

UTILITIES SERVICE BOARD MEETING

April 2, 2007

Utilities Service Board meetings are recorded electronically or stenographically and are available during regular business hours in the office of the Director of Utilities.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:03 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tim Henke, Pedro Roman, Jason Banach, Jeff Ehman and Julie Roberts.
Staff members present: Patrick Murphy, John Langley, Michael Horstman, Mike Bengtson, Jane Fleig, Tom Swafford, Adam Wason, Mike Trexler, Mike Hicks, Adam Reid and Harold Crittenden.
Others present: Rob Grobe representing ADS and Lisa Gompert representing Schmidt Associates.

MINUTES

Board member Roberts moved and Board member Roman seconded the motion to approve the minutes of the March 19, 2007 meeting. Motion carried. 5 Ayes, 2 members absent, (Swafford and Whikehart).

CLAIMS

Board member Roberts moved and Board member Banach seconded the motion to approve the claims as follows:

Claims 0790458 through 0791480 including \$140,968.31 from the Water Operations & Maintenance fund, for a total of \$140,968.31 from the Water Utility; Claims 0730258 through 0730299 including \$150,523.67 from the Wastewater Operations & Maintenance fund and \$26,567.66 from the Wastewater Construction fund for a total of \$177,091.33 from the Wastewater Utility; and claim 0770032 for a total of \$2,661.12 from the Wastewater/Storm water Utility. Total claims approved – \$320,720.76.

Board member Roman asked about a claim for Smithville Telephone Company for Paul Soderquist of Black & Veatch. Utilities Director Murphy said that the contract requires that Utilities cover the costs his business cell phone.

Board member Roman then asked about the per diem for employees. Mr. Murphy said that it is \$5.00 for breakfast, \$10.00 for lunch and \$15.00 for dinner. Utilities Deputy Director Langley said that the amount does go up by \$10.00 for the more expensive cities. Mr. Roman questioned whether it was really possible to get meals for these amounts. He would like to see the amounts go up by \$5.00. Board member Banach asked if Utilities follows the Civil City's guide lines for per diems. Mr. Murphy replied that is the case.

Motion carried. 5 ayes. 2 members absent, (Swafford and Whikehart).

LMC ANNUAL REPORT:

Deputy Director Langley introduced Hal Crittenden to talk about a community fund raiser and a recognition event being arranged by the LMC. He also said that the Mayor will be issuing a press release commemorating the LMC's 5th anniversary which happened last fall.

Mr. Langley explained that while Harold is not serving on the LMC at this time he has been and continues to be very actively involved in what it does. He is also one of the founding members and helped write the proposal that brought the LMC into existence.

Mr. Crittenden told the USB that the LMC is planning some community funding events to boost the Utilities image including a bowlathon. He has some free tickets that he will be giving out to some employees.

Board member Banach asked if it would be possible for someone to make a monetary donation to this effort. Mr. Crittenden said that they are trying to get donations as well as getting people out to bowl for the effort. He invited the USB to attend the Bowlathon. Mr. Ehman asked if it would be alright to bring guests. Mr. Crittenden said they would be welcome.

Deputy Director Langley explained that this is a Labor Management group that was formed when the City was exploring contract managers for the Wastewater Treatment Plants. The employees proposed to the City and Utilities administrations that they form a labor management committee to work on the real management issues at the two Wastewater Treatment Plants. Mr. Langley said that the effort has been very successful. Communication and morale have improved greatly as can be seen from the responses to the latest employee survey.

Mr. Langley pointed out a few of the highlights of the LMC's accomplishments.

- They have held monthly dinners where safety training is conducted. These dinners are held between shifts so the employees are not compensated for their time.
- In the last year the LMC has reorganized into a subcommittee structure. Every employee in the WWTP's is assigned to a subcommittee. This is creating a higher level of involvement in decision making and planning.
- They support the Operator certification program. All wastewater treatment operators are required to be certified within one year of employment.
- They have planned a fifth anniversary event. This is a major event because most Labor/Management organizations do not last so long. They tend to fall apart when there are no major events or threats to contend with.
- They have also actively involved the operators in planning the upgrades at Blucher Poole WWTP.
- One of the things that employees had asked for in their proposal was more training. The plants are now using computers to get data much more than they were 10 years ago. The LMC has promoted a minimum proficiency in employees' ability to operate computers. There has been mandatory basic training in Excel, Word, Outlook and Publisher.

Board member Roman asked how the LMC is funded. Mr. Langley explained that meetings take place during the work day so they don't cost anything extra. The safety training events are sponsored by the Utilities Service Board. Mr. Roman also asked what the response to the question on the survey about employees' priorities for the next year had been. Mr. Langley said that they got many pages of responses. More training was one of the most frequently mentioned things. Mr. Roman said he is very impressed and pleased with this program. Mr. Langley replied that the USB has been very supportive and employees have been appreciative of that.

Board member Roberts said that she was involved as a concerned citizen during the WWTP management discussions. She was very pleased with this solution and impressed that the percent of people saying that the overall relationship between workers and managers is above average went from 36% to 79%. She also commented that in the report the LMC members mentioned that they were concerned over their access to their budgeted funds. They have asked the plant managers to record

savings that the LMC has brought about and forward that information to the USB. Ms. Roberts asked if they have had a hard time getting a hold of their funds. Mr. Langley said he isn't the right person to ask that question of. He will solicit an answer from the panel. He explained that the LMC does have to balance both labor and management concerns. The priorities of the two do not always coincide. Ms. Roberts asked what the budget for the committee is. Mr. Langley said it is approximately \$36,000. The concern lies more in priorities than the amount available.

APPROVAL OF CONTRACT EXTENSION WITH ADS FOR COMPREHENSIVE MAINTENANCE AGREEMENT:

Assistant Director of Engineering Bengtson explained that ADS is a part of the Wet Weather team. Their contract has been renewed several times. They originally had four sewer flow meters in place to give baseline data for the studies that have been done in the drainage basins. Since then a fifth permanent flow meter has been added in the North basin. Some rain gauges have also been added over the years. The contract was extended until January 1st of this year to allow for a new contract to be written. It is now ready for approval. Some of the changes in this revision are to upgrade to a newer version of the flow meters, (the old ones will be exchanged for some credit), three more flow meters will be added, and two Wet Weather lift stations will have data loggers added to their flow meters to allow for monitoring. There will also be a change in the style of reporting that ADS will use. They have been sending a CD every month. That will change to a web based presentation.

Board member Ehman said that he understands that ADS has been a good vendor. A lot of changes have been made in equipment and reporting. He asked if quotes had been sought from any other companies for comparison. Mr. Bengtson said that he believes all the services are about the same. There has been nothing in the relationship to cause a need to look elsewhere. Board Vice President Henke said that Utilities should be doing some price checking to give the USB confidence that the pricing is reasonable. He asked the staff to discuss this some more. Utilities Director Murphy offered to table this contract until more information could be acquired. Mr. Henke said that it is the size of the contract that is triggering these concerns. If it were broken into one year contracts rather than a three year contract it wouldn't be so significant. Director Murphy said that ADS has been a good partner in the Wet Weather program. A professional relationship has been established with them. Professional Services are not bid out because the cheapest price isn't always the best price. Mr. Bengtson pointed out that the standard language in the contract allows Utilities to give ADS notice at any time. Mr. Henke said that he is interested in a price check, not in bidding it. He agreed that the long term relationship does give ADS some advantages.

Board member Banach said that he agrees with the principle of what Board Vice President Henke is saying. He feels that this should be the case with all contracts, not just ADS in particular. There must be something to compare them to. Utilities Director Murphy said that a request for quotes could be done.

Assistant Director of Engineering Bengtson said he is particularly concerned about the monitoring of some of the rehabilitation projects. The agreed order requires this to be done by the end of 2008. Mr. Murphy pointed out that the fact that ADS already knows the Utilities system in Bloomington is of value. Board member Roman suggested that this issue be brought before the proper committees in the near future so some guide lines for service contracts may be formulated, but at this time he has no problem with supporting this contract. Ms. Roberts said she feels confident that the staff would know if the rates are out of line for this kind of work. The institutional memory that ADS has is of importance. She feels that she doesn't want to try to second guess the staff.

Mr. Murphy said that he agrees with Mr. Henke that it is important that an effort be made to get the best deal in both the financial side and the technical and professional services.

Board member Banach said that he doesn't have any problems with this particular contract. It just drew a lot of attention because it is a very big one. He does agree with Mr. Roman that this is something that should be considered in a subcommittee meeting. He thinks it's best to solicit more than one response when contracts of this size are being considered. Some bench marking would be a good idea, but a long standing working relationship is certainly of value and he doesn't believe it would be a good idea for the USB to try to micromanage this.

Mr. Banach had several questions about this particular contract. He asked who has signatory authority for a contract. Mr. Bengtson said that the USB president signs contracts and they are often attested to by the Utilities Director. Mr. Murphy confirmed that contracts are brought to the USB for approval. Mr. Banach pointed out that there is some language in the contract about the ability of either party to request changes in the contract at any time. If there are changes made, Mr. Banach wanted to know what the threshold would be that caused the contract to be brought back to the USB. Mr. Bengtson said that all changes are brought to the Board as amendments to the contract.

Board member Roman pointed out that the contract leaves changes open to be made by any legislative action by anybody. If any changes occur he wanted to know if the cost of those changes would be transferred to Utilities. He wondered if it should state more specifically the State of Indiana, the City of Bloomington or Monroe County since the location of the corporate headquarters for ADS is in Alabama and their laws should not effect what is happening here. For example if taxes are raised in Huntsville Alabama the rate payers of Bloomington Indiana should not be affected by it. Mr. Bengtson said that Attorney Vickie Renfrow handles those portions of the contracts. Mr. Roman said that if she felt it was alright he had no problems with it.

Board member Ehman said that he appreciates ADS's participation on the wet weather team and he was in no way trying to second guess the staff's knowledge of other alternatives however he does believe that it is necessary to get price checks and he agrees with Board member Roman's suggestion that this be looked at more holistically and Board member Banach's suggestion that the USB consider thresholds for which cases should be more closely scrutinized. He supports this particular contract but believes that a process should be started to establish a frame work for other contracts. Utilities Director Murphy apologized for not having discussed this contract in more detail with board members before bringing it up for approval. He said it is kind of a catch 22 in that the staff may have a level of comfort with vendors but it is the USB's responsibility to the rate payers to be prudent in the way money is spent. The USB should have confidence in the staff's ability to make decisions but at the same time the USB should be confident that the staff is asking all the questions that need to be asked to make sure that Utilities is getting a good service. Mr. Ehman said that getting a couple quotes would allow the USB to appreciate the value that they are getting from ADS.

Board Vice President Henke asked that Mr. Murphy and Mr. Bengtson meet with Ms. Renfrow to suggest a committee to discuss this issue and come up with some standards.

Assistant Director of Engineering Bengtson pointed out that since this contract should have been approved in January a gap has developed in the time it covers. He asked that the motion to approve include giving him permission to change the date of the extension of the previous contract to April 2, 2007 when this new contract will go into effect.

Board member Ehman moved and board member Roberts seconded the motion to approve the extension of the previous contract with ADS to April 2, 2007. Motion carried. 5 ayes. 2 members absent, (Swafford and Whikehart).

Board member Ehman moved and board member Roberts seconded the motion to approve the contract with ADS for a comprehensive maintenance agreement. Motion carried. 5 ayes. 2 members absent.

APPROVAL OF SCHMIDT ASSOCIATES CHANGE ORDER #1:

Capital Projects Manager Hicks said that seven months into the contract for the new administration building it has become necessary to ask for a few changes in the contract. There are four different items that need attention. He asked that project manager Lisa Gomperts of Schmidt Associates, who are the designing firm, explain these items to the USB.

Ms. Gomperts said that the first item is the meter room construction. After the project was bid they realized there was a need for a separate office space as well as a meter testing room for the meter equipment. It includes a small office space, the separate testing space and a separation space for the fire riser equipment which is in the same area. The second item is the electrical riser diagram which goes along with the meter room construction. The third item is a change in the telephone service which has been changed from the outside of the south side of the building to the North West corner. The final item is to change the sidewall sprinklers. They realized that the sprinklers would not have the throw needed to provide protection for an ordinary hazard on the outside of the east side of the building. This is an area where there is some storage and some vehicles. Because of this they need to change it to an antifreeze system installed in the ceiling.

Board Vice President Henke commented that he had reviewed the changes with the staff and felt that the second 2 items are just the kind of thing that comes up in construction. As for the meter room, this is the time to make sure that this structure is fully functional for the next 24 years. Because of this he supports the change order.

Board member Roberts moved and board member Banach seconded the motion to approve Schmidt Associates change order #1. Motion carried. 5 ayes. 2 members absent, (Swafford and Whikehart).

APPROVAL OF THE AMERICAN STRUCTUREPOINT AMENDMENT 3 FOR FIELDSTONE LIFT STATION REGIONALIZATION:

Assistant Director of Engineering Bengtson explained that a few years ago Utilities tried to cooperate with the State over the widening of S.R. 48. Fieldstone lift station at Daniel's Way across from Ivy Tech was going to have to be moved. At that time they negotiated a reimbursement for the work being done in the amount of \$495,615.00 from the State. Rather than just move the infrastructure Utilities has chosen to make Fieldstone Lift Station a regional lift station which involved laying a new force main pipeline to a place near Curry Pike. Ace Engineering designed that pipeline some time ago. Then the design of the highway was changed which made it necessary to redesign the pipeline. Unfortunately, that has happened again. This is a contract with Bynum Fanyo for a relocation plan for the water main. Part of the scope of work is to go back to INDOT to request an amendment to the reimbursement agreement for the re-work that has been required for INDOT changes. This is an amendment to a previous contract which was with Ace Engineering whose name has changed to American Structurepoint. The project is going to be bid in May. They have three weeks to prepare the preliminary layout after the surveying is done so the design can be finalized. The work will be done by Utilities staff.

Board member Roberts pointed out that the accompanying letter said that these changes would accommodate additional flow from the Stonechase Subdivision where capacity issues were recently discovered. She asked if the developers of Stonechase have any role in this. Mr. Bengtson said that

they are accommodating the flow from Stonechase which has been approved. The developers will grant an easement which will allow the infrastructure to be moved away from the roadway so the design can be finalized with the assurance that it will not be in the way of the widening project. Stonechase is also paying for upgrading the pumps to make this a functional regional lift station. Board member Roman asked if Stonechase was within the amount of flow that had been approved. Mr. Bengtson said that they were. Mr. Roman they asked if INDOT would be reimbursing for the entire amount of the contract. Mr. Bengtson said that the original contract to eliminate a lift station was within the limits of work. The plan was for gravity flow from that location to a nearby lift station which would need enlarged pumps and piping. Mr. Roman asked if amendment number 3 would be paid by Utilities. Mr. Bengtson said that Utilities would pay for the work then ask INDOT to reimburse that amount to Utilities.

Board member Ehman asked for more clarification about the capacity issues. Assistant Director of Engineering Bengtson explained that this involves a couple of different issues. The original design layout was quite straight with very few angles which would have allowed the accommodation of the flows with the old pumps. Now a more convoluted design is required which caused the resistance to flow to increase. Beazer then agreed to pay for new pumps. The other capacity issue is that at the very end where the sewage is delivered to the gravity system by Curry Pike a sanitary sewer overflow is developing during wet weather. Because of this it is necessary to go further downstream where there is a steeper slope to the pipes so the sewage can be delivered to the gravity system at a different, better location.

Mr. Ehman also pointed out that in the last paragraph of the accompanying letter it says that it is assumed that Beazer Homes will provide a topographical survey to the proposed subdivision. He wanted to know if Utilities will pay for that. Mr. Bengtson said that he believes they are acknowledging that they will not be paid for the survey. An agreement is being finalized with Beazer that includes them giving that information to Utilities. Mr. Ehman then asked about the line item for \$5,600. Board Vice President said that it appeared to him that Beazer would provide the topographical map for free and the \$5,600 is for the easement.

Board member Roman asked if Beazer Homes is located within the city limits. Mr. Bengtson said it is not which is why they had requested permission to connect to the City's sewer system. The USB approved the sewer extension. Mr. Roman asked if the subdivision had been approved by the County Planning Commission. Mr. Bengtson confirmed that it had been.

Board member Roberts moved and Board member Roman seconded the motion to approve the American Structurepoint amendment 3 for Fieldstone Lift Station Regionalization. Motion carried. 5 ayes, 2 members absent, (Swafford and Whikehart).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

Board member Roman thanked Public Affairs Specialist Wason for his emails updating the USB on Utilities activities.

SUBCOMMITTEE REPORTS:

There were no subcommittee meetings.

STAFF REPORTS:

Lisa Gomperts of Schmidt Associates gave an update on the new Administration Building. She said the roof is being finished which is a critical milestone for the project. The last slab pour was made last week. Over the next 30 days they will be finishing the interior framing, HVAC rough ins and starting some of the structured cabling installation. Some of the exterior masonry will also start going up. There was a meeting with the contractor several weeks ago. At this point they are a week behind schedule. The goal is still to have substantial completion on June 15th and final completion on July 13th.

Budget Analyst Trexler said that he had emailed the Extensions and Replacements summary to the USB earlier in the day. The February financial statements were in the packets and at this time they are caught up so there should be a statement at the last meeting of each month. On the February statement a net loss of about \$25,000 is shown. This is due to semi annual payments for pensions and benefits and liability insurance that were disbursed in February.

Board Vice President Henke said that these reports are more timely and more useful than ever before.

Utilities Director Murphy informed the USB that the State Board of Accounts auditors have arrived.

PETITIONS AND COMMUNICATIONS:

Board member Ehman asked Public Affairs Specialist Wason about his meeting with the Monroe County Apartment Association. Mr. Wason said that it had gone very well.

ADJOURNMENT:

The meeting was adjourned at 6:11 p.m.

L. Thomas Swafford, President