

UTILITIES SERVICE BOARD MEETING

August 11th, 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 Vice President Roberts called the regular meeting of the Utilities Service Board to order at 5:04 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: Julie Roberts, Jim Sims, Jeff Ehman, Jason Banach, and Tim Mayer, Ex-Officio. Staff members present: Patrick Murphy, Michael Horstman, John Langley, Jon Callahan, Mike Bengtson, Rachel Atz, Chuck Winkle, Greg Small, and Phil Peden.

MINUTES

Board Member Ehman moved and Board Member Banach seconded the motion to approve the minutes of the July 28th meeting. Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

CLAIMS

Board Member Ehman moved and Board Member Banach seconded the motion to approve the claims as follows:

Vendor invoices that will be submitted to the Controller's Office on August 15th included \$93,782.56 from the Water Utility; \$128,050.34 from the Wastewater Utility; and \$1,632.31 from the Stormwater Utility. Total Claims approved, \$223,465.21.

Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

Board Member Ehman inquired about a claim to Baugh Enterprises for 2,500 domestic septage tickets in the amount of \$500.00. Deputy Director Langley explained that we sell those tickets to septic haulers. It allows for interface with them before septic waste is hauled to Dillman Road Wastewater Treatment Facility, including an informational program on what is acceptable and unacceptable, as well as the payment portion. The tickets are presented at the gate when the delivery is made.

Mr. Ehman inquired whether it is a purely wastewater expense, and whether it would be more appropriate to charge entire cost to wastewater, rather than split between it and water funds. Mr Langley believed that the printing expenses are typically accounted for in the split manner.

Mr. Ehman noticed a claim to Eco Logic, LLC with the description, "Maintain Calloway St tree conservancy area". He is not familiar with this district or our interests there. Assistant Director of Engineering Bengtson informed that in the Jackson Creek area, a conservancy district was set up along with the work on the southeast and southwest interceptor sewers. As we destroyed trees building that sewer system, CBU was required to plant trees at a 4:1 ratio. Eco Logic manages the property and maintains it for us.

Finally, a claim to Rogers Group for miscellaneous stone is noted as "stock storm" but split between three funds. Assistant Director of Finance Horstman will investigate.

Board Member Banach inquired as to the purpose 130 lbs of ice purchased from Cosner's Ice Company. Director Murphy informed that we keep ice in supply for the crews working out in the field who keep water coolers in each truck. We also have certain sampling methods which require cold transport.

Mr. Banach also noticed a claim to White River Cooperative for 100 gallons of fuel and a total cost of \$1,159.20 . Mr. Murphy clarified that full description on claims list reads, "100 Gallons unleaded fuel and 240 diesel-X for plant vehicles", so the cost is for 340 total gallons.

Board Member Ehman moved and Board Member Banach seconded the motion to approve the utility bill payments as follows:

Vendor invoices submitted to the Controller's Office on August 5th included \$4,699.74 from the Water Utility; and \$66,644.95 from the Wastewater Utility. Total Claims approved, \$71,344.69.

Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

Wire transfers and fees for the month of August:

Board Member Ehman moved and Board Member Sims seconded the motion to approve the wire transfers and fees for the month of August in the amount of \$632,443.74.

Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

REQUEST FOR APPROVAL OF CONTRACT WITH WASHINGTON TOWNSHIP WATER AUTHORITY:

Director Murphy presented the contract, which had been previously discussed by the board. A letter of intent had been presented from CBU to WTWA to assure our intent to serve. WTWA is in the midst of securing funding for expansion, and the State Revolving Loan Fund initially requested a letter from CBU while a contract is being drafted and the organization worked towards authority status. More recently, the state requested that the process focus on executing a contract in order for the funding to be approved.

Mr. Murphy pointed out that the contract attends to the concerns the board had previously, including a maximum of 850,000 gallons per day; that additional points of delivery are subject to the approval of the USB; and that the contract covers twenty years. Mr. Murphy introduced the president of WTWA, Mark Schmitter.

Mr. Schmitter expressed his confidence that the contract will cover the needs of the next twenty years and is eager to commence the improvements once funding is secured.

Board Member Ehman moved and Board Member Banach seconded the motion to approve the contract with Washington Township Water Authority.

Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

REQUEST FOR APPROVAL OF 2015 CITY OF BLOOMINGTON UTILITIES BUDGET:

Assistant Director of Finance Horstman and Director Murphy presented the budget for 2015 (see attached presentation). Mr. Murphy detailed the budgeting process, which begins with zero-based budgeting and an analysis of revenues and expenses, along with determinations of the variable costs such as chemicals, energy, fuel, etc. This budget projects an increase in water revenue of about 2%. It is important to note that in 2013, that was the first year in which both water and sewer rate increases were in effect, and the projections stemming from that year were completed midway through 2013, resulting in some differences between projections and actual numbers. Expenses are similar to 2013, with some increases in vehicle maintenance, health insurance, and utilities. Staff did build in a 2% salary increase. In wastewater, revenues were also projected to grow 2%. This budget leaves healthy cash reserve levels, as well.

Board Member Ehman asked how the adopted budget for 2013 would compare to the actual figures. Mr. Horstman informed that some money was left, as noted in our cash balances. This followed 2012 when balances were lower than desired. Mr. Murphy added that we are required to keep certain cash levels through our bond covenants (60 days of operating expenses). Mr. Ehman wondered if with a healthy reserve, we might expect the budget to decrease in the upcoming years. Mr. Horstman explained that there is a list of projects with priorities that the board and staff would need to weigh against such considerations in the future.

The extensions and replacements budget was presented after the operating budget. It is dictated by the operations and maintenances budget plus bond payment obligations, with the resulting balance put towards extensions and replacements. Some are recurring, such as software licenses, meters, hydrants, and equipment and vehicle leases. Others are priority projects, such as the Fullerton Pike relocation, which would be a partnership with the county as they plan to expand the road. The Woodyard Road project is carried over from this year, as other items took priority (see attached presentation for project listing).

Mr. Ehman and Ms. Roberts asked for clarification on the Redbud Tank painting project, for which the cost is over \$1 million. Mr. Murphy explained that in order to paint both inside and outside, the tank needs drained and sandblasted first. Mr. Murphy is hoping when the water plant expansion project is closed out, that there will be funds remaining for this project, but it is built into the contingency funds in extensions and replacements.

Overall, the budget strikes a balance between revenues and expenses and promotes sustainability.

Mr. Murphy also informed the board of some sustainability projects that have been initiated. CBU is partnering with the county and other government entities on a \$5m grant proposal from Georgetown University. CBU is also working with Jim Sherman and Shazeen Attari from Indiana University on a grant project on consumer behavior. Sustainability Coordinator Hendon and Water Quality Coordinator Atz have been working on those efforts.

Board Member Ehman moved and Board Member Banach seconded the motion to approve the 2015 City of Bloomington Utilities budget.

Motion carried, 4 ayes, 3 members absent, (Swafford, Roman, Frank).

OLD BUSINESS:

N/A

NEW BUSINESS:

Director Murphy shared that an invitation to a joint retirement party for several CBU employees was e-mailed to the board. New staff have integrated well in their first few days and weeks.

Board Member Banach asked if most of these were expected, or related to the changes in PERF taking place. Mr. Murphy felt the latter was the case overall.

SUBCOMMITTEE REPORTS:

N/A

STAFF REPORTS:

N/A

PETITIONS AND COMMUNICATIONS:

Board Member Ehman received notice that Bob Madden has stepped down from his leadership position at the Lake Lemon Conservancy District. Given his good stewardship and cooperation with CBU, it may be nice to send him a letter or card on behalf of the board.

ADJOURNMENT:

The meeting was adjourned at 5:48 p.m.

Julie Roberts, Vice President