

UTILITIES SERVICE BOARD MEETING

November 19, 2012

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 5:01 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: Tom Swafford, Julie Roberts, Sam Frank, Pedro Roman, Jeff Ehman, John Whikehart, Jason Banach, and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Mike Bengtson, Tom Axsom and Michael Horstman. Others present: Angie Steeno representing Crowe Horwath, and Sue Mayer.

MINUTES

Board member Roberts moved and Board member Roman seconded the motion to approve the minutes of the November 5th meeting. Motion carried, 7 ayes, 0 members absent.

CLAIMS

Board member Roman moved and Board member Ehman seconded the motion to approve the ACH payments as follows:

Vendor invoices that will be submitted to the controller's Office on November 19th included \$220,882.00 from the Water Utility; \$19,669.00 from the Wastewater Utility; and 0.00 from the Wastewater/Storm water Utility. Total Claims approved, 240,551.00.

Motion carried, 7 ayes, 0 members absent.

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

Vendor invoices submitted to the controller's Office on November 21st included \$3,173,244.98 from the Water Utility; \$551,485.97 from the Wastewater Utility; and \$3,897.02 from the Wastewater/Storm water Utility. Total Claims approved, \$3,728,627.97.

Board President Swafford asked about the claims for Xylem Water USA for a pump repair and lift station inspection. Deputy Director Langley said the claims are for a five year maintenance program on a couple of lift stations, and intake pumps at the Dillman Rd. WWTP. There are three invoices because of varying stages of repair and therefore time. Number two pump was a complete overhaul, number three pump was a substantial rehab, and the other three pumps got routine preventative maintenance.

Motion carried, 7 ayes, 0 members absent.

APPROVAL OF THE AGREEMENT WITH CROWE HORWATH FOR UTILITY RATE ANALYSIS AND COST OF SERVICES STUDY:

Utilities Director Murphy introduced Angie Steeno representing Crowe Horwath. He said the last cost of services study was done in 2001.

Ms. Steeno said the proposal is seeking authorization for Crowe to complete a rate analysis and cost of services study. They are asking for a not-to-exceed amount of \$75,000. This study will be done in two pieces. The first phase is the rate analysis that is similar to what they have done in the past couple of years with the plant expansion. They will review the Utilities' revenue requirements and look at the ongoing annual expenses and revenues. The second phase will be the Cost of Services Study. That will be the most time consuming part of this project. First the consumption and billing information will be analyzed at the customer level. That allows a good understanding of where the water use is coming from. That information will be compared to the revenue requirements that were identified in phase one. The revenue will be allocated based on usage requirements so it can be determined what it cost to serve each different customer class. That will be broken down further. For example, if one of the classes is wholesale customers, the usage at an individual customer level will be determined. Billing and wages will be considered, and how that class is responsible for paying those. The infrastructure required by each customer will be reviewed. The detail of the Utility Plant service, and the expenses will be allocated accordingly. The third piece, which is more subjective, is where Crowe Horwath representatives will work with the USB on policy. This would be the opportunity to consider conservation, or any other policies that are important to the USB.

Finance Subcommittee Chair Frank reported that the committee had met just before this meeting to go over the contract. Everyone from the subcommittee was there, along with two other board members. They had a few questions that were answered satisfactorily. The Finance Subcommittee recommended approval by the full USB.

Board member Roberts seconded the recommendation of the Finance Subcommittee that the agreement with Crowe Horwath for Utility Rate Analysis and Cost of Service study be approved. Motion carried, 7 ayes, 0 members absent.

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 all the projects are moving ahead steadily. The new water tank has been painted, the water pipeline installation has been moving along. The contractor will be making repairs to the road. Some residents had expressed concern about the condition of the road. It is expected that the work on Walnut St. will be done by the end of the year.

Board President Swafford said a couple of residents had expressed concern to him about how their yards have been damaged by the pipe work. He said the contractors will be coming back to repair everyone's yards. Utilities Assistant Director of Engineering Bengtson gave some more information about this, but he wasn't at a microphone and couldn't be heard.

Mr. Murphy invited the USB to the staff's Holiday Dinner which will be on December 6th in the garage at the Service Center at 11:30 am.

Utilities Deputy Director Langley said the sewer use ordinance changes that were adopted in January, 2011 will be brought back to the USB at the next meeting to approve some more modifications. He said he will arrange a meeting of the Environmental Subcommittee in advance to go over the changes.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:14 p.m.

L. Thomas Swafford, President