

# UTILITIES SERVICE BOARD MEETING

June 6, 2011

***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 Vice President Roberts called the regular meeting of the Utilities Service Board to order at 5:01 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: Julie Roberts, Pedro Roman, Sam Frank, Jason Banach, John Whitehart, and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Mike Bengtson, Michael Horstman, Mike Hicks, Jeff Ehman, Tom Axsom, Jon Callahan, and Vickie Renfrow. Others present: Angie Steeno representing Crowe Horwath, Donnie Ginn representing Black and Veatch, and Sue Mayer.

## MINUTES

***Board member Frank moved and Board member Roman seconded the motion to approve the minutes of the May 23<sup>rd</sup> meeting. Motion carried, 5 ayes, 2 members absent, (Ehman and Swafford).***

## CLAIMS

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

***Vendor invoices submitted to the controller's Office on June 1, 2011, included \$148,005.43 from the Water Utility; \$143,405.66 from the Wastewater Utility; and \$343,476.72 from the Wastewater/Storm water Utility. Total Claims approved, \$343,476.72.***

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

## APPROVAL OF ADDENDUM ONE TO AGREEMENT FOR CONSULTING SERVICES WITH CROWE HORWATH:

Utilities Director Murphy said this is a revised addendum that makes amendments to the contract with Crowe Horwath. Under compensation "Utilities Service Board" has been revised to "Utilities Service Board of The City of Bloomington Indiana". The same correction was made under owner. In the last paragraph, where the contract had originally stated "but are not expected to exceed \$35,000" has been changed to "project not to exceed \$35,000".

Mr. Murphy reminded the USB they had first approved this contract in the fall of 2010 for \$19,000. Some analysis has taken place on wastewater rates. However, the focus was on the water rate increase and preparing and filing the testimony for the IURC. The focus was on the customer's best interests, and what affect the final order by the IURC would have on the customers. At the same time various scenarios for a sewer rate increase were being considered. It became clear that some additional work would be needed. The process was also slowed down for awhile until the water rate was approved.

The work to this date has cost \$12,000 and there is \$7,000 remaining in the contract. It has become clear that the remaining \$7,000 would be exceeded. In lieu of progressing with the work and coming back to the USB to ask for reimbursement this addendum is being brought forward in advance. Since

the beginning of the contract there has been some additional budgetary information and an updated test year. Mr. Murphy asked that the contract be amended to include another \$35,000 to bring the total for the wastewater rate work to \$54,000..

This is not the same as the work on the water rate. A wastewater rate increase doesn't have to be approved by the IURC which lessens the cost significantly. If it seems a bond is needed another addendum will be brought to the USB to increase the contract for Crowe Horwath to allow them to do the bond work.

***Board member Roman moved and board member Frank seconded the motion to approve Addendum One to the Agreement for Consulting Services with Crowe Horwath. Motion carried, 5 ayes, 2 members absent, (Ehman and Swafford).***

### **APPROVAL OF ADDENDUM ONE TO THE ENGINEERING SERVICES AGREEMENT FOR CBU SOUTHEAST WATER SYSTEM IMPROVEMENTS:**

City Attorney Renfrow gave some background on the status of the water rates and bond sales. In March the order from the IURC was received, authorizing a two step water rate increase. The first step, which has been put into effect is about a 15% increase and covers operations and maintenance costs. The second is to cover the costs of the Water Treatment Plant Expansion project and the SE Water System Improvement project which includes a new supply line, water tank, pump stations, etc. The IURC did something unusual with regard to this aspect of its authorization for rates and bond sales. They are requiring that these projects be bid all at once, before the bonds may be sold. That way there will be a more accurate picture of what the real costs are. Once the projects are bid, and the costs known, the bonds may be sold and the rate adjustment can take place. The specific amount of the rate adjustment will depend on the bond sales. That means it is necessary to move forward as quickly as possible on getting the projects bid. In the spring of 2008 two contracts with Black & Veatch were executed, one for the Water Treatment Plant Expansion and another for the South East Water System Improvements. That allowed work to begin on the engineering services. Most, but not all, of this work has been done to get things to the point of bidding the projects. At this point some modifications of the contracts need to be made to facilitate handling certain financial issues and also to modify, in some fairly minor ways the scope of services which have changed during the two years since the contracts were first approved.

With both of these contracts what is being done is to convert them from the original plan of there being a certain amount for the full costs of the project to be billed in a time and materials way. Instead they are being converted to a lump sum contract to be billed on the percentage completed which will give the ability to deal with Utilities' financial obligations under the contract and move forward as quickly as possible. The amount is the same as originally contracted for, except the South East Water Systems Improvements contract which will have the scope of services modified to add \$40,000 to the total contract amount.

Ms. Renfrow said board member Roman had suggested some modifications in the language of the contracts that have been made.

Assistant Superintendent of Engineering Bengtson said the two amendments were merely to change the payment to lump sum. There is a small scope of work change in Amendment A, most of which will be going to a Black & Veatch subcontractor, a local surveyor. There has also been a change in the plan for the driveway to the booster station. The County Engineer, Bill Williams, felt there is not adequate line of sight distance. It will be necessary to cut the roadway down to improve the sight distance. This will require some survey work which will then be incorporated into Black & Veatch's plans. It provides for one meeting with the County Engineer.

There will also be some additional topography surveying on Sare Rd. Some additional sidewalk has been put in, and some wastewater work has been done. The situation has changed which will have to be reflected in the plans. It has been two years since the original contract was signed, so it will be necessary to send someone to the Courthouse to verify that ownership has remained the same. It needs to be verified that the elevation points along the line haven't changed. All of this will be an additional \$40,000.

***Board member Roman moved and board member Banach seconded the motion to approve Addendum one to the engineering services agreement for CBU Southeast Water System Improvements. Motion carried, 5 ayes, 2 members absent, (Ehman and Swafford).***

***Board member Banach moved and board member Roman seconded the motion to approve Amendment A to the Engineering Services Agreement for CBU Monroe Water Treatment Plant Expansion. Motion carried, 5 ayes, 2 members absent, (Ehman and Swafford).***

#### **OLD BUSINESS:**

No old business was presented.

#### **NEW BUSINESS:**

No new business was presented.

#### **SUBCOMMITTEE REPORTS:**

There were no subcommittee meetings.

#### **STAFF REPORTS:**

Utilities Director Murphy gave an update on a significant storm event that occurred right after the previous USB meeting. There was another, even worse, storm on the following Wednesday. Mr. Murphy said he felt the first storm was enough of an emergency situation to call staff back in. They coordinated with the street and fire departments, and later called Red Cross to provide shelter for some people who lived in a damaged apartment building. Utilities staff worked with Street Department staff to clear streets of debris. An application has been made to FEMA to recover some of the funds used for this emergency.

On Wednesday the storm was more severe and hit later in the evening. An Emergency Management Headquarters was set up and the Police called Mr. Murphy to come in to help.

The Utilities Service Center lost power from the Monday storm, but did not in the Wednesday storm. Anytime there are power outages the lift station crews need to start checking the stations to be sure they still have power. If necessary the Vactor truck is used to pump lift stations that are in danger of overflowing or backing up into peoples homes. Mr. Murphy thanked the staff for the work they did during these storms.

Utilities Director Murphy gave the USB a preview of some of what they would see in the budget. He said he hopes to add one staff position, a back hoe operator for the storm water crew. He also plans to buy some new vehicles. At this point the fleet maintenance costs are significant due to aging vehicles.

Board member Banach asked if there had been a main break on North Walnut. Mr. Murphy said there had been one. Getting it fixed was complicated by Graduation. Some of the staff wasn't available.

This is unusual, but because of the time of day and the difficulty in bringing in crew, Assistant Superintendent of Operations Axsom assessed the situation and decided it could wait for repair.

**PETITIONS AND COMMUNICATIONS:**

There were no petitions or communications.

**ADJOURNMENT:**

The meeting was adjourned at 5:35 p.m.

---

**Julie Roberts, Vice President**