

Board Minutes for the Board of Sanitary Commissioners Meeting of October 2, 2024

THE BOARD OF SANITARY COMMISSIONERS conducted a regularly scheduled meeting.

Board members present; Stephen Brand, President; Adam Leach, Vice President; David Smith, Board Member; and Aaron Clark, Board Member. Excused Absences: Tim Overton, Board Secretary.

Department managers and staff present; Rick Conrad, District Administrator; Joe Rhetts, Legal Counsel; Deana Cox, Financial Manager; John Anderson, District Engineer; Thom Noble, Director of Engineering; Melanie Lanich, Health Administrator; Jason Donati, Sanitation Superintendent; Chuck Jones, Director of BWQ; Jason Ingram, WPCF Superintendent; and Maggie Bales, Executive Office Manager.

Public present: None.

Public Comments: None.

Consideration of Minutes: Mr. Brand entertained a motion to approve the minutes as presented. Mr. Leach moved to approve the Board Meeting Minutes as submitted for the meeting of September 18, 2024. Mr. Smith seconded the motion. The motion was passed (5-0).

Consideration of Claims: Mr. Brand entertained a motion to consider the register of claims totaling \$661,730.30. Mr. Brand stated a claim on page two to Easy Central Recycling in the amount of \$77,508.84 for disposal of household disposal, Street Department, and Park Department. He stated a claim on page three to Muncie Farm and Fleet where Greensfork has recently changed their name. Mr. Overton moved to approve the consideration of claims. Mr. Leach provided second. Motion passed (5-0).

District Administrator Update – Mr. Conrad stated there is one closure near Koontz and Burlington for sewer work. He stated that near Burlington and Mayor there is some traffic control for drainage work. Mr. Conrad stated that there is a lull in construction for major projects, but soon there will be a new phase of work. He stated some of the work includes the levee on East Jackson that will be starting within the next year. Mr. Conrad stated that one of the first projects will be the sealing of CSO 13 that does not overflow and will be filled in for the Army Corps of Engineers requirements. He stated since 2010 we have removed nine CSO's. Mr. Conrad stated there was a total of eighteen and down to nine now. He stated that leaves are starting to fall off the trees. Mr. Conrad stated that the leaf pickups are anticipated and will be announced appropriately in the next two weeks. He stated as a reminder to the public to keep an eye on storm drains near their homes and to try to keep the drains free of leaves and debris. Mr. Brand asked if the recent rains produced any overflows. Mr. Conrad stated yes there are typically two that overflow with a 10th of an inch of rain. Mr. Brand stated that the system is sensitive that even a 10th of an inch of rain causes an overflow.

Department Head Update – None.

Old Business:

1. Consideration of Resolution 2024-14 Schedule of Sewage Rates. Mr. Conrad stated that the proposed rate increase was presented at the last meeting on September 18th. He stated that the public hearing was held. Mr. Conrad stated that the resolution is ready to be considered for approval by the board. Mr. Clark stated the due diligence has been done internally and externally. He stated that a great cost to service study has been done. Mr. Clark stated that he would prefer a two year and a relook, only because of volatility with interest rates. He stated that there is a little bit of unknown funding that we may

or may not have coming into the future Mr. Clark stated then also finalizing what the CSO projects will be. He stated that he would support a two-year rate increase, not the four years that is written. Mr. Clark stated he appreciates the work that has been done so far. He stated that it is necessary that we do make some rate adjustments to continue to offer the services that we have to our public and our ratepayers. Mr. Overton stated that the last time we raise rates was in 2019, a lot of inflation has happened since then. He stated that the EPA is mandating an unfunded mandate to do the sewer separation project. Mr. Overton explained that a 10th of an inch of rain makes an overflow, which means that sewage overflows into the river. He stated that this is a real problem that needs to be addressed. Mr. Overton stated that the challenge is that it is millions and millions of dollars for a small community like Muncie. He stated that the board has done its very best to get the best rates possible, to do the best study possible, to complete this project by 2030 which is required by the EPA. Mr. Overton stated that the board is doing its best to balance the concerns of the community, along with the requirements of the EPA and just the daily operation fees that need to be increased because of inflation. He stated that he supports the proposal. Mr. Leach stated that nobody particularly likes doing great increases, they are just a part of business. He stated that everyone's bills go up. Mr. Leach stated that it is the study of inflation time and sound economic theory. He stated that the board tried to push it down as much as possible and spread it out to the maximum extent possible and still meet all of our basically federal, local, state requirements. Mr. Leach stated that Baker Tilly did a great job working with MSD and really enhancing formulating a plan and schedule values for the type of work. He stated that our previous rates were amongst the lowest in Indiana based on a 2022 survey of rates for the entire state. Mr. Leach stated that this will now kind of move MSD to the middle. He stated that the rates will not be one of the highest but will be firmly in the middle. Mr. Leach stated that the rates will not be going to extremes out of necessity. He stated that the board is doing the best with the hand it has been dealt. Mr. Leach stated that nobody likes it, but we have to keep the lights on. He stated that the board has to do what is required to do by law and maintain the same level of service for the community. Mr. Smith stated that he will echo what Mr. Leach just said and Mr. Overton. He stated that he would add that MSD has done everything in house that could possibly be done for cost savings. Mr. Smith stated that the board has also looked at state and federal grants, which can be a continuous effort. He stated that in order to meet the EPA guideline in 2030 the rate increase is the right thing to do. Mr. Brand stated that his comments summarize what the fellow Commissioners have said. He stated commissioner Clark made a comment about two years versus four years. Mr. Brand stated that what is in front of us today is a proposal to adopt a four-year rate schedule. He stated that the board knows that we have long term control plan funding requirements, and it must be put out for Bond to the public. Mr. Brand stated that this is in addition to what Commissioner Overton stated about inflation. He stated this is a four-year rate adoption, where next the board would go out and look for a bond anticipation note. Mr. Brand stated that would carry through the first year He stated then a bond would be secured to pay off the BAN and then go forward to fund these projects. Mr. Brand stated that it is important to note that the board did this when we were doing the cost-of-service study, it was noted and anticipated that the residents were funding an unfair amount. He stated that residents were subsidizing some of the other classifications, like commercial or institutional, governmental, and industrial. Mr. Brand stated the proposal removes the minimum fee and puts in a base rate where the base rate covers our fixed costs. He stated that fixed costs have to be covered. Mr. Brand stated the base charge is going to be implemented across all of the classes, which is a fairer approach. He stated if this were only for inflation, he would agree to the two-year schedule, but since we know we have to secure a certain amount of funding to do what is left to do that is mandated by IDEM, that is an unfunded mandate. Mr. Brand stated the four year is necessary. He stated he would encourage the board going forward to go to the two-year look. Mr. Overton stated that the bonds go out to market and those who purchase the bonds are going to want to know that the income is there to support the payback of interest. He stated that this does not necessitate the four-year schedule, and adjustments could be made in two years. Mr. Overton stated that the four-year schedule provides security for the board. Mr. Leach stated that as a Board of Commissioners we can come back and reexamine the rates on an annual basis, especially if there have been dramatic changes. He stated the bond market for one, if there is a change in the interest rate from what is

anticipated downward, that would have a net positive effect on our income. Mr. Leach stated that what is being done is setting up the future board to be in a position where they are funded, having the State Board of Accounts in our business. He stated that it is good business to secure everything up front, and then if there are some changes in the markets, or significant decreases in construction costs the rates can be reexamined. Mr. Leach stated that is the right and duty of the board as a nonprofit. He stated that the minimum amount of money is kept on hand so that we can maintain good interest rates and get good bond rates and meet State Board requirements and have cash on hand in case things go bad. He stated that there is not a vast stockpile of money that is just held for purpose. Mr. Smith stated that he agrees with the other commissioners that the four-year schedule is best and is open to looking at every two years in the future. Mr. Brand entertained a motion to approve. Mr. Leach moved to approve as presented. Mr. Smith provided second. Motion passed (4-1).

New Business:

1. Release of Retainage to Bowen Engineering. Mr. Conrad stated that after substantial completion of a number of storm water projects, including those Indian Village, Northview storm sewer and Luick Avenue, the release retainage in the amount of \$402,902.05 is ready to be released. Mr. Leach stated that the punch list is completed on all the projects that the release of retainage is for. He stated that it is required to retain at least, depending on which state law you look at, between six and three percent of any particular project as retainage. Mr. Leach explained that five percent being the standard, this is the five percent retainage that will be released back to the contractor as a guarantee of work performed. Mr. Brand asked for clarification on the projects included in the release of retainage. Mr. Conrad stated Indian Village, Northview storm sewer and Luick Avenue. Mr. Brand entertained a motion to approve. Mr. Smith moved to approve. Mr. Clark provided second. Motion passed (4-0).

2. Consideration of Resolution 2024-15 Establishing Procedures and Penalties for Ordinance Violations. Mr. Conrad stated that the resolution has been set up to help the Sanitation and Recycling Department. He stated there is some difficulty making sure that the areas where toters are set are kept clean during trash pickup, but sometimes afterwards. Mr. Conrad stated that there are not many instances of this, but sometimes the issues are fairly large and very difficult, given our current resolutions, to enforce anything in a timely manner. He stated that this resolution will help address those issues a bit more quickly. Mr. Conrad stated that this will allow code enforcement to enforce existing item ordinance, Chapter 52 which relates to litter and waste. He stated that this resolution will give the ability to require payments within 10 days, or to administer a \$75 fine Mr. Conrad stated if after 15 days, if it is still not cleaned up, to administer a \$150 fine. He stated then after a month, it is still not clean, administer a \$300 fine as well as assess any costs incurred to clean up the site ourselves. Mr. Overton stated this adds teeth to regulations because we do have some chronic problems. He stated great discretion comes great responsibility. Mr. Overton stated that chronic violators should be taken care of. Mr. Overton advised the use of discretion in such a way the board does not get contacted. He stated the board will back you when there is a chronic problem and would like this to be worked out without having to issue fines as much as possible. Mr. Leach clarified that this was prepared by legal. Mr. Conrad stated that is correct. Mr. Leach asked if there was a measure to appeal any fines. Mr. Conrad stated that fines can be appealed through the Superintendent of Sanitation and Recycling first and then to the board. Mr. Leach clarified that any fines that are assessed will be returned to the Muncie Sanitary District Sanitation Department. Mr. Conrad stated that is correct. Mr. Brand clarified for the public in section four it states, "the person believed to be in violation of any provision set forth in Chapter 52 of the Muncie City, Indiana code of ordinances, would be charged with these amounts". He stated that this is as it relates to Chapter 52 of the Muncie city code. Mr. Brand entertained a motion to approve. Mr. Overton moved to approve. Mr. Clark provided second.

3. Approval of the Sale of 701 East 23rd Street Property. Mr. Conrad stated that the property at 701

East 23rd Street was purchased by the Sanitary District almost ten years ago with the expectation that would be useful as part of our long-term control plan. He stated that it was purchased for \$1 and since then the plans have changed, meaning this property is no longer needed. Mr. Conrad stated that in July it was posted for public bid. He stated that one bid was received in the amount of \$500 from Randy Justice who is a property owner adjacent to the 701 East 23rd Street property. Mr. Clark stated that this property comes with some environmental issues. Mr. Conrad stated that is correct there is history of environmental issue on it. Mr. Leach stated that the bidder was informed of the general environmental constraints of the property in the notice. He stated that this was published as a legal notice to accept the bids, the bids were generally open price consideration. Mr. Leach stated that anyone could see the bids while they were open. He stated that this is the sole bidder, and they are an adjacent landowner. Mr. Leach stated that due to the environmental constraints MSD has no use for the property. He stated that the sale of the property will put it back on the tax roll. Mr. Brand stated that we paid \$1 ten years ago and \$500 is the offer. Mr. Conrad stated that is correct. Mr. Brand stated that this property was appraised for about \$39,000.00. Mr. Brand entertained a motion to approve the sale of the 701 East 23rd Street property to Randy Justice for the sum of \$500.00. Mr. Leach moved to approve. Mr. Smith provided second. Motion passed (5-0).

Additional Board Topics:

1. Mr. Leach stated that leaf season is approaching. He stated as a reminder for individuals who gather leaves to not fill the drain with leaves. Mr. Leach stated that we are looking at different programs on how to handle leaf season better. He stated to be cognizant of not raking leaves to the curb line because it fills the sweepers. Mr. Leach stated that we appreciate those who bag the leaves for pick up.

2. Mr. Brand stated that he has received questions about the highway 32 project that is going through the City of Muncie. He stated that there is a paving project and some proposed round-about projects. Mr. Brand stated that originally there were round-about projects proposed at Ohio, Hackley, and Madison. He stated that the Ohio round-about is not happening. Mr. Brand stated that he has been asked how this will affect MSD. He stated that he believes as it stands right now there is no additional work required by MSD. Mr. Brand stated that this is an INDOT project and is about two years out. He stated that there will be public informational meetings in the future.

Public Comments: None.

Adjourn: Mr. Brand stated our next regularly scheduled meeting will be held on Wednesday, October 16, 2024, at 11:30 a.m. in the City Hall Auditorium. Mr. Brand stated he would accept a motion to adjourn. Mr. Leach made a motion to adjourn the meeting for October 2, 2024. Mr. Smith seconded the motion. Motion passed (5-0).

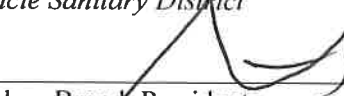
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Respectfully Submitted,



Maggie Bales, Executive Office Manager

*Approved by the Board of Sanitary Commissioners
Muncie Sanitary District*



Stephen Brand, President



Tim Overton, Secretary



Adam Leach, Vice President



David Smith, Board Member



Aaron Clark, Board Member