

## UTILITIES SERVICE BOARD MEETING

June 16th, 2014

***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 Administrative Building in Bloomington, Indiana.

Board members present: Tom Swafford, Julie Roberts, Jim Sims, Sam Frank, Jeff Ehman, Jason Banach, and Tim Mayer, Ex-Officio. Staff members present: Patrick Murphy, Michael Horstman, John Langley, Tom Axsom, Mike Bengtson, Phil Peden, Jon Callahan, Rachel Atz, Mike Hicks, Nolan Hendon, and Greg Small.

### MINUTES

***Board Member Roberts moved and Board Member Sims seconded the motion to approve the minutes of the June 2<sup>nd</sup> meeting. Motion carried, 6 ayes, 1 member absent (Roman).***

### CLAIMS

***Board Member Roberts moved and Board Member Sims seconded the motion to approve the claims as follows:***

***Vendor invoices submitted to the Controller's Office on June 20th included \$233,780.38 from the Water Utility; \$222,597.49 from the Wastewater Utility; and \$8,216.93 from the Stormwater Utility. Total Claims approved, \$464,594.80.***

President Swafford inquired into two claims to United States Postal Service. Assistant Director of Finance Horstman informed that CBU has two post office boxes, and these claims are the annual fees for the service.

***Motion carried, 6 ayes, 1 member absent (Roman).***

***Board Member Roberts moved and Board Member Sims seconded the motion to approve the ACH payments as follows:***

***Vendor invoices that will be submitted to the Controller's Office on June 16th included \$200,502.00 from the Water Utility. Total Claims approved, \$200,502.00.***

***Motion carried, 6 ayes, 1 member absent (Roman).***

**Wire transfers and fees for the month of May 2014:**

**Board Member Roberts moved and Board Member Sims seconded the motion to approve the wire transfers and fees for the month of May in the amount of \$2,156,528.25.**

Director Murphy reminded the board that this list of wires includes payroll periods from early in the year. Whereas the board had been approving the amounts all along, in April, the City Controller requested that the board approve the amounts with detail attached. This came per a recommendation from the State Board of Accounts. In order to be compliant with this request for the entire year, the board has before them several payrolls' detailed reports to approve – January 10<sup>th</sup>, January 24<sup>th</sup>, February 7<sup>th</sup>, February 21<sup>st</sup>, March 7<sup>th</sup>, March 21<sup>st</sup>, and April 4<sup>th</sup>.

**Motion carried, 6 ayes, 1 member absent (Roman).**

**REQUEST FOR APPROVAL OF WATER MAIN INSTALLATION CREDIT**

Assistant Director of Engineering Bengtson presented this agreement with Richland Construction Company, for the receipt of additional water main installation credits for The Highlands, PH6, SECT3, LOTS 377,379,407,408,410-412, 425-446. Section 18 of our rules and regulations state that these credits can be applied for once all facilities are in the ground and the plat is filed. This was satisfied when Richland Construction applied for the first 60% of credits. The additional 40% could be requested before a five-year period has expired. Mr. Bengtson had delayed bringing this request forward because this subdivision required an extensive 16" water main be laid on Rockport Road and connected to our system. That has been installed at this point.

The total installation costs were in the amount of \$60,251.83. The credits being requested are in the amount of \$6,084.43.

**Board Member Roberts moved and Board Member Sims seconded the motion to approve the water main installation credits to Richland Construction Company. Motion carried, 6 ayes, 1 member absent (Roman).**

Mr. Bengtson relayed that there will be one last section of this subdivision which will come forward for a similar request in the near future.

**REQUEST FOR APPROVAL OF MONROE WTP MULTIPURPOSE ROOM REMODEL**

Capital Projects Manager Hicks presented this request for professional services with Christine Matheu Architect, to assist with a remodel project at the Monroe Water Treatment Plant. The multipurpose room serves as a kitchenette, a break room for employees, a meeting room, and a training room. It is a small space. Everything in the room is 1966 vintage and as illustrated in the attached pictures, is in a state of disrepair. Staff proposes this consultant for engineering services, as they performed a similar space needs study and remodel of areas of the past service center. The proposal has a value of \$5,400, not to be exceeded, with the exception of expenses. The schedule proposed is very aggressive, and needs to be adjusted two weeks from what is stated on the proposal.

President Swafford suggested to the board that if they have not seen this room previously, they should inspect its poor conditions for themselves.

Board Member Banach has not seen this room in person and asked how large it is. Mr. Hicks estimated that it is perhaps 12 by 30. Mr. Swafford estimated 300 square feet. Mr. Banach asked about the figure in the memo to the board of \$862,148.00. He wished to clarify that is not an amount for this room's remodeling. Mr. Hicks clarified that the funds for this project will come from the Water Extensions and Replacements contingency line, which has a balance for this year of \$862,148.00. Mr. Banach asked what the estimated cost for this project is. Mr. Hicks replied that the architect will complete a study and then outline a proposal with costs attached. Mr. Banach would suggest that CBU provide that figure. Given the small size of the room, he would prefer to not spend a large amount of money on its renovation. He also questions whether an architect is needed for the design of this. Mr. Hicks relayed that it was highly considered that the design be completed in-house. CBU has three civil engineers and Mr. Hicks, himself. After they all evaluated the space, they agreed a professional should look at it, do a space needs study, and since it will involve reworking plumbing, electrical, and mechanical elements, it seemed more involved than what should be done in-house. Director Murphy agreed with this assessment and added that these facilities are manned around the clock, and this plant is in a pretty remote location. While we have a budget in mind, we would like to see the architect's evaluation for best use of this space. Mr. Swafford understood that new ceilings, lights, ventilation, and electrical fixtures are all a part of the project, and again, urged board members to go view the room in person. The tiles are asbestos-laden and will need careful removal. He is all in support of a room that will function well for the next 20-30 years. He hopes the furniture will be durable and comfortable, but the project will have to be much more comprehensive than simply furnishings. Mr. Banach asked if the contract will come before the board for approval, and Mr. Murphy affirmed it would. Mr. Hicks suggested that the architect would put together the bid solicitations and staff will utilize that.

Board Member Ehman asked if the needs study would involve the employees. Mr. Hicks stated that it would. There are two meetings with staff planned, in order to gather their input.

Vice President Roberts agreed that it would be good to get input from the people who will be utilizing the space on a daily basis.

***Board Member Roberts moved and Board Member Banach seconded the motion to approve the Monroe WTP Multipurpose Room Remodel. Motion carried, 6 ayes, 1 member absent (Roman).***

## **REQUEST FOR APPROVAL OF CITY OF BLOOMINGTON UTILITIES WATER CONSERVATION PLAN**

Conservation and Resource Manager Hendon presented this item. Staff has spent several months putting this plan into its final form, with a lot of input from the board. He feels the final product is pretty strong and wished to review the highlights with the board today.

CBU agreed with Indiana Utilities Regulatory Commission (IURC) on two things in the last rate case to go before them. One was to hire a water conservation coordinator, which was accomplished with Mr. Hendon's hiring. The other was to develop a water conservation plan for the city. Once the board approves this plan, it will be submitted to the IURC within 30 days.

The plan is an outgrowth of the Wittman Hydro & Associates plan that was put together in 2009. That was the first comprehensive look at what a conservation program may entail. CBU did not have anything ongoing in place at that point. The Wittman, et al plan reviewed 40 measures initially, and from there whittled it down to the ones that seemed as if they'd be most effective. Staff borrowed those for this plan, and added new measures do to newly available resources and technology.

Mr. Hendon appreciated the feedback from the board in helping to strengthen the document. He reviewed other water conservation plans in compiling this one, especially Citizens Utilities', which had a similar agreement with the IURC. Attorney Dave McGimpsey assisted as well, and will be the one submitting the plan to the IURC.

Mr. Hendon referred the board to the document and highlighted the following. Water extraction rates have steadily increased over the years, along with yearly peak extraction rates. The plan attempts to control the growth in both. Analysis was done on consumption, using regression analysis, to illustrate what it would look like both with and without a conservation program.

The goals section in the plan identifies the current and future challenges. This section attempted to tackle each challenge. The goals to do so include increase of efficient water usage, reduce non-revenue water, postpone the need for capital-intensive infrastructure projects, increase water literacy in community, to improve our drought preparedness (we developed a drought contingency plan in 2012), and to protect and preserve our environmental resources. The attached document goes into detail regarding each of these goals with quantifiable metrics for tracking progress.

Water conservation measures are broken down into three main groups. The first is the water loss control program, which will commence with a water audit to then identify resources we should apply towards these protection programs. We can also audit the city government's water usage. The second group includes the public education goals, which includes everything from maintaining and enhancing information on our websites and bills to school outreach programs, peak notification to large users, and social media campaigns and annual reports. Finally, the government regulation section is an overall analysis of ordinances which may be valuable in promoting conservation in Bloomington. Other communities have explored various ordinances which we could review and evaluate their merit. There may be economic incentives that could be used. The summer sewage average should also be reevaluated. There may be other means to achieve the goal of customer equity while enhancing conservation. Finally, the city could explore alternative water supply sources.

Chair of the Environmental Subcommittee Ehman relayed that the subcommittee met twice to review the plan and provide input. Mr. Hendon incorporated that nicely into successive drafts. This draft has received favorable approval from the subcommittee.

Board Member Sims thanked Mr. Hendon for taking the time to involve the board so thoroughly. He has learned a lot from the process, and looks forward to reviewing progress on the measurable outcomes.

Mr. Ehman asked that Mr. Hendon returns to the board to report his yearly plan and targets.

***The Environmental Subcommittee moved and Board Member Roberts seconded the motion to approve the City of Bloomington Water Conservation Plan. Motion carried, 6 ayes, 1 member absent (Roman).***

Director Murphy added that Mr. Hendon has been a great asset to the utility. He also appreciates Water Quality Manager Atz's efforts in training Mr. Hendon as he began this new position.

## **OLD BUSINESS:**

Director Murphy mentioned the Southern Monroe Water Company (SMWC), which came before a subcommittee with a contract request. The subcommittee asked about maximum and minimum amounts in the contract, and engineering staff has reviewed the date on that. Their maximum is not more than a million gallons. CBU is confident in making a recommendation to the board, with that maximum written into a contract, as well as a twenty year timeframe, so that they may apply for a state revolving fund loan for their infrastructure improvement needs.. He hopes to present the contract to the full board within the next two meetings.

Board Member Ehman asked if this is a part of a broader strategy to constrain the maximum and minimums of all of our wholesale contracts. Mr. Murphy added that for financial considerations, he should mention that they are also in the process of creating a water authority. This particular contract was lacking maximum and minimums, and the impact of this customer is pretty miniscule on our system. Mr. Ehman is in support of placing limits on both ends, for the purposes of predictability and safeguarding our capacity. Mr. Murphy agreed.

## **NEW BUSINESS:**

Director Murphy introduced Mark Schmitter from Washington Township Water Company (WTWC). I-69 is responsible for some water relocations in their jurisdiction, and the township would like to upsize water lines while relocating. In order to receive funding from the state revolving fund loan program (SRF), he would need a contract in place with us which assures a water supply for twenty years. He would like to request a letter of commitment, as they are looking to create a water authority, which would then be the body applying for the funding. The expired contract with WTWC did have maximum and minimum amounts written into it, which should continue to suffice. Mr. Murphy asks for the board's approval on a letter of intent.

Mr. Schmitter relayed that WTWC is under a tight timeline given I-69 construction. SRF is working with them on a bridge loan, and will then work with them on permanent financing to commence at the beginning of the year. He would appreciate CBU's letter of intent, as well as working towards a permanent contract by the end of the year.

Attorney Small explained the issue of the water authority status. The bonds CBU has in place are tax-exempt, and have limitations on private use. By converting to water authorities, both SMWC and WTWC do not impact our 10% limitation.

The board instructed staff to draft the letter and have the board review it. President Swafford can then sign it, since it is a non-binding letter. Board Member Banach voiced his support of this.

Vice President Roberts inquired as to the flow of water currently. Mr. Schmitter replied that they currently average between 6 and 7 million gallons per month, with peak being 11.5 million gallons. She also asked if the state is paying for the relocation. Mr. Schmitter affirmed. What WTWC is paying for is the increase in size, and update of system. It should substantially help with loss of water, water quality, etc.

## **SUBCOMMITTEE REPORTS:**

The Finance Subcommittee and the Property and Planning Subcommittee met jointly to review a request from Printpak Corp., for sewer credits. Chair of the Finance Subcommittee Frank reported.

This came before the board first in 2012, and the customer has installed sub-meters to measure and gather data on water lost through evaporation in the cooling tower. Both subcommittees recommend moving the item forward to the full board.

**STAFF REPORTS:**

Director Murphy updated the board on the retirements of two of our superintendents and the process to replace them. Interviews are being set up. The Labor Management Committee from Dillman Road will be involved with the replacement of its superintendent.

There are a lot of people leaving this summer, given the new PERF changes. We will hold a joint party for them and will invite the board.

Construction projects are in motion. Crews are working on Grant Street to replace a line from University, north to Smith Ave. This should help water quality. We are stuck for a short period, as the hoe ram needed significant repair. Other projects are moving along nicely.

**PETITIONS AND COMMUNICATIONS:**

N/A

**ADJOURNMENT:**

The meeting was adjourned at 5:53 p.m.

---

**L. Thomas Swafford, President**