

UTILITIES SERVICE BOARD MEETING

December 8, 2008

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 5:02 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 Whikehart, Sam Frank, Pedro Roman, Jason Banach, Julie Roberts and ex-officio members Tim Mayer and Tom Micuda. Staff members present: Patrick Murphy, John Langley, Jon Callahan, Michael Horstman, Missy Waldon, Mike Hicks, Tom Staley, Vickie Renfrow, Jane Fleig and Mike Bengtson. Others present: Geoff McKim representing Technology Services Corporation, Becky Schaeffer representing Greeley and Hansen and Sue Mayer.

MINUTES

Board member Roberts moved and Board member Roman seconded the motion to approve the minutes of the November 24th meeting. Motion carried, 6 ayes, 1 member absent, (Ehman).

CLAIMS

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

Claims 0891688 through 0891745 including \$93,601.81 from the Water Operations & Maintenance fund and \$1,700.00 for water hydrant meter rental for a total of \$95,301.81 from the Water Utility; Claims 0831107 through 0831149 including \$1,308,856.15 from the Wastewater Operations & Maintenance fund for a total of \$1,308,856.15 from the Wastewater Utility; and claims 0870130 through 0870138 for a total of \$160,712.12 from the Wastewater/Storm water Utility. Total claims approved – \$1,564,870.08.

Board member Frank said he had a couple of questions for his own education. He asked about Environmental Field Services. Deputy Director Langley explained they maintain and operate the Illinois Central Spring Water Treatment plant which picks up ground water from the old Lemon Lane landfill and treats it. Utilities administers this project but does not contribute any funds to it.

Mr. Frank then asked about a claim for Crider & Crider for the Rogers St. Bridge project. He wanted to know where that was. Utilities director Murphy said it is just east of the round-about on Rogers Rd. He mentioned the cost of the project was shared with the Public Works Department and the County.

Mr. Frank also asked how the charge for the repair and maintenance of vehicles works. Assistant Director of Finance Horstman said the City Controller bills Utilities based on the costs of the previous year. The next year's rates are then adjusted if the amount used is under or over the previous year.

His final question was about the Energy Savings programs. City Attorney Renfrow explained that Utilities has been involved in two different energy savings projects. The first began in 1999

and included some other City Departments. The company undertakes energy saving improvements. They guarantee over all energy savings of a certain amount in 10 years. They actually reached that amount of savings in 5 years. Utilities savings were proportionally higher than the costs in comparison to other City departments.

The second project was begun in 2003 and took place entirely at Dillman Rd. The annual report shows they are reaching their projected goals. Board President Swafford asked Ms. Renfrow to bring copies of the reports to the next meeting.

Board member Banach asked if there are any insolvency or liquidity issues with the financial institutions Utilities deals with. Assistant Director of Finance Horstman said he had received some correspondence from Irwin Bank. They assured him their financial position is strong. They don't have very much bad debt. Mr. Horstman explained that municipalities receive insurance on funds above the ordinary amount.

Ex-officio board member Mayer observed that inter-local and inter-departmental are being used interchangeably. He thought there had been an agreement to move to using the term inter-departmental. Mr. Horstman said that had been an error. It is supposed to be inter-departmental.

Board President Swafford commented that there were three different claims for different trucking companies. He asked if they submit bids for these jobs. Mr. Langley said he typically calls the companies and gets quotes from them. He said he had done that for each of the projects in the claims.

Motion carried, 6 ayes, 1 member absent (Ehman).

REQUEST FOR APPROVAL OF THE PER FOR THE SOUTH CENTRAL SEWER REHABILITATION PROJECT:

Utilities Engineer Peden explained that this would be the final sewer rehabilitation project funded with this SRF loan. There were two previous contracts that were focused on the downtown area. This contract will close out the loan. In the previous PERs specific mini-basins were identified in which work would be done. This required an amendment of the PER. This project will be about \$3 million in total. The funds left in the SRF contract are around \$1.25 million. That amount has been exceeded in the plan. If it is possible to get good prices the new PER will allow work to extend to new basins without having to be amended.

The mini-basin that has been identified by Greeley and Hansen to be the highest priority is in the south east part of the system.

Board President Swafford asked if the USB is only being asked to approve the appropriation of the last \$1.25 million from the SRF loan. Mr. Peden agreed. Mr. Swafford inquired about who made the selection of the mini-basins. Mr. Peden said it is based on the analysis done by Greeley and Hansen.

Board member Banach moved and board member Frank seconded the motion to approve the PER for the South Central Sewer Rehabilitation Project.

Ex-officio board member Mayer asked if the project will address the problems with the sewer line in the Jackson Creek area. Utilities Engineer Peden said it will improve the situation

because they will be lining upstream which should eliminate infiltration. It may not completely address the situation but there will be improvement.

Utilities Director Murphy asked Becky Schaeffer, representing Greeley and Hansen, to explain why this project is necessary. Ms. Schaeffer said the study of this basin showed that about half the sewers in it are 50 to 60 years old and many have cracks and leaks and are not structurally stable. They are allowing clear water to infiltrate the sewers which causes capacity issues. This project will restore the useful life of the sewers and will reduce inflow into the sewers. Ms. Schaeffer continued to say this basin is located in the south east area of Bloomington. It is bound on the north by 10th St., on the south by Rhorer Rd., on the east by Smith Rd. and on the west by High St.

Board President Swafford asked if this project would have any affect on the 10th St. Widening Project. Ms. Schaeffer said this project will not require any digging so it will not affect the road.

Utilities Engineer Fleig said the widening project planned for the by-pass should not interfere with any of Utilities sanitary sewers. She is working with INDOT's consulting engineer to re-design some storm sewers. No sanitary sewer relocations are expected.

Board member Roman asked Ms. Schaeffer to explain why the State Revolving Fund (SRF) requires a Preliminary Engineering Report (PER) for the funding to be released. Ms. Schaeffer said the PER that is required by the state covers the scope of the project, the alternatives that were evaluated, the cost, the financing and plans. That has to be reviewed and approved before SRF funding is released. Mr. Roman asked if SRF does that with every project. Ms. Schaeffer confirmed that every project funded by the SRF must have a PER. Mr. Roman asked if this project was a part of the original application to the SRF. Ms. Schaeffer explained that the original application to the SRF was for sewer rehabilitation in the Central East Basin which did not include this project. Because the bids came in much lower than expected there were funds left over that would allow expansion of the scope. Mr. Roman asked what the procedure is for asking for funds for a project that was not included in the original project. Ms. Schaeffer said they contacted the SRF to find out what the procedure would be. They were told they would have to submit another PER for the new project. To do that Greeley & Hansen had to prepare the report and hold a public hearing, which happened on November 25th, have a time for public comment and bring a resolution to the USB for approval of the PER and that would assign one point of contact with SRF. Then everything was submitted to the SRF for approval. Mr. Roman asked if there is any particular body of the government that receives the input from the public hearing. He also asked who is at the public hearing. Ms. Schaeffer said no one beyond the Utilities staff attended the public hearing or made a written comment so there was no input. Utilities Director Murphy said he is the person who receives any comments from the public. Mr. Roman affirmed that the SRF does not require a meeting with any part of the government.

Board member Roman said he wanted to explain something that has been bothering him for awhile. Utilities does not have the ability to get bonds. The City Council approved a bond that did not include this work. He assumed there would be some established procedure for asking to use financing for something other than what it was approved for. He understands that it is not a substantial change to it so it doesn't have to go back to the City Council for approval, however when he learned about the public hearing and resolution he had doubts as to whether this is within the authority of the USB. The USB does not have the authority to approve bonding. He wondered if because the City Council is the body that approved this bonding if they shouldn't approve a resolution requesting a change in the project. He said he is worried that the next time Utilities seeks approval for a bond from the Council they will say they had

approved a bond that the USB changed without the Council's knowledge. It seems like giving a blank check. Mr. Roman went on to say he would vote for approval of this request.

Motion carried, 6 ayes, 1 member absent, (Ehman).

OLD BUSINESS:

Assistant Director of Finance Horstman reminded the USB that board member Ehman had asked about a claim payable to City of Bloomington Utilities for \$17,534.62 during the last meeting. The lion's share of this amount had been charged to wastewater. Mr. Horstman said the charges had been appropriately segregated. The claim was correct; it had been passed so it was paid.

NEW BUSINESS:

Utilities Director Murphy said that with the coming of the New Year it is customary for the USB to nominate officers for the next year. Board President Swafford said the Administrative Subcommittee would take this under consideration.

SUBCOMMITTEE REPORTS:

Board President Swafford reported there had been a Finance Subcommittee meeting with 3 items. The first was a write off of bad debt. There were 583 uncollectible wastewater accounts totaling \$7,591.58. Each of them was at least 40 days overdue and the amount owed was less than \$40. There were 437 uncollectible water accounts that were 90 days or more overdue and less than \$40. They totaled \$8,097.82. Finally there were 384 uncollectible wastewater accounts for properties that had been sold so a lien could not be place on them. The total for these was \$63,063.36. The Administrative Subcommittee recommended approval of all of these.

Board member Whikehart seconded the recommendation of the Administrative Subcommittee. Motion carried, 6 ayes, 1 member absent, (Ehman).

Mr. Swafford said the second agenda item had been a request for recommendation of approval for the contract with Technology Services Corporation for 2009, totaling \$16,000. It is a standard contract and is the same as in 2008. There was a recommendation for approval.

Board member Roman seconded the recommendation of the Administrative Subcommittee. Motion carried, 6 ayes, 1 member absent, (Ehman).

The third item was an amendment to the wastewater and water assistance program with the South Central Community Action Program. They still have \$8,800 left from the amount that was approved in 2007 for 2008. That amount will be extended to 2009. There was a recommendation for approval.

Board member Roberts seconded the recommendation of the Administrative Subcommittee. Motion carried, 6 ayes, 1 member absent (Ehman).

STAFF REPORTS:

There were no staff reports.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:40 p.m.

L. Thomas Swafford, President