



# REND LAKE CONSERVANCY DISTRICT

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## MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE REND LAKE CONSERVANCY DISTRICT HELD April 25, 2016

The Board of Trustees of the Rend Lake Conservancy District held a regular meeting on Monday, April 25, 2016, at the Rend Lake Conservancy District Administration Office, 11231 Marcum Branch Road, Benton, Illinois. President Todd Thomas called the meeting to order at 8:47 a.m. The following attended:

**Board of Trustees:** In physical attendance: Ernest Collins, Don Lucas, James Rippy, Todd Thomas, Robert Walton, and Keith Ward; Attendance by phone: Kisha Jackson (joined the meeting by phone at 9:33)

**Staff:** Keith Thomason, General Manager; Larry Sanders, Legal Counsel/Treasurer; Michael Johnston, Comptroller; Leonard Killman, Water Plant Superintendent; Robert Clodi, Executive Assistant; Jim Ashby, Golf Superintendent; and Amy Krueger, Lodge Manager

**Visitors:** Dale Biggerstaff, Hamilton County Water District; Tesa Glass, Mt. Vernon Register-News

### Minutes

Upon motion by Keith Ward and second by Todd Thomas approving the minutes of March 28, 2016 as presented, the Board voted as follows:

Ayes: Collins, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

### Acceptance of Check Register

Mr. Rippy asked if Benton Flooring was the low bid for the purchase of carpet, referencing check number 20339. Mr. Thomason reported the carpet purchased on that occasion was not bid and was installed by RLCD staff at the restaurant. He explained that the law does not require the District to bid the purchase of goods. Mr. Rippy asked Mr. Sanders for his legal opinion on the matter. Mr. Sanders confirmed there is not a State statute that requires the District to bid the purchase of goods.

Mr. Rippy asked for clarification on manufacture pricing and bid requirements. Mr. Thomason explained that some manufactures such as Caterpillar will set a price for all dealers so they cannot compete against each other. Mr. Sanders explained the legal bidding requirements and added that in respect to chemicals it has been the District's practice to bid them. Mr. Thomason stated that even when not legally required, he often requires that managers obtain bids or multiple quotes to ensure the District is getting competitive pricing. Mr. Rippy asked for management to show him the State statute that outlines bidding requirements for River Conservancy Districts.

Mr. Walton asked for clarity on a payment made to Sangamon County Sherriff's Department. Mr. Sanders explained it was for the purpose of serving the complaint to the State in regards to the law suit.

## **April 25, 2016 (continued)**

Upon motion by Keith Ward and second by Robert Walton to accept the Check Register as presented, the Board voted as follows:

Ayes: Collins, Lucas, Thomas, Walton, Ward

Nays: None

Abstain: Rippy

Absent: Jackson

The President declared the motion carried.

Mr. Rippy explained that he abstained because he wants to see the statute for River Conservancy Districts bidding requirements.

### **General Manager's Report:**

Mr. Thomason addressed the comments made during the public hearing. He explained that the 3% increase in water rates to wholesale customers specifically affected those customers outside the district. He explained that the Board made the decision to raise rates for wholesale customers outside the district to balance the unfair burden for in-district customers that also pay taxes. He also explained that the District's average rate results in a bill of less than \$10 per month for the typical 5000 gallon water customer.

Mr. Thomason stated that the District does not generate a profit. He noted that the 5-year Capital Budget exceeds the District's operating revenues and the District will look to grant funding to fill the financial gap. Mr. Rippy stated that he is not supportive of receiving grant funding. Mr. Thomason added that the District has the lowest water rate in the area and wholesale customers markup the cost as high as 400% to their customers. Mr. Rippy stated that he cannot remember a time the District did not net 30-40% more than expenses. Mr. Lucas stated that he and the majority of the Board do not agree with Mr. Rippy. He noted that every Board member has looked at all the rates as well as the long term planning. Mr. Thomason explained the infrastructure is aging and we need to consider the maintenance of the system for future generations. Mr. Ward explained that the District has taken action to reduce taxes by 30% over the years. He noted that he is not aware of any other governmental body that has lowered taxes as much as RLCD. Mr. Rippy stated that he intends to keep looking at this.

Mr. Thomason presented the General Manager's report covering the following items:

- Daily Average and Maximum Flows for Drinking Water
- Easement Clearing
- A Major Water Service Disruption North of West Frankfort
- Bypass Operation of the Rapid Mix Repair Project
- Illinois Department of Natural Resources Lake Maintenance Bill
- Bi-product Recycling
- Lodging Finances and Long Term Condo Leases
- Safety

### **Financial Report**

Mr. Johnston presented the financial report for the month of March. He reported that all of Franklin and Jefferson County's taxes have been received for the year. He also reported that the State prison owes the District \$566,583, but in total the State owes the District \$619,433.

Mr. Rippy asked why debt service was put in the Capital Budget. Mr. Thomason explained that the debt service was put in the Capital Budget to help people understand the true costs of the District. Mr. Rippy commented that he feels that management should have asked for Board approval before putting debt service into the Capital Budget. Mr. Thomason responded that in the spirit of being transparent he would not hide the debt service from the public.

**April 25, 2016 (continued)**

**Bids and Purchasing**

Casualty Insurance

Mr. Sanders reported that IPARKS casualty insurance rates per \$1000 is currently under a multi-year price freeze.

Work's Compensation Insurance

Mr. Sanders reported that the District was cancelled by the current provider. The District received three Bids for worker's compensation insurance. Dimond Brothers insurance submitted one for Bitco Insurance in the amount of \$131,230 and a prorated bid for Illinois Public Risk Fund (IPRF) at an annual cost of \$108,321. Danzig Insurance also provided the same prorated bid for IPRF, at the same annual cost of \$108,321. Mr. Sanders explained that IPRF bills on a calendar year and provides prorated pricing at other times of the year. IPRF is a risk sharing association not straight insurance. The specifications sought straight Workers Compensation Insurance from companies with a high A. M. Best rating. IPRF has no A.M. Best rating. The Bitco bid is the only bid submitted for straight insurance with an A.M. Best rating as provided for in the specifications. Mr. Sanders recommended Bitco through Dimond Brothers.

Mr. Lucas asked what the premium increase was for Diamond Brothers. Mr. Sanders reported that it would be a 20% increase. Mr. Lucas asked if he knew the reason for the increase. Mr. Sanders reported that a claim's reserve has exceeded the premium paid two years ago and recommended to hold further discussion until closed session since it involved employee performance.

Upon motion by Keith Ward and second by Don Lucas approving the bid for worker's compensation insurance through Dimond Brothers with Bitco Insurance for \$131,230, the Board voted as follows:

Ayes: Collins, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

Mrs. Jackson joined the meeting by telephone at 9:33 a.m.

Healthcare Insurance

Mr. Sanders reported that five insurance companies showed interest in the District's health insurance and were able to provide final quotes. He reported that Blue Cross/Blue Shield has lowered their rate by 4%. He added the only other insurance company that provide a final quote was Aetna which was more than Blue Cross/Blue Shield. He also noted that changing the insurance plan to Aetna would require the District to negotiate with the union.

Upon motion by Don Lucas and second by Todd Thomas approving Blue Cross/Blue Shield's bid for healthcare insurance, the Board voted as follows:

Ayes: Collins, Jackson, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

The President declared the motion carried.

Mr. Thomas read from a letter to the Board from IPARKS that commended the District for our superior performance keeping people safe and mitigating claims. Mr. Sanders reported that IPARKS would be awarding the District a check for \$10,000 for our superior performance.

Lodge Furniture

Mrs. Krueger reported that she has contacted the furniture suppliers to verify if the District could save money by purchasing more product and taking advantage of their high volume price breaks. She explained that one supplier offered a 6% discount and the other offered \$10 off each item. She explained that the District would not save money by purchasing additional furniture from either supplier. Mr. Lucas asked what the lead time was for the furniture. Mrs. Krueger reported that it is 4 to 6 weeks. Mr. Walton asked if the bid was for identical furniture. Mrs. Krueger acknowledged that the furniture would be identical.

**April 25, 2016 (continued)**

Upon motion by Keith Ward and second by James Rippy approving the purchase of the lodge furniture, the Board voted as follows:

Ayes: Collins, Jackson, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

The President declared the motion carried.

**Greenwood Creek Nation Water District**

Mr. Thomason reported that Greenwood Creek Nation Water District requested a modification of their contract to allow a 2<sup>nd</sup> tap, a pump station, and an extended water main. Mr. Thomason reported that the Greenwood-Creek Nation Water District would pay for the entire project.

Upon motion by Todd Thomas and second by Don Lucas approving the modification to the Greenwood Creek Nation Water District water contract to allow for a 2<sup>nd</sup> tap, pump station, and extended water main, the Board voted as follows:

Ayes: Collins, Jackson, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

The President declared the motion carried.

**Galatia Water District**

Mr. Thomason reported that Galatia Water District requested a modification of their contract to allow for an increase in water usage. He noted that the current contract allows for 400,000 gallons/day and they are requesting an increase to 600,000 gallons/day. Mr. Thomason stated that he has confirmed that the District has the capacity to supply the additional water and recommended to approve the modification.

Upon motion by Don Lucas and second by Keith Ward approving the modification to the Galatia Water District water contract to allow for an increase in water usage to 600,000 gallons/day, the Board voted as follows:

Ayes: Collins, Jackson, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

The President declared the motion carried.

**Rend Lake Fireworks**

Mr. Thomason reported that the District has received a request to contribute to the Rend Lake Fireworks. Mr. Thomason noted that after reviewing previous contributions from the District over the years the District had offered \$2,000. This is a correction to the Board packet.

James Rippy made a motion that was seconded by Don Lucas approving a \$2,500 contribution for Rend Lake Fireworks.

Mr. Thomason asked Mr. Rippy to confirm that he meant to make a motion for \$2,500 and not \$2,000. Mr. Rippy confirmed that he motioned for \$2,500.

The Board voted as follows:

Ayes: Collins, Jackson, Lucas, Thomas, Rippy, Walton, Ward

Nays: None

The President declared the motion carried.

**IDNR Lake Maintenance**

Mr. Thomason reported that the District has received a final notice for payment from the State for lake maintenance in the amount of \$252,751. The State noted that they are no longer contesting the US Corps of Engineers' expenses. Mr. Thomason added that if the District chooses not to pay the State, the bill would be sent to the Illinois Attorney General for further action. He also noted that the State wants to discuss back payment as well. Mr. Lucas stated he believes we are being over charged and that we should bring this to the attention of the public and media.

**April 25, 2016 (continued)**

**Budget**

Upon motion by Don Lucas and second by Keith Ward approving the Budget as presented, the Board voted as follows:

Ayes: Lucas, Thomas, Walton, Ward

Nays: Collins, Jackson, Rippy

The President declared the motion carried.

Mrs. Jackson noted that she could not vote for the budget because of the \$77,000 for legal fees.

**5-Year Capital Plan**

Mr. Rippy asked to have the Capital Plan broken up into the following three categories: "must have to operate," "nice to have," and "want to have." Mr. Thomason responded by pointing out that nothing in the Capital Plan would fall into the last two categories. However, many items are risk-based recommendations. The Board could delay or cancel projects if they are willing to accept increased risk of component failure. He suggested that someone may consider the swamp bypasses as nice to have. Mr. Rippy indicated that he did not think the bypass west to Du Quoin was as important as a Mt. Vernon pipeline project. Mr. Thomason stated that he thinks that all of the District's customers are important and he would never say that our customers to the west, which include Christopher, Du Quoin, Zeigler, Royalton, and others are not important.

Mrs. Jackson left the meeting via telephone.

Upon motion by Don Lucas and second by Robert Walton approving the 5-Year Capital Plan as presented, the Board voted as follows:

Ayes: Collins, Lucas, Thomas, Walton, Ward

Nays: Rippy

Absent: Jackson

The President declared the motion carried.

**Ordinance 281 – Annual Budget and Appropriations**

Upon motion by Keith Ward and second by Robert Walton approving the Budget and Appropriation Ordinance #281 as presented, the Board voted as follows:

Ayes: Lucas, Thomas, Walton, Ward

Nays: Collins, Rippy

Absent: Jackson

The President declared the motion carried.

**Closed Session**

Upon motion by Robert Walton and second by James Rippy to go into Closed Session at 10:20 a.m. to consider: (1) Personnel (For the Discussion of the Appointment, Employment, Compensation, Discipline, Performance, or Dismissal); (2) Collective Negotiations (For the Discussion of Collective Negotiating Matters); (6) Sale, Purchase or Lease of Property (For the Setting of a Price for Sale, Purchase or Lease of Property); (8) Security (For discussion of security procedures); (11) Litigation (For the Discussion of Pending, Probable or Imminent); and (21) Closed Session Minutes (For the Discussion of Closed Session Minutes); the Board voted as follows:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

Upon motion by Keith Ward and second by Ernest Collins to come out of Closed Session at 11:10 a.m., the Board voted as follows:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

**April 25, 2016 (continued)**

**Closed Session Minutes**

Upon motion by Keith Ward and second by Ernest Collins to approve the closed session minutes of March 28, 2016, the following vote was had:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

**Personnel – Management Salary Increase**

Upon motion by Keith Ward and second by Robert Walton approving a 5.0% salary increase for Keith Thomason, 3.0% salary increase for Larry Sanders, and 3.0% salary increase for Mike Johnston, the board voted as follows:

Ayes: Lucas, Thomas, Walton, Ward

Nays: Collins, Rippy

Absent: Jackson

The President declared the motion carried.

**Lease of Property**

Shooting Complex

Upon motion by Robert Walton and second by Don Lucas pre-approving the lease modifications for the shooting complex, the Board voted as follows:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

Gun Creek Free Boat Ramp Area

Upon motion by Keith Ward and second by Robert Walton approving the repair and restoration of the lighting in the parking lot, the security officer surveillance, the installation of security cameras and signage, and the installation of two port-a-potties at the boat ramp area of Gun Creek, the Board voted as follows:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

**Personnel**

Union Employee Transfer

A general consensus of the Board agreed to allow the union employee from the water plant to transfer to the sewer department without a cut in pay. Mr. Thomson noted that he will still need to get the special conditions of the transfer approved by the union.

Temporary Employee Transfer

Mr. Walton stated that he did not see a reason to temporarily transfer Mr. Clodi to the sewer department, temporarily hire his replacement, and dismiss his replacement after the project was completed. He commented that even though it would be a higher cost to the District he recommended temporarily hiring an engineer to resolve the sewer I&I issue. Mr. Ward and Mr. Lucas agreed with Mr. Walton's recommendation.

**April 25, 2016 (continued)** \_\_\_\_\_

**Adjournment**

Upon motion by James Rippy and second by Keith Ward to adjourn the meeting at 11:15 a.m., the Board voted as follows:

Ayes: Collins, Lucas, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson

The President declared the motion carried.

**Reconvened Meeting**

President Todd Thomas called the meeting back to order at 11:28 a.m. The following attended:

**Board of Trustees:** In physical attendance: Ernest Collins, James Rippy, Todd Thomas, Robert Walton, and Keith Ward; Absent: Kisha Jackson and Don Lucas

**Staff:** Keith Thomason, General Manager; Larry Sanders, Legal Counsel/Treasurer; Michael Johnston, Comptroller; and Robert Clodi, Executive Assistant

**Secretary Pro Tempore**

Mr. Rippy explained that he would not complete his duty as Secretary and sign the Budget and Appropriations Ordinance 281 since he did not vote to approve it or agree with it.

Upon motion by James Rippy and second by Todd Thomas to appoint Keith Ward as Secretary Pro Tempore, the Board voted as follows:

Ayes: Collins, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson, Lucas

The President declared the motion carried.

**Adjournment**

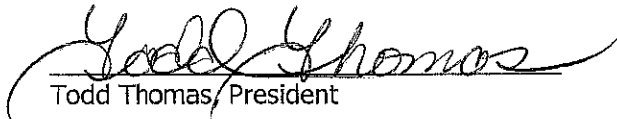
Upon motion by Keith Ward and second by Robert Walton to adjourn the meeting at 11:29 a.m., the Board voted as follows:


Ayes: Collins, Rippy, Thomas, Walton, Ward

Nays: None

Absent: Jackson, Lucas

The President declared the motion carried.

  
Todd Thomas, President

  
James Rippy, Secretary