

**TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA
MINUTES OF THE UTILITY BOARD**

February 20, 2024

**Public Meeting Advertised for 6:30 PM
Conducted at the Cedar Lake Town Hall
Pledge of Allegiance & Moment of Silence**



Roll Call:

Present	Robert H. Carnahan Board Member	Ward 1	Present	Mary Joan Dickson Board Member	At-Large
Present	Julie Rivera Board Member	Ward 2	Present	Richard Thiel Board Vice-President	At-Large
Present	Nick Recupito Board President	Ward 3	Present	Jennifer N. Sandberg, IAMC, CMC, CPFIM Clerk-Treasurer	
Present	Chuck Becker Board Member	Ward 4	Present	Jeff Bunge Town Manager	
Present	Greg Parker Board Member	Ward 5	Absent	David Austgen Town Attorney	

NEW BUSINESS

1. Approval of Minutes – December 19, 2023 and January 23, 2024

A motion to accept and waive the reading of the minutes was made by Greg Parker with second by Mary Joan Dickson. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

2. Y2024 Professional Services Agreement NIES Engineering

Mr. Simstad explained this is the standard annual recommendation for agreement for only services that are requested or needed by either the Utility Board, Town Manager, or Director of Operations. This is for utility related services. Mr. Recupito noted the contract is similar to last year with slight increases in overtime. He stated that was reasonable. Mr. Simstad stated that was correct. Mr. Recupito stated it was hourly rates.

A motion to approve was made by Julie Rivera with second by Greg Parker. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

3. NIES Change Order 1 for the Utopia Subdivision Water Main Replacement Project by Gatlin Plumbing & Heating, Inc., with a decrease in the amount of \$242,085.85 for a revised total in the amount of \$2,458,314.15

Mr. Simstad reported this was the balancing of items included in the contract. Some items were increased and others decreased. The total amount of \$242,085.85 is to be decreased from the project costs. Mr. Carnahan asked about the status of the problems in Utopia. Mr. Simstad stated there were restoration issues and that was worked out with the resident. The contractor will be paying directly to their landscape contractor to have that work performed. There is also a performance bond that is in effect for the entirety of the one-year guarantee period. That will be through November of 2024. A follow-up inspection will occur a couple months prior to that to give the contractor time to complete items. Mr. Recupito stated he has been in discussion with Neil. There was a bigger project that has been finalized and it will be paid for by the contractor. Mr. Simstad stated they will follow up next month. He added the performance bond, which is 100% of the entirety of the contract price of \$2.7 million, is still in effect. Mr. Carnahan asked who would watch to make sure everything is completed by November 2024. Mr. Simstad stated they will. Mr. Carnahan told him to be strict on them. Mr. Simstad answered in the

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affirmative. He stated their construction observation contact at this point is approximately \$50,000 under proposal. There are plenty of funds remaining.

A motion to approve was made by Chuck Becker with second by Mary Joan Dickson. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

4. NIES Change Order 1 for the East Side Transmission Water Main Project by H&G Underground Utilities, LLC, with a decrease in the amount of \$39,378.99 for a revised total in the amount of \$1,094,212.32

Mr. Simstad reported similar to the last item. This is for the East Side Transmission Main. The balancing items resulted in a reduction of \$39,378.99. Some of those items were directly related to the work Tim and his staff put in to take care of some of the SRF items prior to the construction of the project. He thanked Tim for his work. Mr. Simstad stated they intend to have the final pay request for H&G on the March Utility Board agenda. The change order will be reflected in that final pay request.

A motion to approve was made by Greg Parker with second by Richard Thiel. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

5. NIES Pay Request No. 7, Final Pay Request for the Utopia Subdivision Water Main Replacement Project payable to Gatlin Plumbing & Heating, Inc., in the amount of \$243,221.70

Mr. Simstad stated this follows Item 3 for the balancing change order in the negative amount of \$242,085.85. This results in a final pay request in the amount of \$243,221.70. They have the performance bond and it is through the entirety of the guarantee period. This will compensate the contractor for work performed last year.

A motion to approve was made by Chuck Becker with second by Julie Rivera. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

6. Ratify Ortman Water Capacity Testing for Robins Nest in the amount of \$40,450

Mr. Recupito asked Jennifer if this was the item taken care of at the first February meeting for Town Council. Ms. Sandberg responded yes, it was added to and approved at the February 6th Town Council meeting. This is a ratification by the Utility Board. Mr. Kubiak reported they will be there tomorrow or Thursday to get started. Mr. Carnahan asked if that was the testing. Mr. Kubiak stated that was correct.

A motion to ratify the Ortman Water Capacity Testing for Robins Nest was made by Richard Thiel with second by Greg Parker. Mr. Bunge asked if that includes the hydroburst. Mr. Kubiak stated yes, the airburst is the entire test. Mr. Bunge stated there are two procedures being done. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

7. Upgrading the Robins Nest to a new booster station in the amount not to exceed \$184,540.64, price is pending the most suitable option of either the triplex or quadplex system

Mr. Kubiak explained he had a discussion with the Water Department and CBBEL and everyone agrees to move forward with the triplex pump system. This way all three pumps will have the same GPM and head pressure. Everyone feels with the redundancies of

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Lighthouse coming online, it would be adequate. The cost of the triplex pump system is \$162,792.36. That is approximately \$24,000 cheaper. He stated everyone agrees to go with the cheaper option. It was discussed at length with CBBEL. He stated this proposal includes all new drives, telemetry with the tower, and controls. These are Xylem controls which is the standard for the lift stations and everything is compatible. Mr. Becker asked if they needed a bigger pumphouse. Mr. Kubiak stated no. They will take out four motors and put three back in. The hope is to put in a meter to track water in. He stated last year a new generator was put in there and it is now outside the building where it should be, which has opened up space in the pumphouse. Mr. Recupito asked what the funding source for this would be. Ms. Sandberg stated Mr. Kubiak wanted to start using some of the \$650,000 received from Lake County for east side improvement, water well exploration as the JICA explained. She stated she would be more comfortable having a discussion with David. She stated she has not been able to connect with him on this item. She would like legal opinion on the use of the fund for anything related to Robins Nest, since Robins Nest is an existing facility. Mr. Kubiak stated what he was told was it was allotted for the east side water system. His thoughts were they talked about other funding sources but if it is for east side water this would be wise to use. Mr. Recupito asked if she was suggesting a deferral. Ms. Sandberg asked that it be made contingent upon legal review. If it cannot be used, there is other capital money. Mr. Kubiak stated they really need to get the stuff ordered. A brief discussion continued.

A motion to approve the upgrading in an amount not to exceed \$184,650.64 contingent upon legal review of funding source was made by Greg Parker with second by Chuck Becker. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recupito – Yes. Vote 7 - 0.

8. Approve 120 Water Lead Line Inventory and the Application IFA/SRF Money Proposal

Ms. Sandberg stated they have Steve Smith with 120 Water and Sue Haase on Zoom. Mr. Smith reported he has been speaking with Cedar Lake on and off for the last two years on how to go about getting the inventory ready for IDEM. He reported the EPA and IDEM are requiring every water utility in the country to produce an inventory of their distribution system. To the meter and post meter. They are looking for what you have in the ground to show there is not any lead or other actionable items. In the past eight months, the Indiana Finance Authority has come up with financing to pay for services such as 120 Water. 120 Water is based in Zionsville. They have been doing inventory for five years, in business for seven years, and he has been doing this for two and a half years. They have over fifty customers in Indiana with this round of funding. They are in 42 states. He stated this is their chance to have the inventory supplemented by software that is paid for by IFA. They will ensure the Town is in compliance by the deadline of 10/16/2024. He stated he is seeing if they are approachable to apply for the IFA grant. He stated it is a non-competitive grant. Based on the utility's size, they will get \$25,000. There is no obligation to the utility. They get to bring them in on a partnership. He stated IFA contracts with them directly. They work with the Town's department to ensure they are ready for 10/16/2024. Mr. Carnahan asked what the acronym of IFA is for the benefit of the audience. Mr. Smith stated IFA stands for Indiana Finance Authority. They are the entity that does the SRF funding. They have received several funds through the bipartisan infrastructure that plug into IDEM and the IFA. They have several programs. Mr. Smith stated they run the IDEM program for the state to make sure the information is compiled. He stated he is an expert in this. The Indiana Finance Authority is funding systems to ensure they are compliant when they have to report to the EPA. Mr. Recupito stated they are considering approving the inventory and application. He asked what the

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cost is. Mr. Smith stated the cost is completely funded by the IFA. They will work with the Town to complete the application. There is no cost to the Town. Mr. Carnahan stated this is an IFA grant and they will prepare it for submittal. Mr. Smith clarified he will work closely to help but cannot do it for them. He stated it is non-competitive. If the utility applies, they will get both rounds of funding totaling \$25,000. Mr. Carnahan asked who will do that here. Mr. Recapito asked if they would have Sue on. Ms. Sandberg stated Sue is on. She and Sue will work with Mr. Smith to make sure everything gets done. Sue stated she had nothing to add. She knows with the second round of funding it became obvious that they should jump on board so they can comply with 10/16/24. It does not put additional burden on the water utility employees to get it done other than any questions there may be. Jen and her will pull together the numbers and other information. A brief discussion continued on the reporting requirement. Mr. Carnahan asked what happens if they do not get the grant and if they will be on the hook for payment. Mr. Smith stated they will not get the grant. He will work with staff, get them applied, and execute. He stated he did this fifty times in the first round of funding. IFA is saying there is no way you cannot get this. Mr. Kubiak stated this is just for the west side water as the east side is new enough. Mrs. Haase stated everything has to be included in the inventory. Mr. Smith stated the first thing they will do is work with their records and data to rule out everything post 1988 but it still has to be recorded. A brief discussion continued.

A motion to approve was made by Julie Rivera with second by Chuck Becker. Roll Call: Carnahan – Yes, Rivera – Yes, Becker – Yes, Parker – Yes, Dickson – Yes, Thiel – Yes, Recapito – Yes. Vote 7 - 0.

9. Future Water Capacity Needs Planning Discussion

Mr. Bunge stated nothing other than they are still waiting for an IDOT punch list for Paradise Cove/WPM. He stated it is nice to see progress moving along at Robins Nest and being able to utilize the east side tower. As far as an inventory or some type of capacity numbers, he does not have anything. He asked Neil if he had anything. Mr. Simstad stated at Krystal Oaks they have the final punch list items remaining and getting the fence up as well as landscaping.

10. Written Report

- a. Fund Report – Clerk Treasurer Sandberg reported the cash and expenditure reports were sent out to them all. She is still working on annual reporting at this time.

11. Consultant(s) & Staff Report(s)

- a. Engineer – NIES – Mr. Simstad reported punch list items are being completed on west side interceptor project 1. Project 2 design is complete. As of December, all easements have been acquired. Going forward they will be looking for direction at some point when the board wants to move forward for permitting and bidding. West side interceptor project 3 is proceeding with design. He stated they will prepare a memo to update the new members of where that is at and get direction of how to proceed in the future to move towards 151st and Parrish. Mr. Parker asked if there were two phases left. Mr. Simstad stated project 3 will get them to 151st and Parrish. Project 4 would get them to the west side of Lynnsway. That is where they would intercept Lift Station 11 at Rose Garden Estates and by gravity to intercept a portion of Lynnsway Subdivision to take that off the west side interceptor. Mr. Parker asked about ballpark costs. Mr. Simstad stated project 2 is around \$3.5 million and project 3 is still proceeding with design. They are not quite there yet. He stated he just delivered to Sue this week what the project 2

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costs were at that was \$3.5 million. Mr. Parker asked if the last one would be less expensive than that, the same, or more. Mr. Simstad stated as they are in an area that is less developed, almost the entirety is owned by the Town. There is no pavement to restore and would probably on a per foot basis be less. Mr. Parker asked him to ballpark it for him. Mr. Simstad without the numbers in front of him because they are still in the options and design phase. Mr. Parker asked him when did he think he would know those numbers. Mr. Simstad stated he would like to make those recommendations to them of what the different options are for 3A and 3B, which were discussed last year on a staff level. Once direction is received, he can give them a hard number on those two options. Mr. Simstad stated they could have that in the next month. Mr. Parker asked for him to make sure he is at the next public meeting so they know what that cost will be. Mr. Simstad stated there was nothing further on water.

- b. Director of Operations/Superintendent
 - i. Operation & Maintenance Report – Mr. Kubiak stated they are still waiting to get the plan with NIPSCO for Lift Station 19 by Lemon Lake. The manhole across the street still needs to be tackled. They are waiting for it to dry up.
- c. Town Attorney – No report.

12. JMOB Report – Mr. Thiel reported on the 13th he and Mary Joan went down to Lowell and met with the other members from Lowell for the first JMOB meeting of the year. The last meeting at Cedar Lake was July 25th. He stated back then there was Task Order 15 for Wessler Engineering to do an analysis to see what they have out there currently between Lowell, Cedar Lake, Unincorporated, and what is not developed as well as future needs. That is related to wastewater capacity needs. There was discussion of plant expansion. One of the things they mentioned was the annual true-up. He discussed the McMahan Report that is due in March. It was received in June. Sue and Jennifer had a discrepancy with the total. At the last meeting, Lowell let them know it has not been paid yet and according to the agreement it is to be paid immediately. He stated he and Mary Joan have noticed there are a lot of things in the agreement that have not been followed. He stated today he spoke with the rest of the Council and they will instruct Jennifer to pay that balance on the true-up, pay it in full. According to the agreement, they will go through all the numbers and dispute any discrepancy. Mr. Thiel stated going through the 2023 expenses he himself had questions and he knows Mary Joan had questions as well. He feels they will be in the same situation. Another true-up will come in March. He stated they are going to pay it but dispute it. He stated they are keeping a close eye on things and what is being spent. Mr. Parker asked him to expand on the wastewater treatment plant proposed costs. Mr. Thiel stated Mary Joan and him met with Lowell at a pre-staff meeting the Thursday prior. They were told roughly \$40 million for the expansion. On Tuesday, he believes \$35 million was stated. The \$35 million was an old number. The \$40 million is a number nobody knows. When it comes to an expansion, looking through the agreement, there is a procedure that has to happen. He discussed the review time stated in the agreement. He stated half of that would be Cedar Lake's responsibility if that is the number. Mr. Carnahan stated they said it would take two years to design and two or more years to do it. Mr. Thiel stated that is if everything goes smoothly. Mr. Carnahan stated the Lowell Town Council stated the previous Town Council just kicked the can down the road. It should have been done a long time ago. It will be a burden to both communities. Mr. Parker asked about capacity as of today. Mr. Thiel stated the way it was described in the meeting was it is 4 million gallons per day.

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They said there is no peak, they are running at capacity. Mr. Carnahan stated they said it was 3.6 and once they get to 3.8, they will be at 90%. Mr. Thiel stated they said they have been running at 4 on certain days. Mrs. Rivera asked about the warning from IDEM if they got to 90%. Mrs. Dickson stated that is correct. Mr. Kubiak stated the average is 3.4. Mr. Recupito stated there are reports where he has seen it over 4. He stated there is a mechanism for holding stuff back for processing but the plant is capable of processing 4 million a day. Mr. Carnahan stated each month Cedar Lake uses more capacity than Lowell. It is approximately 51% to 49%. Mr. Thiel stated he would like to see another meeting sooner rather than later. He asked to have one in March. Mr. Bunge stated they are required to have one every three months. He stated there are questions and concerns. Mr. Carnahan asked Sue about the analysis she was asked to do on how much it would cost for the rate holders to pay for every one million. He stated he heard in the past for every \$1 million spent the rate would go up \$1 dollar. Ms. Haase stated she has a draft. Right now, there is a debt due to roll off in April of 2025. That is Cedar Lake's debt. She stated she added another million dollars to their extensions and replacements to take in to consideration an additional million dollars. She stated they will get rid of \$463,000 and put in another \$1 million. Currently, they are at \$862,000. That means the rate would go from \$48 per month for a residential customer to \$55.36. Mr. Carnahan stated that is just for the current situation, that does not include the \$40 million expansion. Ms. Haase stated that does not. Lowell has debt that Cedar Lake participates in. It rolls off on 1/1/26, they will have one left before they do a major plant expansion. She stated she took the \$35 million but added a 25% contingency, which makes for a \$44 million bond issue. Lowell would have that as they issue the debt, Cedar Lake participates and pays on a monthly basis. That debt payment inclusive of the debt service reserve for five years, would be \$1,663,525 for Cedar Lake annually. Lowell would still have an outstanding debt that Cedar Lake would be paying on too of \$242,161. That rolls off on 1/1/2031. Ms. Haase stated in the analysis she has; they are now paying \$75,000 per month in the operations and maintenance of the plant. That is subject to the true-up. Costs will escalate the next two years and it may not stay at \$75,000 and it goes higher. It stayed solid for years at \$60,000 then it jumped. Ms. Sandberg added it should be increased. Based upon the reimbursement calculation, 2023 should have been more like \$82,000. Mr. Thiel stated looking at the 2024 budget he was coming up with figures closer to \$87,500. Ms. Sandberg stated once they have the 2023 reimbursement calculation in hand, if they do increase the monthly estimated cost. Mrs. Dickson asked if that would be March. Ms. Sandberg stated they are supposed to get it in March but traditionally it has been received in late spring/early summer. Mr. Carnahan asked Sue that it needs to go up to \$55. He stated that would be a rate increase of \$7 a month. He asked if she had any idea if the \$40 million expansion and when she would have an idea of what the rate increase might be. Ms. Haase stated they need to keep in mind the \$900,000 to Lowell for O&M and Cedar Lake is at the 2024 budget numbers. She stated she assumed that the project 2 for the west side sanitary sewer interceptor will be a long-term debt. She stated that is probably a little higher than the number Neil gave her. She has it at \$380,000 a year with a debt service reserve of \$76,000. The existing debt for Lowell which is the \$242,161 and the \$1.663 million of an almost \$45 million bond issue. She stated that is Cedar Lake's 50% of it. She has extensions and replacements at the Town's actual 2023 expenditures plus the \$1 million of additional capital expenditures, year over year. She stated that means they would go up to \$74.24 a month. Mr. Recupito stated they will be a lot of discussion in the future about their vision for the Town and where they want to go. He stated he is not up for putting this kind of increase on the back of the residents. Mr. Bunge asked if he is to arrange another meeting. A brief discussion occurred on scheduling the next JMOB meeting.

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PUBLIC COMMENT

None

ADJOURNMENT President Recupito adjourned the meeting at approximately 7:21 PM.

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Robert Carnahan, Ward 1

Julie Rivera, Ward 2

Nick Recupito, Ward 3

Chuck Becker, Ward 4

Greg Parker, Ward 5

Mary Joan Dickson, At-Large

ATTEST:

Richard C Thiel Jr., At-Large

Jennifer N. Sandberg, IAMC, CMC, CPFIM
Clerk-Treasurer

The Minutes of the Cedar Lake Utility Board are transcribed pursuant to IC 5-14-1.5-4(b), which states:

(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.