

UTILITIES SERVICE BOARD MEETING

July 18, 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 President Swafford called the regular meeting of the Utilities Service Board to order at 5:00 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, Sam Frank, Pedro Roman and Jason Banach. Staff members present: Patrick Murphy, John Langley, Michael Horstman, Tom Axsom, Phil Peden, Jane Fleig, Mike Hicks and Mike Bengtson. Others present: Grace and Molly Frank

MINUTES

Board member Frank moved and Board member Roman seconded the motion to approve the minutes of the June 6th meeting with a minor correction. Motion carried, 4 ayes, 3 members absent, (Ehman, Roberts and Whikehart).

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 July 13, 2011 included \$75,068.29 from the Water Utility; \$156,776.70 from the Wastewater Utility; and \$6,684.40 from the Wastewater/Storm water Utility. Total Claims approved, \$238,529.39.

Board President Swafford asked if Utilities would be reimbursed for the claim for Environmental Services Group Laboratory. Utilities Deputy Director Langley said this is for testing for total toxic organic compounds that is required of every federally regulated industry. Twice a year Utilities collects the samples and sends them to be analyzed. The industry will be billed for the testing.

Motion carried, 4 ayes, 3 members absent, (Ehman, Roberts, and Whikehart).

PRESENTATION OF THE 2012 BUDGET:

Utilities Director Murphy said the most significant change in the budget is a large increase in health insurance costs. He pointed out a transcript of a presentation Human Resources Director Grundmann had given the Finance subcommittee about the health insurance situation.

Mr. Murphy said the format being used to present the budget is different than the last few years. It makes a lot more data available. Zero based budgeting was used for this budget as has been the case for several years.

Mr. Murphy gave a Power Point presentation of the budget which is attached to these minutes. He pointed out that a book mark figure had been used for the sewer rate which he anticipates being increased. A zero rate didn't seem appropriate. A year ago Crowe Horwath did a preliminary estimate for a sewer rate increase. The figure they suggested at that time was a minimum of 35% so that is what was used for the budget.

After presenting the water portion of the budget Mr. Murphy paused for any questions.

Board member Banach asked if the City is self-insured for health insurance. Utilities Director Murphy said it is. Mr. Banach asked if there was a major cap for anything over some dollar amount. Mr. Murphy said there is a cap. Mr. Banach asked who is determining how those allocations are made. Mr. Murphy said the entire City pays per individual. Utilities is charged by the number of people employed by Utilities. There is a health insurance focus group, but Utilities has mostly relied on Human Resources Director Grundmann's expertise. He and his staff are the people who are dealing with the insurers. Mr. Banach asked if Utilities' employees pay the same rates and are offered the same packages as the rest of the Civil City. Mr. Murphy said they are.

There was some discussion here that couldn't be heard.

In turning to the Wastewater portion of the budget, Board President Swafford pointed out that a year ago John Skomp from Crowe Horwath had suggested a rate increase of at least 35% would be needed. That is the only number the USB has heard. The Finance Subcommittee agreed that is the proper number to use. The final number may be much higher than that. It made sense to put something in because the USB is on record saying, at a public meeting, that the rate would be a minimum of 35%.

Board member Roman said that at this time he could not support a rate increase lower than 50%.

Utilities Director Murphy continued with the Power Point presentation.

Board member Roman asked if any of the revenues in storm water include revenues from wastewater. Mr. Murphy said they are completely separated.

Mr. Murphy moved on to the storm water portion of the Power Point presentation.

Board member Roman asked if storm water uses any of the services that are paid for through the Interdepartmental Agreement. Mr. Murphy said it does not. Only water and wastewater are a part of that agreement.

Mr. Murphy briefly explained the Extension and Replacements budget.

Board President Swafford said he likes the new budget format, especially the way it breaks out line items. He said he thinks it's important for USB members to see where the income is generated, and line by line, where the expenses are. This will help to build some data and history.

Board member Roman said he likes this budget format a lot. It took a bit more attention to learn because it is new, but he likes it.

Board member Frank thanked Assistant Director of Accounting Horstman for going to all the trouble of figuring out a new system. It isn't an easy thing.

Mr. Horstman said board member Roman had asked about money for bond payments. He said the money is there, in the sinking fund in the water budget.

Board President Swafford said the Finance Subcommittee had recommended that the budget be approved.

Board member Roman moved and board member Frank seconded the motion to approve the budget for 2012. Motion carried, 4 ayes, 3 members absent, (Ehman, Roberts and Whikehart).

APPROVAL OF THE WATER/WASTEWATER ASSISTANCE PROGRAM CONTRACT WITH SOUTH CENTRAL COMMUNITY ACTION PROGRAM:

Utilities Director Murphy pointed out the contract does not, at this time, reflect the new commitment for \$25,000. This was agreed to because of the water rate increase. The coverage eligibility is also being expanded to 200% to include some more working families. The consensus is this program is working well. The money is in the budgets for 2011 and 2012.

Board President Swafford pointed out that so far this year the \$20,000 that was allocated hasn't been used, and the full amount wasn't used last year also. Mr. Murphy said any unused funds get rolled over to the next year with approval from the USB. He said there is a semblance of symbolism in this, but with the guide lines being increased, there are working families that can be served who weren't before.

Board member Roman moved and board member Frank seconded the motion to approve the Water/Wastewater Assistance Program contract with South Central Community Action Program. Motion carried 4 ayes, 3 members absent, (Ehman, Roberts, and Whikehart).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

No new business was presented.

SUBCOMMITTEE REPORTS:

The Finance Subcommittee met and was reported on earlier in this meeting.

STAFF REPORTS:

Utilities Director Murphy said Capital Project Manager Hicks told him there are 41 plan holders for the pipeline, booster station and water storage tank, and 27 plan holders for the plant expansion. Bids will be opened on August 2nd.

A couple of days ago 24.2 mgd of water were pumped for a couple of hours.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:54 p.m.

L. Thomas Swafford, President