissioners received and reviewed a list of payable items totaling \$67,793.77.

MOTION by Morris, second by Roth to approve payment of all invoices as presented.

Roll call vote: Morris – yes Johnson – yes Roth – yes Motion carried.

Old Business:

- There was no old business.

New Business:

- There was no new business.

Adjournment:

- The next regular meeting of the South Sangamon Water Commission would be held Monday, July 17, 2023, at the water plant, 9199 Buckhart Road, Rochester, Illinois at 5:30 p.m.

MOTION by Johnson, second by Morris to adjourn.

Voice vote: Motion carried.

- The meeting adjourned at 7:38 p.m.

Respectfully submitted,



Laura VanProyen, Clerk