

UTILITIES SERVICE BOARD MEETING

December 10, 2007

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 5:07 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, Tim Henke, Jeff Ehman, Jason Banach, Pedro Roman, Julie Roberts, John Whikehart and ex-officio member Tim Henke. Staff members present: Patrick Murphy, John Langley, Michael Horstman, Mike Hicks, Phil Peden, Jane Fleig, Tom Staley, Jon Callahan, Mike Bengtson, Mike Trexler and Vickie Renfrow. Others present: Jack Wittman representing Wittman Hydro Planning Associates, Ben Beard representing Gentry Estates, Margaret Fette representing the Libertarian Party, Sarah Morin representing the Herald Times, Mark Menefee representing Indiana University and Adam Westerman representing Black & Veatch.

MINUTES

Board member Roberts moved and Board member Henke seconded the motion to approve the minutes of the December 10th meeting. Motion carried. 7 Ayes.

CLAIMS

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

Claims 0791827 through 0791915 including \$95,781.17 from the Water Operations & Maintenance fund and \$16,603.05 from the Water Sinking fund for a total of \$113,985.05 from the Water Utility; Claims 0731121 through 0731154 including \$155,350.40 from the Wastewater Operations & Maintenance fund and \$4,732.06 from the Wastewater Sinking fund for a total of \$160,082.46 from the Wastewater Utility; and a total of \$4,357.97 from the Wastewater/Stormwater Utility. Total claims approved – \$278,425.48.

Board member Henke asked about the claim for Apparatus Service Corporation. Superintendent of operations Staley said that it was for calibration of gas detection equipment that is used to test the air before going into a confined space.

Board member Banach asked about the claim for City Mortgage Inc. for an energy savings project. He was curious about how much money has been saved. Attorney Renfrow with the City Legal Department explained that there are two energy savings projects that Utilities makes payment on. One was started in 1999 and it involved changing light fixtures and things like that. These projects are set up so the cost of the improvements is paid for over 10 years. The supplier of the improvements guarantees a certain level of savings. In the case of this project the guaranteed savings were reached by the fifth year. This particular project was shared by Utilities, Public Works and Parks and Recreation. Utilities got the biggest share of the savings which was high in relation to the actual cost of the improvements. There was another project that started in 2003 at the Dillman Road WWTP plant in 2003. Ms. Renfrow said she doesn't know the particulars of that one but she does receive an annual report. Every year the project has exceeded expectations. Mr. Banach asked if the payments are annual. Ms. Renfrow said that they are bi-annual. Utilities share of the first energy savings project was about \$400,000. The Dillman Road project was considerably more. Mr. Banach asked if \$400,000 was spent to save \$500,000. He asked what the net savings were.

Ms. Renfrow said it depends on what you call savings. The calculations are based on what is saved in energy costs, what the weather was like, what the rates are and factors of that sort. There are also savings because this work has already been done and doesn't need to be done now or in the future. These savings are capital savings and are not included in the \$500,000 of energy savings. Altogether the savings are closer to \$1,000,000. Most of the savings will last way beyond the 10 years of the program. Mr. Banach said he would be interested in the long term cost savings these programs bring about.

Board member Henke suggested that a brief summary of programs such as these be made available to the USB so they can refresh their memories as things come up.

Board member Roman asked about the claim for Mallor, Clendening, Grodner & Bohrer. Deputy Director Langley said the claim covers PCB related charges for meetings, phone calls, etc.

Motion carried. 7 ayes.

APPROVAL OF REQUEST FOR FUNDING TO BUY AN AANALYST 88 AA SPECTROMETER:

Deputy Director Langley asked that funding in the amount of \$60,000 be approved for a new spectrometer. The present spectrometer is over 15 years old. It is an atomic adsorption spectrometer that is used to quantify heavy metals in a known volume of waste water. Because the current unit is broken these samples have been sent out for analysis which costs about \$3,000 per month if only wastewater samples are counted. It is also occasionally used to monitor other wastewaters that are not from Dillman Road or Blucher Poole WWTP's. It is also sometimes used to monitor things like manganese and iron in the water system. If it is ordered before the end of the year there will be substantial savings.

Board member Roberts moved and board member Roman seconded the motion to approve the request for funding to buy an AANALYST 800 AA Spectrometer. Motion carried. 7 ayes.

RESOLUTION TO DECLARE AN EMERGENCY FOR INVITING BIDS FOR A PUBLIC WORKS PROJECT – MONROE WATER TREATMENT PLANT FILTER REHABILITATION PROJECT.

Attorney Renfrow with the City of Bloomington Legal Department said that this is a resolution pursuant to Indiana Code Section 36-1-12-9 which is the public construction and public works projects portion of the code. It allows Utilities to invite bids from a couple of contractors without advertising, to take care of an emergency situation. The emergency in this case is a contractor, Maddox Industrial Contractors, who was awarded a contract last summer and has not been moving the project along as quickly as he needs to. He has also failed to comply with some of the most basic contract terms. In particular he hasn't agreed to a date of completion for certain specific parts of the work. Maddox has been given notice of the ways that they are not in compliance and that Utilities will exercise the right to terminate the contract if they don't come into compliance in a timely manner. This resolution recognizes that because of the problems with this contractor there is a reduced amount of time to finish the filter rehabilitation project which needs to be done by the first of May in order to meet the water demands as they increase in the spring and summer. The resolution also indicates that the contractors that bids will be sought from are Bowen Engineering and Mitchel & Starke Construction Co. If it becomes apparent that Maddox will not complete the project in time this resolution will allow Utilities to solicit bids to complete it.

Board member Roberts asked if neither of the alternate firms has time to complete this project by the first of May, are there any back up plans. Ms. Renfrow said that a number of different options are being considered. If necessary things can be split up or delayed although that would not be ideal.

Board member Henke asked about the status of the system today. Is there a basin down? Assistant Director of Engineering Bengtson explained that Maddox is about $\frac{3}{4}$ of the way through the renovation of one filter. No schedules have been provided by Maddox however they are proceeding with work right now. If he doesn't get back on track it would be advantageous to have this resolution approved so Utilities can move forward with alternate plans right away.

Board member Mayer asked how much time it would take from start to finish. Capital Projects Manager Hicks said that the original timeline for the contractor was October 1st until May 1st. It should have been divided into periods that would allow each of the 4 filters to be taken down and rehabilitated. They are less than $\frac{1}{4}$ of the way through.

Board President Swafford said that he doesn't want to see Utilities in the position they were in with the Monroe Water Treatment Plant Improvements which dragged on for a year beyond the expected completion date.

Board member Roman asked Ms. Renfrow about the reference in the Resolution to CBU Administration. He wanted to know if that is the Director. Ms Renfrow said the administration would be the Director, the Deputy Director and the Assistant Directors.

Board member Roberts moved and board member Ehman seconded the motion to approve the Resolution to declare an emergency for inviting bids for a public work project – Monroe Water Treatment Plant Filter Rehabilitation. Motion carried. 7 ayes.

REVIEW OF PEER REVIEW PROPOSALS FOR PHASE 2 OF THE LONG RANGE WATER PLAN:

Utilities Director Murphy reminded the USB that on September 17th he had asked the board to clarify what they were interested in regarding the peer review for Phase 2 of the Long Range Water Project. They said that they were interested in confirming the construction costs and the engineering costs that were estimated by Black & Veatch. Proposals were received from Hanum, Wagle and Cline, who were recommended by Crowe Chisek, and from Wittman Hydro Planning Associates who are a local firm. Mr. Murphy said that he solicited proposals from firms that are not directly involved in the project.

Deputy Director Langley, Assistant Director of Engineering Bengtson, Attorney Renfrow and Utilities Director Murphy met with both firms. Both firms had the project explained to them and then came up with written proposals. Because Wittman Hydro Planning Associates does not have a Physical Engineer on staff they were asked to come back again with the Engineer that they would hire for this project. After the second meeting an updated proposal was received from the Wittman team.

Mr. Murphy said that the proposals were reviewed as to whether they were hitting what was thought of as the target. They were also checked to see if they reviewed the costs associated with construction and engineering fees are in line with the market, provide a detailed description of the process and procedures they would use and the time line in which they would finish the project. The staffs' decision was that the Hanum, Wagle & Cline proposal was the one most on target to meet the instructions from the USB.

Board member Roman asked why there is such a difference in price. He wanted to know if the two proposals cover the same scope of work.

Assistant Director of Engineering Bengtson said that after meeting with each group, where each of them were given the same information, the staff felt that the Wittman scope of work went beyond

what was targeted. Mr. Roman asked if the Wittman proposal went beyond what was needed or if it just went beyond the other proposal. Mr. Murphy said that what separated Wittman from Hanum, Wagle & Cline was that Mr. Wittman was going to bring in an engineering firm to do the work from outside. Hanum, Wagle & Cline are an engineering firm.

Mr. Roman said that when the rate payers are being asked to pay 46% more on their water bills for a project that will cost millions and will affect the community for the next 20 years, \$30,000 for a peer review doesn't seem like very much to him. He wants to make sure the USB doesn't save \$10,000 and get something other than what is needed. Mr. Murphy said that the staff felt both proposals were good but Hanum, Wagle & Cline was more on target. Mr. Roman asked Mr. Murphy if both proposals might be accepted. Mr. Murphy said that the Hanum, Wagle & Cline proposal meets the objectives that were set forth. He does understand that Wittman is a local firm and it would have been nice to be able to give them the business. Within the context of the most responsive and responsible proposal the services being offered by Hanum, Wagle & Cline are the best choice.

Board President Swafford reminded the board that Phase 2 of the Long Range Water Plan is the redundant water line. He asked whether or not a peer review should be done for Phase 2. His greater concern would be Phase 3. Hanum, Wagle & Cline's proposal for \$12,500 is the one that is recommended by the staff.

Board member Roberts asked if Mr. Swafford was suggesting that it would be possible for someone to propose that a peer review not be done. Mr. Swafford confirmed that is a possible option.

Board member Henke said that a lot of the review in this case would be relative to the cost of both engineering and construction. He asked if the peer review would be in lieu of competitive bidding of the engineering for Phase 2. Mr. Murphy said that he would like to see the report first to see if it validates the engineering expenses. Mr. Henke said that he had the impression that the staff would not get bids on the Phase 2 engineering or the engineering for any other phases. If there were a bid process for Phase 2 he would not feel that the peer review is of great importance. If there is no bidding he prefers the peer review at a minimum. Board members Ehman, Banach and Roman agreed with him.

Utilities Director Murphy asked if the USB would be comfortable not doing any bidding if the peer review shows that Black & Veatch's numbers are accurate. Board President Swafford said he would like a motion and vote on the peer review to get it moving ahead. Mr. Murphy said that Hanum, Wagle & Cline agreed to complete the review within 30 days of the contract being signed.

Board member Roman said that he preferred the Wittman proposal because it would give more information. Mr. Swafford said that the staff has the expertise and has made the recommendation so he is comfortable with their decision. Mr. Roman pointed out that it is the USB who has to make the decision about the peer review not the staff.

Board member Henke moved and board member Ehman seconded the motion to accept the staff's recommendation to hire Hanum, Wagle & Cline for the peer review.

Board President Swafford confirmed that this is for a review of Phase 2 of the Long Range Water Plan to be finished in 30 days for a cost of \$12,500.

Board member Banach said that he doesn't think this is the sort of thing that should be done habitually. He does believe that it is reasonable to spend \$12,000 to find out if spending \$20,000,000 is a good idea. He wouldn't always make the same decision but in this case he feels that the USB

has fulfilled their obligations as board members. He thinks the staff made a good recommendation and the USB has done their due diligence so he is comfortable moving forward with it.

Board member Whitehart said he's not uncomfortable about asking for a peer review but he doesn't want to start second guessing the second guessing. That would be going several steps beyond what is needed.

Board member Ehman said that he has expressed doubt about the need for a peer review of Phase 2 from the start. He thinks there should be a peer review of Phase 3. Given the approach taken he will support the Phase 2 review and vote for it. In "new business" he will request that the staff begin getting proposals for a Phase 3 review. He commented that Wittman Hydro Planning would be very well qualified to do such a study even if they aren't being chosen this time.

Board member Banach said he doesn't think it's a bad idea in general to have someone take another look at the really big projects. He supports this and would like to see it happen with other projects that are in excess of a number that should be determined.

Motion carried. 6 Ayes, 1 abstention (Roman).

OLD BUSINESS:

Utilities Director Murphy told the USB that the next regularly scheduled meeting of the USB is for December 24th. That meeting has been re-scheduled for Thursday, December 20th since it might be difficult to get a quorum on Christmas Eve.

NEW BUSINESS:

Board member Ehman asked if the USB agrees that the staff be asked to check into getting bids on proposals for a Phase 3 review. Board President Swafford said that he would prefer to wait for the results from the review of Phase 2. Board member Banach asked what effect that would have on timing.

Utilities Director Murphy pointed out that Hanum, Wagle & Cline had agreed to get their report finished in 30 days. Mr. Murphy is willing to be directed by the USB when the staff should start working on a Phase 3 review. He said that some firms might not want to bid on the proposal because they will want to bid on the project.

Board member Ehman said that the Phase 2 review would not have any impact on Phase 3. Mr. Murphy asked him which of the Phase 3 proposals he would want a review of. Mr. Ehman said that someone should review all of the options to be sure the right one is chosen. If it would be better to wait for 30 days that would be fine with him although he doesn't see what difference it would make.

Board member Roman asked Mr. Murphy when the Controller will get the 2008 Interlocal Agreement to the USB. Mr. Murphy said that he would ask Mr. Trexler or Mr. Horstman to inquire about it. Mr. Roman also asked about data that board member Ehman had requested about the flow of IU into the storm water and wastewater system. Mr. Ehman said that he would like to discuss it further with Mr. Roman before making the request of the staff.

SUBCOMMITTEE REPORTS:

Board member Henke reported that the Rules & Regulations subcommittee had met at 4:00 p.m. before the regular session of the USB. He said that progress is being made. They plan to come up

with some draft information to give to Attorney Renfrow so she can draft the actual rule. There will be another meeting of the committee at 4:00 p.m. before the December 20th USB meeting.

Mr. Henke also reported that the Rules & Regulations Subcommittee had been asked by a group of people representing Bill Brown about the triangle of land that had been taken out of the sewer extension map. They would like to see it put back in. The subcommittee felt that because the decision had been made by the entire USB the appeal should be heard at a regular session of the USB. He suggested including it on the agenda for the December 20th session.

STAFF REPORTS:

There were no staff reports.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:52 p.m.

L. Thomas Swafford, President