

UTILITIES SERVICE BOARD MEETING

February 4, 2008

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 5:14 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, Jason Banach, Pedro Roman, Jeff Ehman, John Whikehart and ex officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Mike Bengtson, Jon Callahan, Kevin Robling, Mike Hicks, Vickie Renfrow, Jane Fleig, Tom Staley, Adrian Reid, Phil Peden, Mike Trexler and Michael Horstman. Others present: Chris Gale representing HNTB, Mark Menefee representing Indiana University, Ben Beard representing Gentry Estates, Margaret Fette representing the Libertarian Party and Sue Mayer.

Board President Swafford read into the minutes a notice that an Executive Session had taken place at 4:30, immediately before the regular session, to discuss pending litigation.

MINUTES

Board member Banach moved and Board member Ehman seconded the motion to approve the minutes of the January 22nd meeting. Motion carried. 5 Ayes, 2 members absent, (Roberts and Whikehart).

CLAIMS

Board member Ehman moved and Board member Henke seconded the motion to approve the payable claims (2007 expenses paid in 2008) as follows:

Claims 0890127 through 0890195 including \$392,735.07 from the Water Operations & Maintenance fund and \$14,034.50 from the Water Construction fund for a total of \$406,769.57 from the Water Utility; Claims 0830080 through 0830116 including \$74,397.16 from the Wastewater Operations & Maintenance fund and 14,034.50 from the Wastewater Construction fund for a total of \$88,431.66 from the Wastewater Utility. Total claims approved – \$495,201.23.

Board member Ehman asked about the claims for Schmidt Associates and for Wired Communications. He wanted to know if those would be the final claims from these companies. Capital Projects Manager Hicks said that the Wired Communications payment is the second and final payment. They had done the structured cabling and public announcement systems for the new Administrative Building. There are two invoices for Schmidt Associates, both of which are for additional work. The \$6,754.00 invoice is for additional work related to the meter laboratory. This room was not included in the original design. There is also an invoice for \$21,315 for design services for Schmidt for the alternates for the project. There were a lot of alternates, mostly related to sustainability and green matters. Out of 14 alternates 8 were chosen to be built. Mr. Ehman asked if these are final balances. Mr. Hicks said there are still some outstanding invoices for Schmidt.

Board member Roman asked about the claim for Maddox Industrial Contractors. He wanted to know if it is for a project that is completed or one that has yet to be done. Capital Projects manager

Hicks explained that they started the Filter Rehabilitation Project at Monroe Water Treatment Plant several months ago. This is the first claim and represents about 21% of the entire amount.

Motion carried. 6 ayes. 1 member absent, (Roberts).

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

Claims 0890141 through 0890199 including \$378,838.04 from the Water Operations & Maintenance fund and \$2,150 for water hydrant meter rental for a total of 380,988.04 from the Water Utility; Claims 0830085 through 0830113 including \$525,906.18 from the Wastewater Operations & Maintenance fund for a total of \$525,906.18 from the Wastewater Utility; and claim 087005 through claim 087009 for a total of \$83,509.18 from the Wastewater/Stormwater Utility. Total claims approved – \$990,403.40.

Board member Henke asked about the claim for the City of Bloomington. Utilities Director Murphy said this claim is for 50% of health insurance, basic life insurance and flex accounts. These payments are not included in the Interlocal Agreement. The claim is for 2008.

Board member Roman asked about the same claim. He wanted to know what instrument was used to manage this. Is there a contract with the City? Mr. Murphy said that the health insurance is with SIHO and Utilities is in partnership with the City for this relationship. These expenses are negotiated by Employee Services and Risk Management. Mr. Roman asked if he correctly understood that the City, in partnership with Utilities, hires these companies. Mr. Murphy agreed. Mr. Roman asked which instrument regulates this relationship. Is there a contract with the City or with the insurance companies? Mr. Murphy said he would look into it. Attorney Renfrow with the City Legal Department said something from the audience at this time that I couldn't hear. Mr. Roman said he would like to know which piece of paper regulates this. He also wanted to know if there is a long term agreement on this. Utilities Director Murphy said that it is in the budget that the USB approved.

Board member Banach clarified that what Mr. Roman is asking is if there is a document between the Civil City and Utilities that says that on a semi-annual basis Utilities will reimburse the City "x" amount. Ms. Renfrow said the City Controller would know what the exact arrangement is but she believes that an amount per employee is determined then the Department is charged according to the number of employees they have. All of the payments go into a health insurance trust fund. Mr. Banach asked if there is a document and whether or not one is required. Mr. Murphy said it was approved in the 2008 budget. Mr. Banach asked if a document is required. Ms. Renfrow said that is not the case. This is a case where Utilities along with all other departments figure out ways to share the costs.

Board member Roman said that his concern is that he believes that there must be an actual agreement that has been entered into because the money of the Utilities remains separated from the Civil City's money. Ms. Renfrow said something from the audience that I couldn't hear. Then she said that all departments are required to participate in this agreement.

Board member Ehman said that Utilities is more than a department. Other departments don't have interlocal agreements with the Civil City. Ms. Renfrow said that technically "interlocal" is a misnomer for this agreement. It is really just an inter-departmental agreement. An interlocal agreement would involve separate political entities. Utilities is not a separate political entity from the City, it is a department of the City. It is different in a number of ways but is still a department. Mr. Roman said that he thought it is a municipally owned Utility. Ms. Renfrow agreed, the City of Bloomington owns the Utility and administers it through its Department of Utilities. It is similar to the Department of

Parks and Recreation being assigned the task of running the parks and recreation programs. The parks are still owned by the City. Mr. Roman said that ownership is not what he is discussing. He is concerned because of the need to keep Utilities' money separate from the City's. Ms. Renfrow agreed and said that there are other departments of the City that also have to keep certain accounts separate. Mr. Roman said it is his belief that when a half million dollars is being spent the USB should approve it. Board President Swafford pointed out that this sum was included in the budget and the USB approved the budget. Mr. Roman asked if everything that is in the budget will not require further approval. Mr. Swafford said that Utilities received a bill for this amount so a claim was generated and the USB is being asked to approve that claim. For outside work a contract is approved before any payments are made. This matter is within the City and Utilities is being billed for an amount that was budgeted for. Mr. Roman asked if Utilities would operate in the same manner with everything else that is done with the City. Why is an interlocal agreement signed? Everything can be put in the budget then paid when a bill is presented.

Board President Swafford requested that this matter be taken up at another time. He asked that the discussion be focused on the claims.

Motion carried. 6 ayes, 1 member absent, (Roberts).

APPROVAL OF ADDENDUM TO WATER/WASTEWATER ASSISTANCE PROGRAM CONTRACT WITH SCAP:

Assistant Director of Finance Horstman reminded the USB that on April 17, 2007 they approved a contract with SCAP for \$20,000 for water/wastewater assistance. The contract ran out on December 31, 2007 but there was a balance of \$13,300.93. SCAP has asked to have the program extended so they can use up the remaining amount. They are asking for a one year extension.

Board member Banach asked if the Administration supports this agreement and if the Legal Department has approved of the document. Mr. Horstman said that is the case.

Board member Henke moved and board member Banach seconded the motion to approve the addendum to the water/wastewater assistance program contract with SCAP.

Ex-officio board member Mayer asked if this amount was being approved in addition to a 2008 contract. Mr. Horstman said that another \$20,000 had been approved in the budget for this purpose and he may be coming back to the USB to ask for approval of that at a later date. Mr. Mayer asked if in 2005 or 2006 there had been money left over in the contract. Mr. Horstman said it had been similar to this year. Mr. Mayer pointed out that the amount being budgeted isn't being spent. Mr. Horstman explained that it had been thought that would change since the rules were changed this year to allow people to apply for assistance a second time in a 6 month period.

Motion carried. 6 ayes, 1 member absent (Roberts).

APPROVAL OF CHANGE ORDER NO. 1 WITH BOWEN ENGINEERING FOR THE DILLMAN ROAD PUMPING STATION IMPROVEMENTS:

Capital Project Manager Hicks reminded the USB that this project was started in September of 2006. It is an extensive renovation of the influent pumping station at Dillman Road WWTP. The construction on this project is 99% complete. Mr. Hicks introduced Chris Gale of HNTB to explain the Change Order.

Mr. Gale said this change order has 4 items in it. They are administrative details to be worked out with Bowen Construction. The entire change order is a deduction of \$80,614.00. It changes the

contract from \$2,667,000 to \$2,586,386. There is no change in the contract time. HNTB is in the process of finishing some as-builts and submissions to SRF.

The first item in the change order is the final adjustment for unit quantities. The contract included a per cubic yard unit price for the removal of 60 yards of grit from the pumping station. Only 14.4 cubic yards were actually removed which allows for a credit of \$8,664.

Item number two is the instrumentation of controls and training deduction. Approximately 10 days of training time was included in the project for immediately after completion and then 6 months later in case any more questions arose with the plant staff. The staff did not feel they needed that much training. The scope was reduced to one day of training 6 months after the completion of the project and another day of some programming by the instrumentation and control provider. That reduction in time resulted in a deduction of \$6,000.

The third item is an allowance for additional work deduction. There was an allowance for \$100,000 worth of work in the project for items that may have arisen or additional things were added to the project. A few things were added such as a stainless steel staircase for better maintenance between the traveling screens because some new equipment that had been installed limited the ability to get to the screens. There were additional software purchases for maintenance packages. This left \$65,350 in the additional work allowance which will be credited back to the project.

The final item was \$600 for a pole box that was to be installed under one of the cabinets. Because of the way the wiring was done it was not needed.

Board member Ehman moved and board member Roman seconded the motion to approve Change Order No. 1 with Bowen Engineering for the Dillman Road Pumping Station Improvements. Motion carried. 6 ayes, 1 member absent, (Roberts).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

No new business was presented.

SUBCOMMITTEE REPORTS:

Board member Henke said that the Rules & Regulations committee is ready to forward the new wording for Rule 24 to the Legal Department. He asked any board members who have comments to make on the new wording to please do so immediately.

Board President Swafford reported that an Engineering Subcommittee had been scheduled for the previous Monday. It was cancelled because the issue was resolved.

A Special meeting will be scheduled for sometime in the following week.

STAFF REPORTS:

Capital Project Manager Hicks gave the USB an update on the MWTP Filter Rehabilitation Project. Maddox Industrial Contractors were hired for this project. They did not get off to a very good start but things seem to be back on track at this time.

There are four basins to be rehabilitated. The first one is done and they are starting on the second. There were some issues with getting the coating on the second basin approved. On Friday the coating was approved so the project can move forward again with replacing the media. They are now 14 days behind schedule. There has been discussion of having two or possibly even three shifts working on this project to finish by the targeted completion date.

Board member Henke said that it would be important to have all four basins ready by summer time. He suggested holding the fourth basin back unless he is confident that it can be completed in time. Mr. Hicks assured him that is the plan. By that time Maddox will have completed three basins so it can be hoped that the learning curve is behind them. They will make sure that all materials for the fourth basin are on hand so nothing will hold them up.

Ex-officio board member Mayer thanked HNTB for their excellent work on the Dillman Road Pumping Station Improvements.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:45 p.m.

L. Thomas Swafford, President

FOR ENTRY INTO THE MINUTES:

An Executive Session of the Utilities Service Board was held at 4:30 p.m. on Monday, February 4, 2008, in the Board room in the City of Bloomington Utilities Department Administrative Building. This Executive Session was attended by authorized personnel only to discuss pending litigation that is defined under Indiana Code as being acceptable for discussion in Executive Session. Only those issues that are acceptable for Executive Session were discussed. (A sign-up sheet of those in attendance is attached to the minutes.)

