

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES
OF FOX METRO WATER RECLAMATION DISTRICT
HELD WEDNESDAY, APRIL 17, 2024**

The Board of Trustees met in a regular monthly meeting at 9:30 A.M. in the offices of the District at the Water Pollution Control Plant on Wednesday April 17, 2024. Present were Trustee Judith S. Sotir, Trustee Michael Funkey, Trustee Chuck Nelson and Trustee Scott Gryder. Also present were District Manager Karen Clementi, Regulatory Manager Tim Rubis, Controller Linnea Scherer, Human Resources Supervisor Dan Rivera, Plant Manager Joel Ilseman, Senior Project Engineer James Kerrigan, IT Supervisor Dan Vargas and Maintenance Supervisor Chris Morphey, Senior Administrative Assistant, Norma Rodriguez, Mike Ott and Mr. Ryan Yentz from Strand Associates, Mr. Shawn Ajazi, Mr. Arnie Schramel and Mr. Christopher Childress from Progressive Energy Solutions.

11307

The bills were presented and read. It was moved by Trustee Gryder that the bills that have been presented and paid during the month of March 2024 be approved in the amount of \$1,794,765.37. Motion was seconded by Trustee Nelson, put to vote and unanimously carried that the bills be paid as presented.

11308

It was moved by Trustee Nelson seconded by Trustee Gryder, put to vote and unanimously carried that the Financial Report for March, 2024 be approved as submitted.

11309

It was moved by Trustee Gryder, seconded by Trustee Nelson, put to vote, and the Motion was unanimously carried that the minutes of the March 20, 2024 Regular Board Meeting be approved as written. Each of the Trustees having received and read copies of said minutes before the meeting.

In Public Comments, Trustee Funkey on behalf of the Board congratulated all of the employees who celebrated birthdays in the month of April.



Regulatory Manager Tim Rubis introduced Lab Supervisor Megan Miklosik. Megan is the newly-promoted Laboratory Supervisor and has been nominated to be this month's Pride Award recipient. Megan began her career at Fox Metro as an Intern from North Central College, worked at the District for five years and left to pursue other career opportunities. Megan rejoined the District's Laboratory team approximately one year ago in anticipation of the Supervisor and Assistant Supervisor's retirement. Her work ethic and upbeat attitude has helped her earn the Laboratory Supervisor position and the Fox Pride Award this month. Staff is very happy to have Megan back at Fox Metro and are confident she will be successful in her new role.

Plant Manager Joel Ilseman introduced Mario Grimaldo who is the Union Representative at today's Board Meeting. Mario began employment at the District in September 2023. He is currently performing his training in the Maintenance Department and doing a great job. Mario has a great attitude and is a good addition to the team.

Manager Clementi stated some of the District's junior non-union staff have asked if they can begin attending the Board Meetings to better understand the key items that the Trustees work on with senior staff. Going forward, we will begin having different non-union staff members attend the Board Meeting each month based on their respective interests. Attending today's meeting is Lily Clementi from the Pretreatment Department who is interested to learn more about the renewable natural gas project.

With no other Public Comments, it was moved by Trustee Nelson, seconded by Trustee Gryder, put to vote and the Motion was unanimously carried that the Regular Board Meeting be temporarily adjourned for the Committee of Local Improvements.

The Regular Board Meeting temporarily adjourned at 9:40 A.M.

In the Committee of Local Improvements, Manager Clementi introduced Mr. Mike Ott and Mr. Ryan Yentz from Strand Associates who gave an update on the renewable natural gas project. Manager Clementi also introduced Mr. Shawn Ajazi, Mr. Arnie Schramel and Mr. Christopher



Childress from Progressive who are also collaborating on this project and are here to answer any questions.

Mr. Ott introduced Mr. Ryan Yentz from Strand's Madison, WI office. Mr. Yentz has been involved with this project since the initial utilization study and he has also been involved with numerous RNG gas projects. Mr. Yentz began his presentation reviewing the North Waste Water Treatment Plant's RNG basis of design.

Mr. Yentz stated the main purpose of this project has to do with the Plant's gas flare. He stated that over 50% of the biogas that is currently produced by the Fox Metro's plant digesters is wasted via flare. Previously, that gas was used to fuel the engine generators but those are no longer on campus. A graph was shown that shows that approximately 40% of the gas is used at the facility. He explained that the overall project concept maximizes existing infrastructure and naturally produces resources.

Currently there is more inoperable equipment that is located in Building E. This equipment will be cleared for building reuse and structures rehabilitated to meet current coded/standards. The District also has the gas sphere which staff has had some inspection reports completed with rehabilitation recommendations that will be included as part of this project.

Mr. Yentz said that in 2023 a Digester Gas Utilization Study selected Quality Renewable Natural Gas (RNG) System to be injected into Nicor's pipeline. Three alternatives were given and alternative 3 was chosen. In alternative 3, the anticipated planning level capital costs is \$14.6M with anticipated annual revenue of \$2.4M. Anticipated additional annual operation and maintenance costs will be approximately \$630,000.00 and the anticipated return on investment or simple payback as part of the study was eight years. In comparison, the payback on investment in alternative 2 on the graph was 62 years. Mr. Yentz displayed the graph outlining and explaining it in detail.

Multiple stages of gas cleaning are required to meet RNG standards and Mr. Yentz explained in detailed what those stages are. As part of this stage of design, competitive proposals were solicited to 5 RNG suppliers to provide a complete system and they were narrowed down



to 2, where Unison Systems who had the lower cost and higher nonmonetary score. The key reason they were chosen was due to their experience in municipal installations, specifically in the United States. Each of the five suppliers were asked to provide proposals for two different scenarios. The proposals were explained in detail.

Mr. Yentz and Mr. Ott along with other Fox Metro Staff visited an example installation for pipeline of an RNG site in Grand Rapids, MI and pictures of the Unison system at the facility were shown. Discussion ensued.

The main way to recover the costs and generate the revenue that was discussed is with the Renewable Identification Numbers (RINs). The gas generates a RIN which is purchased by an end user which is used to promote the green energy and renewable resources for public facilities. The history of RIN prices provide confidence for advantageous payback. A chart that showed RIN prices from 2020 were under \$1.00 per RIN and as of March 10, 2024, the USEPA reported the value at \$3.21 per RIN. This means the simple payback for the District of 8 years that was previously discussed could be as little at 3.5 years after this project and as the flow of gas grows with new area development.

Potential factors that could affect a faster payback would be higher RIN prices, higher production (District growth), accepting gas from outside entities, successful funding award and expedited implementation schedule. Potential factors that could lead to a longer payback would be lower RIN prices, decreased gas production, and longer implementation schedule. Trustee Nelson inquired what factors drive the prices of RINs to go up and down. Shawn from Progressive explained that the prices of RINs are based off of natural gas prices and supply and demand. Natural gas is currently relatively cheap based on a ten-year schedule and it looks like a healthy market at least for the next five to six years. Discussion ensued.

Mr. Yentz said Nicor has a maximum RNG injection allowance for Fox Metro and that maximum injection allows the District to accept RNGs from neighboring Wastewater Treatment Plants. A graph was displayed that showed the maximum injection volume allowed into the Nicor pipeline, it showed the anticipated Fox Metro gas production and



it also showed the amount of gas that will be available for others. Fox Metro is approximately 2/3 of that allocation. The graph shows the existing current gas production as well as the anticipated 20-year growth.

Trustee Funkey inquired who determines the maximum RNG injection into Nicor's pipeline. Mr. Yentz said Nicor determines the maximum amount of gas that is injected into their pipeline. Trustee Funkey asked what the basis was for that determination. Mr. Yentz said that it could vary from utility from utility but a lot of times they have a maximum amount of RNG or non-standard natural gas that can be in a pipeline and also the size of the line is a factor. Nicor will also monitor what is reasonable that goes in the pipeline so they don't allocate more than what is needed. Nicor gets that authority from the Illinois Commerce Commission. Manager Clementi said this was part of the preliminary study where Nicor gave Fox Metro the maximum number that can be injected into their pipelines, which is pretty much the capacity of the line. Discussion ensued.

Manager Clementi said how this is envisioned to work is that Fox Metro will be the hub and other wastewater facilities will truck their gas to Fox Metro and the gas will be piped into the Nicor pipeline along with Fox Metro's gas. There will be some extensive coordination to perform the injection of the maximum allowable gas every day. Once this is explored further, more tanks can be added. Trustee Funkey inquired how Fox Metro's gas sphere compare to other spheres. Manager Clementi said gas spheres are not very common in wastewater treatment facilities. Most facilities have their gas storage within their digesters but they don't provide a large amount of gas storage. Discussion ensued regarding trucking in liquid gas to this facility from other entities, the number of trucks coming into the facility and the location where the gas would be unloaded.

Trustee Nelson inquired if the quality of gas that Nicor will accept is standardized and does Michigan and Wisconsin have the same standards. Mr. Yentz said they don't, everyone will have different terms and quality standards. The system will have an automatic shut off in case the gas is too dirty, the system will not allow the gas to go into Nicor's pipeline.



A slide was shown of the regional facility and gas concept. There is still some development information that is needed and it is unknown as to how clean the gas would have to be before it is acceptable for trucks. The trucks would then drive to Fox Metro and there would be a gas station where the gas would get pumped into the system.

Several funding sources are being pursued to further reduce payback and optimize revenue. One resource is the Inflation Reduction Act (IRA) which is a tax credit from the government of thirty to forty percent of the project that equals to approximately \$5.7M to \$7.6M and it is very schedule dependent. The District also worked with Strand, Stantec and a coalition of other facilities that include other wastewater facilities and 2 landfills to submit a Climate Pollution Reduction Grant (CPRG). This grant would cover all capital costs of approximately \$19M and staff is expecting to get a response in July. Manager Clementi stated this was a massive effort to bring all these other facilities together and sign on for this large USEPA grant. The timeline to submit all documentation was very tight, everyone only had two months to prepare, collect and submit the documentation. All these facilities will need to be producing renewable natural gas and inject it into some pipeline. There will be some coordination as to which facilities will be accepting the gas. Fox Metro will be the first of 4 proposed regional facilities to be accepting gas. In order to avoid gas station competition, there is a cap that will be implemented. Discussion ensued.

Nonmonetary benefits reinforce justification of capital projects. A map of methane flaring locations in relation to disadvantaged census tracts were shown. This information came from the Climate Pollution Reduction Grant application that was submitted. The information states that methane is reducing the air quality of the Chicago area. Injecting the gas into Nicor's pipeline is better for public relations, it reduces visible nuisance of the methane flares, reduces the greenhouse gas emissions just for Fox Metro by 600,000 gallons of gas per year. This will also be the next step in the District's sustainability initiatives and it also reduces maintenance.

Direct procurement of the Unison System maintains project schedule, eligibility for IRA tax incentive and maximizes revenue. Mr. Yentz reviewed the project implementation schedule from the design report



and stated the critical milestone for the IRA tax incentive is to begin manufacturing and have the District pay for 5% of the \$19M project cost in 2024. The best way to do that is to enter into a procurement contract with the gas conditioning equipment supplier. The procurement also allows them to start manufacturing the equipment before there is a contractor on board. Lead times with specialty and electrical equipment can be upwards of 52 weeks. Trustee Sotir inquired when this program will be up and running. Mr. Yentz said it could be two years from when the equipment submittals are approved for manufacturing and that is scheduled for October 4, 2026. Mr. Ott stated this also depends on how quickly Nicor moves and has their injection site available. There will have to be discussions with Nicor to see at what pace they can move in order to mirror Fox Metro's schedule with theirs. Mr. Yentz said they would like to have Nicor to be up and ready by the final completion date of October 4, 2026. Trustee Sotir inquired if there is a supply issue where Fox Metro can't get the equipment in, is that going to affect the equipment the District currently has? Mr. Yentz said if the equipment got delayed, Fox Metro would just continue flaring the majority of its gas and use it to heat the boilers for another six months to a year or however long it takes for the equipment to arrive. Discussion ensued and Mr. Yentz answered all questions from the Board in detail and addressed all their concerns.

Mr. Childress suggested Fox Metro's leadership try to meet with the President or someone in a high level at Nicor to discuss how important this is and how great it is for the community. Manager Clementi said she has met with a high official from Nicor last month because they provided a letter of support for Fox Metro's Grant application.

Trustee Nelson said the District would need to pull the local legislators in and let them know Fox Metro is investing in this and this is good for many reasons, including the environment. Manager Clementi said the IAWA lobbyist is currently working with the legislators right now on this topic.

Trustee Funkey said there was a PFAS Bill that was proposed in Springfield. That Bill went nowhere because there was going to be Federal legislation. He stated that after last month's Board Meeting, he tried contacting Congressman Foster's office and sent an email



asking for the name of the person who is in charge of PFAS, but he never received a reply. He said staff has to have the name of a contact in the Senator and Congressman's office. Trustee Sotir said there is a real difference between going all electrical which requires you to have a grid increase in order to make it happen, where with the renewable natural gas you are taking a natural resource and converting it into something useful and cost effective. This has a much better image for renewable energy.

The second item discussed in the Committee of Local Improvements is the Solar Field #2 Future Construction. Arnie Schramel from Progressive addressed the Board and stated the team is trying to get Solar Field #2 completed because Simpleray went bankrupt. He said Shawn Ajazi from his office has been working on this and is trying to see what kind of investment is going to take to complete Solar Field #2. Mr. Schramel said he wanted to give the Board an initial update.

The original contract with Simpleray was just under \$5M and there has been some work completed but staff is still trying to figure out what the total cost is going to be to build the Solar Field and what the net cost is going to be after incentives. Progressive is trying to get four different companies to provide bids to complete the projects. Progressive has received preliminary proposals from Solarity and General Energy, and currently trying to get additional proposals including one from Roundtrip and GRNE who committed to submitting proposals next week. The plan is for Progressive to come back to Fox Metro's staff, Management and the Board next month with hard estimates and the Board can then pick an avenue to move forward to get the solar fields built.

Mr. Schramel said the net costs are going to be higher than the original proposal and the paybacks are going to be a little bit longer as well. Mr. Ajazi said based on the actual construction timeline most of the work can be completed by the end of this year if action is taken within the next month or two. The energize time will be spring of 2025 for full ComEd interconnection and have the solar field fully energized. Originally, it was going to be June of this year. The longer lead time items are the combiner boxes and the transformers because there have been some changes in the design.



Trustee Funkey inquired if the costs mentioned are in addition to what already has been spent. Mr. Schramel referred him to the handout that was provided to the Board and reviewed it in detail. Trustee Sotir said based on the handout, this project is going to cost \$750,000 more than was originally approved. Mr. Ajazi said that was correct and it was due to the higher values when the original project was contemplated. When the Board originally approved the solar field project, the Inflation Reduction Bill had just passed and it consisted of approximately 1,200 pages. Since that time a lot of things were submitted to the EPA and US Treasury on how to interpret the law. Mr. Schramel has received some good feedback in the last six months on how that process works. They call it stacking the incentives and 30% tax credit is the base but if you have domestic content, you can have a 10% kicker and if you are on a brown field you can get another 10% kicker. The new EPA Energy Community Act just got republished and reorganized with an additional 10%. It is pretty much all Chicagoland and Western suburbs are now eligible for an additional 10%. The District will apply for all relevant bonuses.

11311

With no other matters to come before the Committee of Local Improvements, it was moved by Trustee Gryder, seconded by Trustee Nelson, put to vote and the Motion was unanimously carried that the Committee of Local Improvements adjourn and the Regular Board Meeting reconvene.

The regular Board Meeting reconvened at 10:48 A.M.

11312

Attorney Gregg Ingemunson addressed the Board with the Attorney's Report and presented for approval Resolution No. 1015 and Ordinance No. 927 Annexing Lincoln Prairie, LLC for 34.4 acres in Will County. It was moved by Trustee Funkey, seconded by Trustee Nelson, put to vote and the Motion was unanimously carried to approve Resolution No. 1015 and Ordinance No. 927 Annexing Lincoln Prairie, LLC for 34.4 acres in Will County.

Senior Project Engineer James Kerrigan addressed the Board with the Construction Project Report. The Digester Complex Improvements Project is 100% complete. There is no pay application submitted this month. Retainage is being held until issues that were observed with



the HVAC system are resolved. The project is otherwise being finalized for closeout and record documents are currently being completed

Mr. Kerrigan requested approval of Final Payment No. 29 to Whittaker Construction and Excavating in the amount of \$192,666.56 for the North Aurora Pump Station Project. The project is 100% complete. Pay request was reviewed by Strand Associates. The project is completed. Record drawings are now being prepared by the consultant.

Mr. Kerrigan reported that the 111th St. Pump Station project with Vissering Construction is 95% complete and there is no pay application submitted for this project this month. Staff is coordinating with ComEd to schedule the final connection of the facility to 480V utility power.

Mr. Kerrigan reported that the Orchard Road Pumping Station Generator Replacement Project with Newcastle Electric is 44% complete and there is no pay request this month. Work on site is still on hold pending the delivery of the generator.

Mr. Kerrigan requested Partial Payment No 4 to Complete Mechanical Services in the amount of \$70,707.35 for the Oswego Pump Station HVAC Replacement Project. The project is 62% complete. Pay request was reviewed by CDM Smith. Work has resumed on the remaining electrical portions of the project.

Mr. Kerrigan reported that the Solar Farm #2 with SimpleRay/Round Trip Energy, is 20% complete. This project is now temporarily on hold as previously discussed during Committee of Local Improvements.

Mr. Kerrigan reported that the North Aurora Pumping Station Watermain Installation project with J&S Construction Sewer and Water, Inc., is 0% complete and there is no pay request this month. The contract documents have been executed and the construction will commence shortly.



Mr. Kerrigan reported that the Boulder Hill Sanitary Sewer Repairs with Steve Spiess Construction, Inc., is 0% complete and there is no pay request this month. The contract documents have been executed. The project is now underway and staff, the engineering consultants, and the contractor held a project kick-off meeting on Thursday, April 4, 2024.

11313

It was moved by Trustee Funkey, seconded by Trustee Gryder, put to vote and the Motion was unanimously carried that the Construction Project Report be approved as published and payments be made as requested.

11314

In the Manager's Report, Manager Clementi addressed the Board and requested authorization to purchase Renewable Natural Gas Equipment. Staff would like to proceed with the Unison System and if Fox Metro qualifies for the IRA Grant, Unison has the highest cleaning ability. Trustee Funkey inquired if this was a sole source purchase. Manager Clementi said that was correct and competitive proposals were submitted from different suppliers during the initial engineering scope of work and there is a competitive proposal amount that they can hold Unison accountable to. It was moved by Trustee Funkey, seconded by Trustee Nelson, put to vote and the Motion was unanimously carried that based on staff's recommendation and request, approve the purchase of Renewable Gas equipment from Unison.

11315

Manager Clementi requested authorization to seek bids for the P1 Server Room Construction to be opened on May 22, 2024 at 10:00 a.m., at the Board of Trustees Meeting. After discussion, it was moved by Trustee Funkey, seconded by Trustee Nelson, put to vote and the Motion was unanimously carried that in accordance with the recommendation of staff, the Board authorize to seek bids for the P1 Server Room Construction to be opened on May 22, 2024 at 10:00 a.m., at the Board of Trustees Meeting.

The next item discussed is the 2025 Fiscal Year budget. Manager Clementi distributed the Fiscal Year 2024-2025 Budget memo to the Board for their review and discussion.

Manager Clementi stated that Management is projecting an operating deficit of \$1,080,157 for the 2024-2025 fiscal year. This deficit, compared to last year's projected surplus, is driven by two primary



factors. First, across the board inflation increases are projected in everything purchased by the District, including consumable goods and all services. Second, there is a projected drop in annexation fees. Local communities are forecasting slowing new construction, primarily driven by increased lending interest rates. Prior fiscal year reserves will be used first to offset costs for the proposed deficit. Drawing down District's surplus cash reserves with upcoming projects and proposed spending is appropriate.

Total revenues are expected to be higher by \$1,464,828 over the 2023-2024 budget. The increase is primarily driven by the 5% increase in user fees effective on June 1, 2024 and the District starting to enforce the grease surcharge fee on the industries.

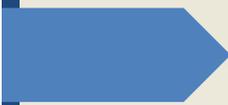
Operating expenses are budgeted to total \$26,760,190, which is an increase of \$1,527,483 from 2023-2024. Budgeted capital expenses increased by \$3,585,988 from 2023-2024. There was a small lull in the District's construction projects during the current fiscal year due to the two pump stations and the DCM project wrapping up and the new larger projects getting started. The proposed increase in capital expenses is driven by large construction projects expenses expected in 2024-2025.

REVENUES

Billing fees are budgeted based on prior year usage data. The usage information is combined with the assessed rates that will be in effect as of June 1, 2024. Surcharges are also a large part of the District's billing revenue, and these are projected to increase due to the District's enforcement of existing surcharge regulation for Fats, Oils, and Grease on the industrial users.

Additional revenue increases were projected for pretreatment recovery revenues, connection fees, and interest income. Pretreatment recovery revenue increases are driven by anticipated increased fees and fines from industrial non-compliance.

As Oswego and Sugar Grove are experiencing increased growth, there is an associated increase in connection fees. There is a budgeted decrease in annexation fees as many of the new construction annexation fees were paid up front in 2023-2024. Increases in interest



income are predicted due to the District's outside asset management of its cash reserves.

The Grant and incentive budget account has been adjusted accordingly for fiscal year 2024-2025. The DuPage County allocation from the American Rescue Plan Act (ARPA) will be received no later than October 2024 to total approximately \$400,000. The proposed Inflation Reduction Act (IRA) reimbursement for Solar Field #2 has been removed from the proposed budget due to the solar field project being delayed.

OPERATING EXPENSES

Operating expenses can vary year-over year based on staffing, maintenance needs, gas/oil/chemical costs, and other items which vary for each department. However, as a whole, staff is forecasting significant increases due to inflation. Annual computer software subscriptions have increased up to 25% for some programs. Electrical equipment continues to climb sharply as there is still ongoing nationwide shortages and associated price increases due to the backlogged demand. Additionally, healthcare costs are rising nationwide, which contributes to an increase in required budget for the health, vision, and dental insurance provided to employees, retirees, and trustees.

PROJECT EXPENSES

Engineering consultant fees are budgeted to total \$3,000,000. Engineering consultants have generally increased their fees by 5-10% on average across all firms the District utilizes. Engineering design is already underway or scheduled to begin for several operational, maintenance, and repair projects. Please refer to the monthly engineer's report for the construction projects in the queue for this coming year.

After detailed discussion of the proposed Fiscal Year 2024/2025 budget for Fox Metro Water Reclamation District, Manager Clementi asked the Board to seek tentative approval for the Fiscal Year 2024/2025 Budget and Appropriations Ordinance No. 929 and authorize a Public Hearing for 10:00 A.M., May 22, 2024 at the Board of Trustees Meeting. It was moved by Trustee Funkey, seconded by Trustee Gryder, put to vote and unanimously carried that tentative

approval be granted to the Fiscal Year 2024/2025 Budget and Appropriation Ordinance No. 929 as presented and authorize a Public Hearing to be held at 10:00 A.M., May 22, 2024 at the Board of Trustees Meeting.

The next item discussed is Fox Metro's Medication Take Back Program. Mr. Rubis advised the Board that Fox Metro has discontinued the Medication take back program indefinitely. This is due to Fox Metro no longer being an IEPA authorized agent to take back these medications due to changes in the law. Authorized categories to collect medications are only law enforcement agencies and retail pharmacies. The District's website has been updated to direct people to other authorized agencies where they can take their unwanted medication. Fox Metro has participated in many public events collecting the unwanted medication and one major event is Representative Stephanie Kifowit's yearly clean up event. Her office has been notified that Fox Metro can no longer participate.

At this time Trustee Sotir requested an Executive Session to discuss personnel, Review the last six months of Executive Session Meeting Minutes and related matters.

11317

It was moved by Trustee Funkey, seconded by Trustee Nelson, put to vote and unanimously carried to temporarily adjourn for an Executive Session to discuss personnel, and related matters.

The Regular Board Meeting temporarily adjourned for Executive Session at 11:20 A.M.

11318

It was moved by Trustee Funkey, seconded by Trustee Nelson, put to vote and unanimously carried that the Executive Session be adjourned and resume the Regular Board Meeting.

Regular Board Meeting reconvened at 12:46 P.M.

No decisions were made in Executive Session.

11319

It was moved by Trustee Funkey, seconded by Trustee Gryder, put to vote and the motion unanimously carried that the Executive Meeting



Minutes of October 18, 2023 to March 20, 2024 be approved and kept closed as recommended by Attorney Ingemunson and Manager Clementi.

11320

With no other business to come before the Board, it was moved by Trustee Funkey seconded by Trustee Nelson put to vote and the Motion unanimously carried that the Regular Board Meeting be adjourned.

Meeting adjourned at 12:49 P.M.

R-603