

UTILITIES SERVICE BOARD MEETING

May 16, 2016

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 Frank called the regular meeting of the Utilities Service Board to order at 5:00 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: Jeff Ehman, Sam Frank, Jim Sherman, Amanda Burnham, Jim Sims, Julie Roberts, and Tim Mayer, ex-officio. Staff members present: Tamara Roberts, Tom Axsom, Nolan Hendon, Rachel Atz, Phil Peden, Chris Wheeler, Missy Waldon, John Langley, Mike Bengtson, Vic Kelson, Efrat Feferman, Jon Callahan, Kim Alexander, Mike Hicks, and Rebekah Fiedler.

Other: John Skomp, Megan Banta

MINUTES

Board Member Sherman moved and Board Member Sims seconded the motion to approve the minutes of the May 2 meeting. Motion carried, 6 ayes, 1 member absent, (Banach).

CLAIMS

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

Vendor invoices submitted to the Controller's Office on May 12 included \$81,214.94 from the Water Utility; \$115,762.69 from the Wastewater Utility; and \$5,882.34 from the Stormwater Utility. Total Claims approved, \$202,859.97.

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

Board Member Sherman 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 May 16 included \$200,720.81 from the Water Utility; \$0.00 from the Wastewater Utility; and \$0.00 from the Stormwater Utility. Total Claims approved, \$200,720.81.

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

Board Member Sherman moved and Board Member Sims seconded the motion to approve the utility claims as follows:

Utility invoices submitted to the Controller's Office on May 11 included \$83,597.11 from the Water Utility; \$73,882.31 from the Wastewater Utility; and \$0.00 from the Stormwater Utility. Total Claims approved, \$157,479.42.

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

Wire transfers and fees for the month of April:

Board Member Sherman moved and Board Member Sims seconded the motion to approve the wire transfers and fees for the month of April in the amount of \$423,142.03.

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

Board Member Sherman moved and Board Member Sims seconded the motion to approve the customer refunds as follows:

Customer refunds submitted to the Controller's Office on May 11 included \$7.21 from the Water Utility; \$295.79 from the Wastewater Utility; and \$0.00 from the Stormwater Utility. Total Claims approved, \$303.00.

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

REQUEST FOR APPROVAL OF GEA BLOOMINGTON PRODUCTION OPERATIONS, LLC INDUSTRIAL WASTEWATER PRETREATMENT PERMIT REVISION

Board Member Sherman moved and Board Member Sims seconded the motion to approve the wastewater pretreatment permit revision for GEA Bloomington Production Operations, LLC as follows:

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

Tamara Roberts, Pretreatment Coordinator, requested approval for a pretreatment permit revision for GEA Bloomington Production Operations, LLC. She specifically requested that the flow be increased to 30,000 gpd. She does not foresee any problems with increasing the flow. This change will ensure that GEA has the capacity they need.

Board Member Ehman asked a question regarding the stated 60,000 gpd versus the total average daily amount of 32,600 gpd. He wanted to know if 60,000 gpd was the maximum. Ms. Roberts answered yes. It includes the metal finishing portion from the actual finishing of the refrigerator units.

PRESENTATION ON WATER AND WASTEWATER RATE ANALYSIS

Director Vic Kelson and Mr. John Skomp of Crowe Horwath LLC gave a PowerPoint presentation outlying the need for rate increases for both water and wastewater this year. The presentation is attached to these minutes. A rate increase of 22% for water and an equal one for wastewater are being requested. Mr. Skomp noted that the average customer will see about a 20% increase in the overall bill. Mr. Kelson commented that Board Member Sherman had asked to see what the cost of not doing the increase would be. That information will be forthcoming.

Board Member Sherman asked if this goes according to the timeline would there be a 10% increase in year one, and then another 10% a year later. Director Kelson confirmed that was correct.

Board Member Burnham asked a question about the timeline. She wanted to know if the meeting on May 31 would include another presentation to the Board, or if that would be a separate meeting. Assistant Director Feferman replied that that would be the regular USB meeting where the Resolution will be brought forward for the Board's approval which supports the recommendation to the City

Council on two bond ordinances and two rate ordinances. It was decided that it would not be necessary to have the presentation repeated on May 31.

Board Member Roberts asked if the Ordinances that will be approved include enforcement about fats, oils and grease or if they are only for the rate increases. Ms. Feferman replied that they are only for the rate increases; the grease enforcement would be a separate process led by the pretreatment team. Ms. Roberts commented that she thought that it was confusing for the public that it appears that a customer using 3,000 gallons with a 5/8" meter is going to pay less than a user with a 1/4" meter. Mr. Skomp replied that from a cost-of-service standpoint, it has to do with availability to use the system. A 3/4" customer has the ability to draw more from the system. There is a capacity component as well as usage. If a new cost-of-service study is done, he would recommend setting all residential service charges to be equal. For example, if a residential customer has a 5/8" meter they should not have the same monthly availability "service charge" as someone who has a 2" meter, since they can draw a lot on the system. When the last cost-of-service study was done a differentiation was made between the ability to draw.

Ms. Roberts also took the rate that is purposed and divided it by 5,000 gallons for the 5,000 gallon number and calculated that the increase looks like 0.5% of one penny. She noted that this is still a very good bargain and that she believes the public will be very supportive.

Board Member Ehman asked how many miles of service mains will be addressed with the \$1.8 million main replacement. Assistant Director of Engineering Mike Bengtson could not give a definitive answer, but said it is a start. Ms. Feferman commented that this allows us to start with the most problematic.

Mr. Ehman asked about staff changes associated with slide 29 of the presentation regarding the flushing program. Ms. Feferman replied that the staff would be a small dedicated crew. He asked if it would be a year round program. She replied that it would be if it could be implemented with these rates. Traditionally the staff has been pulled from maintenance crews and temporary hires.

Mr. Ehman asked about slide 37 and the "source of supply". He commented on the payment to DNR. Mr. Skomp replied that it would also include maintenance and intake to the plant in addition to the water CBU pays for.

Mr. Ehman asked about the comparison of water rates across the state (slide 57). He asked why the cities at the top of the page had the same rate of \$41.80. Mr. Skomp replied that Indiana American Water owns many private systems, and they have a one-rate-for-the-state approach. Every city pays the same rate.

Board Member Sims commented that it might benefit CBU if the accomplishments that were enabled with previous rate increases were pointed out. He was interested in the life expectancy of the plastic liners. Mr. Bengtson replied it costs about \$20 per foot. When compared to dig and replacement, it is a bargain. He noted the life expectancy is 50-75 years. Mr. Sims believes that is something the public would like to hear. Mr. Bengtson noted that prices have come down for lining pipes since the program began.

President Frank commended the staff on the five year plan and the effort of the board members to communicate with the staff as to their wish list. He also noted that the new director has some good ideas for containing costs and is looking forward to working with Mr. Kelson in the future.

OLD BUSINESS:

N/A

NEW BUSINESS:

N/A

SUBCOMMITTEE REPORTS:

N/A

STAFF REPORTS:

Assistant Director of Finance Feferman reported that she had intended to present the 2016 Interdepartmental Agreement today, but she has not yet received it from the Controller's office. She may present it May 31 or June 13.

Board Member Sims asked if another Administrative Subcommittee would be scheduled regarding the Upland appeal. President Frank replied that the decision has not been made yet as to whether another subcommittee will be called or whether it can be handled internally. It should be resolved soon.

Director Kelson reported on the first results of the disinfectant byproducts reduction effort. In the beginning of April the chlorination point was moved to the secondary rapid mix before it goes to the filters. The first month's data showed a reduction in DBPs compared to the March numbers, and they were about one-half the concentration of April 2015. He stated that Deputy Director Langley has begun to canvass wholesale customers to see what results they have and will send an update.

President Frank thanked Mr. Skomp for coming to do the presentation again tonight. He also thanked the staff for their work on the presentation.

PETITIONS AND COMMUNICATIONS:

N/A

ADJOURNMENT:

The meeting was adjourned at 6:04 p.m.

Samuel K. Frank, President