

UTILITIES SERVICE BOARD MEETING

September 4, 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 5:05 p.m. The meeting was held in the Utilities Service Board room at the City of Bloomington Utilities Department Administrative Building in Bloomington, Indiana.

Board members present: Tom Swafford, John Whitehart, Jeff Ehman, Jason Banach, Tim Henke, Julie Roberts and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Vickie Renfrow, Phil Peden, Michael Horstman, Tom Staley, Adrian Reid, Mike Hicks, Mike Trexler, Courtney Bennet, Jane Fleig and Adam Wason. Others present: Sarah Morin representing the Herald Times, Margaret Fette representing the Libertarian Party, Sue Mayer and Geoff McKim.

MINUTES

Board member Henke moved and Board member Whitehart seconded the motion to approve the minutes of the August 20th meeting. Motion carried. 6 Ayes, 1 member absent, (Roman).

CLAIMS

Board member Ehman moved and Board member Whitehart seconded the motion to approve the claims as follows:

Claims 0791260 through 0791348 including \$140,407.57 from the Water Operations & Maintenance fund, \$4,980.07 from the Water Construction fund and \$315.00 from the Water Sinking fund for a total of \$145,702.64 from the Water Utility; Claims 0730772 through 0730813 including \$124,234.00 from the Wastewater Operations & Maintenance fund and \$5,023.78 from the Wastewater Construction fund for a total of \$129,257.78 from the Wastewater Utility; and claim 0770092 through claim 0770098 for a total of \$10,578.29 from the Wastewater/Stormwater Utility. Total claims approved – \$285,538.71.

Board member Ehman asked about the claims for Schmidt Associates who are the architects for the new Administrative Building. He wondered how much longer there would be claims for them. Capital Projects Manager Hicks said that there will probably be Schmidt invoices for about two more billing cycles as they finalize the work on the project. The contract time has elapsed but their services are still being used through the punch out phase.

Board member Henke asked about the claim for the City of Bloomington. It is a monthly set rate for vehicle parts and repairs. He hadn't realized that it was a monthly rate. Superintendent of Operations Staley said that Fleet is paid on a monthly basis rather than a yearly lump sum. They work on Utility vehicles on a daily basis. He explained that there is an hourly rate on all repairs. Board President Swafford asked if this was a part of the Interlocal Agreement. Mr. Staley said it was. Budget Analyst Trexler explained that this is based on a portion of the entire fleet. The percentage of the fleet owned by Utilities determines the amount that Utilities pays.

Mr. Henke also asked about R.S. Technical Services. Tom Staley explained that R.S. Technical Services is the company that services the camera truck that is used for televising sewers. The bill is for two 20" flat panel LCD displays that go on the back of the trucks, a new generator for one of the trucks and the rebuilding of a camera system. There are two trucks in service. One does all the

sanitary sewers and the other is the storm water truck. That one is mapping the storm water infrastructure as well as looking for problems in the system.

Motion carried. 6 Ayes. 1 member absent, (Roman).

Wire transfers and fees for the month of July 2007:

Board member Roberts moved and Board member Ehman seconded the motion to approve the wire transfers and fees for the month of July 2007 in the amount of \$579,143.71.

Motion carried. 6 Ayes, 1 member absent, (Roman).

INTERLOCAL AGREEMENT WITH THE CITY OF BLOOMINGTON:

Attorney Renfrow with the City of Bloomington Legal Department said that she would fill in on this matter for City Controller Susan Clark. She explained that this agreement is made every year and through it Utilities pays for two different things. One is payments in lieu of property taxes. State statute allows for a publicly held Utility, that would otherwise be exempt from property taxes, to be required to make payments in lieu of taxes. The other part of the agreement is for services that are rendered to Utilities by the City of Bloomington. Each of the City Departments determines how much time is spent on services for Utilities. That percentage of the total time of the department is used to compute how much Utilities will pay for those services. The contract has been unchanged for a number of years other than to adjust the numbers to reflect changes in things like tax rates and services.

Ex-officio board member Mayer asked what fund the payments for PCB related legal costs comes out of. Ms. Renfrow said that City Controller Clark would know the answer to that. She thought it might be from the Legal budget in the Special Legal Services line.

Board member Banach asked who determines how the calculations are done. Ms. Renfrow said that it is worked out between the City Controller and Utilities Financial Department. He wanted to know the history of how the formula is applied and if it's been consistent over the years. Ms. Renfrow said it is consistent but sometimes there are changes in the services provided which can cause the numbers to change. Mr. Banach asked if he was correct in his understanding that she had said that the opportunity is provided for the Interlocal Agreement, it is not anything that is required. Ms. Renfrow said that for a number of years the city has believed this is a reasonable thing to request of Utilities.

Board member Henke mentioned that in the past there have been year to year comparisons. He asked if the column for allocations to CBU has remained unchanged. Ms. Renfrow said that she didn't believe it had changed very much. Mr. Henke asked how time sensitive this agreement is. He wondered if it should be tabled to allow for more questions to be answered. Ms. Renfrow responded that the agreement is for expenses in 2006, payable in 2007 so it is getting rather late. Mr. Henke pointed out that the USB is being asked to approve an agreement for services that have already been used. He asked if it wouldn't be better to approve the agreement in advance of the expenses. She agreed that it would but she doesn't really know about it since it comes from the Controllers office.

Board member Ehman asked about payments from the Civil City to Utilities. He said that every few months in the claims there is a charge from Mallor, Clendening, Grodner and Bohrer for PCB related legal services. He said that he would like to see that as a line item in the spreadsheet.

City Controller Susan Clark arrived at this time and apologized for being late.

Board President Swafford told Ms. Clark that the USB wondered why they are approving this in September of 2007 when they had asked to receive it before 2007. He asked if the 2008 agreement could be presented in December of 2007. Ms. Clark said that as the budget preparations heat up things like this can slip aside. She promised to get the next agreement to them in early 2008 at the latest.

Board member Henke asked if the percentage of allocation for CBU had changed this year. Ms. Clark said that they had only changed by a small amount. Mr. Henke asked that she get those figures for him. Mr. Henke pointed out that with water, wastewater and storm water the in lieu of taxes went up by 5.69%. He wanted to know what that is based on. Ms. Clark said that there has been an Interlocal Agreement for many years where the City provides general services to Utilities. There has also been an in lieu of taxes payment since Utilities is tax exempt. During the 1980's assessments were done on the infrastructure located within city limits. Then for many years the increase for in lieu of taxes was a flat 5% which was based on a state law that was rather arbitrary since taxes didn't always go up by 5% or sometimes went up more. In 2001 a different approach was taken. A base line was established and increases were matched proportionally to other property owner's tax increase. This is determined by the increase in the levy according to the State's budget order.

Board member Ehman asked Ms. Clark about the PCB costs. He asked how that deduction from the balance owed to the City is reflected on the spreadsheet. Ms. Clark said that it is not reflected. Utilities bill the Civil City separately when there are shared liabilities.

Board member Henke asked if the USB could see how much they are being reimbursed for PCB legal expenses. Ms. Clark said she would go through the history of that with Utilities Deputy Director Langley and make the information available to the USB.

Board President Swafford asked how often the level of services provided by the City is determined. Ms. Clark said that it is looked at yearly and adjusted accordingly.

Board member Whikehart moved that the Interlocal Agreement with the City of Bloomington be approved. There was no second. Motion failed.

Board member Banach moved that the approval of the Interlocal Agreement be tabled until the next meeting. Board member Henke seconded. Motion carried. 6 Ayes, 1 member absent (Roman).

VACATION OF EASEMENT FOR TRINITY CHURCH:

Utilities Engineer Fleig explained that Trinity Episcopal Church has asked for a Resolution and a Release of Agreement concerning the Jordan tunnel reconstruction under the old McDonald's site on Kirkwood Avenue. At that time an easement was obtained from Trinity Church to complete a portion of the storm tunnel reconstruction. Eventually it will continue to the west emerging from under the Snow Lion building. The church has plans for expansion and remodeling of the church building. They have discovered that they will need to encroach into that easement on both the east and west sides of the property. There are a few engineering issues that need to be resolved such as the depth of the footers, the location of the new storm culvert when it is constructed and some other details. The USB is being asked to sign the resolution which will allow Utilities Director Murphy to sign the Release of Agreement when the details have all been worked out.

Attorney Renfrow pointed out that the Resolution has been revised since it was sent out in the packet. Another whereas clause was added to the updated version. It was added to ensure that in the future, when Utilities is ready to do the storm water work, the church will cooperate by conveying to Utilities the strip of land that the culvert will be in. The "now be it therefore resolved" portion had the conditions that must be met before Patrick will sign the Release of Agreement.

Engineer Fleig said that the church seems to be in agreement with everything.

Board member Roberts moved and board member Banach seconded the motion to vacate the easement for Trinity Church when the conditions have been met. Motion carried. 6 Ayes, 1 member absent, (Roman).

CHANGE ORDER NO. 4 WITH CDI, INC. FOR THE NEW ADMINISTRATION BUILDING PROJECT:

Capital Projects Manager Hicks said that this is the final Change Order for CDI and will allow Utilities to finalize payment for the contractor. The items in this change order are: Additional wall insulation because the architect's design was minimal for interior acoustical wall insulation. The cost of that was \$6,343.00. The next item is a column footing that was exposed. It is located close to the staff entrance and is a visible error. There is limestone above it and the exposed footer needs to be covered with limestone. The cost is \$2,071.00. Some power receptacles, including boxes for data also needed to be relocated. Various furniture panels, which could not be relocated, were covering them up. There were also 2 allowances which is an amount of money specified in the contract for incidental expenditures on a day to day basis. The first allowance is a \$30.00 dollar credit which has all been spent except \$1.38 that will be reimbursed to Utilities. The second allowance was \$5,000 for a hardware allowance. All but \$283.00 was spent. That will also come back to Utilities. The total value of Change Order No. 4 is \$14,871.62.

Board member Roberts moved and board member Henke seconded the motion to approve Change Order No. 4 with CDI, Inc. Motion carried. 6 Ayes, 1 member absent, (Roman).

CHANGE ORDER NO. 1 WITH CONZER SECURITY, INC. FOR THE NEW ADMINISTRATION BUILDING PROJECT:

Capital Projects Manager Hicks explained that this Change Order will allow final payments to be made to Conzer Security. They installed the access control system and the video surveillance system. There are 3 items in this change order. First is the addition of the proximity card readers that allow staff to pass through certain entry points. One had to be added for the Communication and Control office to give them more security. This addition cost \$1,797.00. Secondly some additional cable for cameras was needed. Video surveillance cameras were chosen that are powered over Ethernet. It had been thought that no power was needed for these cameras but it turned out that they have heaters that require 120 volts. The cabling for this cost \$1,500.00. Finally a change was made in a camera at the staff entrance which is a 5 or 6 foot wide area of stairwell. The camera and the housing were not good choices for that tight an area. The housing needed to be flush with the wall so people wouldn't hit their heads on it. Now a snap shot type camera has been installed which cost \$595.00. The total for those three items was \$3,892.00.

Board member Whikehart asked if all of these things have already been done. Mr. Hicks replied that they had.

Board member Roberts moved and board member Henke seconded the motion to approve Change Order No. 1 with Conzer Security. Motion carried. 6 Ayes, 1 member absent, (Roman).

CHANGE ORDER NO. 1 WITH WIRED COMMUNICATIONS, LLC FOR THE NEW ADMINISTRATION BUILDING:

Capital Project Manager Hicks said that Wired Communications is the contractor that did all the structured cabling for the new building and also installed a PA system. There are five items in this Change Order. First some cabling was added for a wireless communication system in the building. This change was requested by the city's IT department. It cost \$1,160.00. This is a city wireless network, not a WiFi. Secondly wiring had to be added for the proximity card reader that was mentioned in the Conzer Change Order which cost \$170.00. The third item was additional data outlets for office 114A at \$680.00. Fourth was a slight change that the IT department requested for a cable tray in the server room. It needed to be moved for \$128.00. Finally the wiring had to be moved for the data and electrical boxes that needed to be moved. That came to \$416.00. The total for this change order is \$2,724.00.

Board member Roberts asked if these changes will allow the USB internet access in the board room. Mr. Hicks thought that would be the case. Within 3 to 4 weeks WiFi capability will exist.

Board member Ehman commented that a lot of paper is given to the USB at every meeting. He thinks it would be good for the USB and the public to have electronic access to the materials needed.

Board member Henke moved and board member Roberts seconded the motion to approve Change Order No. 1 with Wired Communications, LLC. Motion carried. 6 Ayes, 1 member absent, (Roman).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

No new business was presented.

SUBCOMMITTEE REPORTS:

Board President Swafford reported that the Engineering Subcommittee had met on August 29th. It was a three hour public meeting that all of the USB attended. After many questions and comments from the public the committee recommended that phase two, the south east water systems improvements, be approved.

Board member Banach seconded the recommendation of the Engineering Subcommittee. Motion carried. 6 Ayes, 1 member absent, (Roman).

Board President Swafford said that during the discussion at the subcommittee meeting some issues were raised with regard to some pieces of this plan.

Board member Henke said that some members of the USB feel that at some point there should be a request for proposals and a bid process so that the USB will have a chance to approve the process itself. Board member Roberts said she would like to see it approved in phases as it moves along. Mr. Swafford said that every time there is a contract it would have to be brought to the USB for approval. Mr. Henke said that is always the case. He feels this situation is like going to a chiropractor who tells you that you need chiropractic services. Utilities went to Black & Veatch who

said their services were needed. He would like to have other firms competitively consider this project. The design of phase two will be a big contract. Attorney Renfrow said that a significant portion of the contract is for on site monitoring services during construction, not just design services. She said that she personally prefers to not do an RFP for this. She said it takes a lot of time and there needs to be expertise in the kind of endeavor that is being requested. This kind of project has not been undertaken by Utilities for a very long time. The evaluation process once the RFP's come back can also be very time consuming. Ms. Renfrow wondered if the USB might have the wrong impression about what Black & Veatch does. They are very good to work with. Utilities projects are actually spread among a number of different Engineering firms. Black & Veatch are particularly good at plant projects. Black & Veatch already has extensive experience with Bloomington Utilities Department's plants. That can make a big difference to how well the projects go.

Utilities Director Murphy suggested that these discussions take place in a subcommittee meeting. Mr. Henke replied that he would rather have the whole USB talk about it. He said that in his business he has some preferred contractors. They still find it necessary to check prices with other contractors. He believes that this is the best time to see if the course recommended by Black & Veatch is the best one.

Board President Swafford said the estimated cost of the engineering part of phase two is 2.7 million. A portion of that may be contracted out to local firms. The land and easement acquisition part is \$400,000. Everything above that will be bid. The only thing on the table at this time is the Engineering services.

Board member Henke said that he thinks it is at the design phase that it is important to have another opinion. If an individual were considering spending hundreds of thousands of dollars they would want to have a second opinion. As a public entity Utilities should do the same.

Board President Swafford asked the rest of the USB what they wanted to do.

Board member Ehman said that \$38 million is being considered for a 6 mgd upgrade whereas a 12 mgd upgrade is \$42 million. He supported going ahead with phase two because it provides redundancy and the option to expand the plant if that is something the USB chooses to do. The advice has been taken from just a single source. He agreed with the analogy Mr. Henke used. He thinks a second opinion should be sought, not necessarily to have them do the work but to at least get a confirmation that this is the right course to take. He prefers that this be done before one of the alternatives is chosen which is a little different than what Mr. Henke is asking for. Mr. Ehman said he is just suggesting that some firm that does these types of studies review the plan that Black & Veatch put together to make sure that it is the right one for the community. This should not hold up the process for a long period of time or cost too much. It allows the USB to do their due diligence.

Utilities Director Murphy said that he will arrange for whatever the board asks.

Board member Banach said that he shares a lot of the concerns that have been raised by board members Henke and Ehman. He actually feels that the course of action recommended by Mr. Ehman is the more practical.

Board member Henke said he would like to have a third party determine if the Engineering fees are customary and usual.

Board President Swafford suggested that Mr. Murphy engage another firm to consider this. Mr. Henke asked that a proposal be brought to the USB. Mr. Ehman suggested that the proposal include how long it would take and how much it will cost.

Mr. Swafford clarified that phase two has already been approved. Mr. Murphy has been asked that before any contracts are considered some other party should look at the report and give another opinion. Mr. Banach said it should be a disinterested third party. Ms. Roberts verified that the report will be presented before any Engineering services are paid for.

Board member Henke asked how some of the questions that came up in the subcommittee meeting would be answered. Mr. Murphy said that he will discuss that with Black & Veatch.

Board President Swafford said that in the next couple of weeks he would like to ask Crowe Chizek to send a representative to a Finance Subcommittee meeting to discuss how this project will be financed. He would like to have this meeting in the evening for the convenience of the public and also have CATS film it.

STAFF REPORTS:

Capital Projects Manager Hicks introduced Lisa Gomperts who is the architect for the new building. Ms Gomperts said that over the past 30 days they have been working very hard to get this project to a point where it is complete and turned over to Utilities. Owner training has been taking place and Operations and Maintenance manuals have been turned over. There are still a few HVAC issues to be ironed out. All of the contracts have been paid with the exception of CDI. Some funds are being held back until the HVAC issue has been finalized.

Utilities Director Murphy informed the USB that he has talked to Miah Michaelson, who is the City's Economic Development director for the Arts, and asked her to work with him, the staff and board member Roberts to choose art work for the new building from the City's art library.

Mr. Murphy also explained to the USB that they could go to Employee Services to acquire proximity cards to allow them access to the building.

Budget Analyst Trexler made available an updated list of Extensions and Replacements. He said that these are projects that are being funded through Operation and Maintenance. He is working on a list of the projects that are funded by State Revolving Fund loans and bonds. It is almost ready.

Board President Swafford asked Superintendent of Operations Staley if there had been any major problems. Mr. Staley replied that there have been several water main breaks but they have been repaired.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 6:00 p.m.

L. Thomas Swafford, President