

UTILITIES SERVICE BOARD MEETING

May 31, 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: Sam Frank, Jim Sims, Jim Sherman, Jeff Ehman, Amanda Burnham, Jason Banach, Julie Roberts. Staff members present: Kim Alexander, Vic Kelson, John Langley, Efrat Feferman, Jon Callahan, Mike Hicks, Tom Axsom, Chris Wheeler, Nolan Hendon, and Jane Fleig.

Other: John Skomp, Megan Banta

MINUTES

Board Member Burnham moved and Board Member Sherman seconded the motion to approve the minutes of the May 16th meeting. Motion carried, 7 ayes.

CLAIMS

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

Vendor invoices submitted to the Controller's Office on May 26 included \$94,870.17 from the Water Utility; \$111,691.62 from the Wastewater Utility; and \$4,356.00 from the Stormwater Utility. Total Claims approved, \$210,917.79.

Motion carried, 7 ayes.

Board Member Sims asked a question about the invoice for set rate for all utilities vehicle parts and repairs in the amount of \$24,883.09. He wanted to know if this was the yearly rate. Assistant Director of Finance Efrat Feferman replied that it is the yearly rate established in the Interdepartmental Agreement. Although we still do not have the 2016 agreement, this is calculated from the year before and we proceed in paying the yearly installments in good faith until we get the new agreement. Mr. Sims wanted to know if this rate reflects efficiencies that have been worked out by staff over time. Ms. Feferman replied that this rate is down 9.2% from last year's rate. She stated that she believes this reflects the investment that the board made in replacing aging fleet and equipment, especially diesel fueled in 2013 and 2015. Mr. Sims wanted to highlight this for the public to ensure they understand that CBU is a good steward of funds.

Wire transfers and fees for the month of May:

Board Member Burnham moved and Board Member Sherman seconded the motion to approve the wire transfers and fees for the month of May in the amount of \$309,485.14.

Motion carried, 7 ayes.

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

Customer refunds submitted to the Controller's Office on May 24 included \$0.00 from the Water Utility; \$617.35 from the Wastewater Utility; and \$0.00 from the Stormwater Utility. Total Claims approved, \$617.35.

Motion carried, 7 ayes.

REQUEST FOR APPROVAL OF INDOT UTILITY REIMBURSEMENT TO RELOCATE 12-INCH WATER MAIN AT DEBORAH DRIVE

Board Member Burnham moved and Board Member Sherman seconded the motion to approve the INDOT Utility Reimbursement agreement as follows:

Motion carried, 7 ayes.

Jane Fleig, CBU engineer, presented this request. This agreement is between INDOT and CBU. This is for reimbursement for expenses to relocate a 12-inch water main along Deborah Drive which is in the northeast quadrant of the State Rd. 37 and Tapp Rd. intersection. It is the easternmost road that goes up into the commercial properties located there. INDOT has agreed, by city request, to improve the road because the road to the west, Cooperative Way, is being eliminated by I-69. Deborah Drive must be upgraded since it will be the only entrance to this commercial area; this includes Hoosier Energy headquarters that just recently relocated.

CBU will be doing the work unlike prior I-69 agreements whereby CBU did not do the actual construction, but was being reimbursed for staff review time. The estimate in the agreement is for \$56,514. Reimbursement will be based on actual costs and CBU will provide documentation to INDOT. This is reimbursable because CBU has a blanket easement for this location for sanitary sewer, water and public infrastructure. The agreement has been reviewed by the legal department as well as the controller's office.

Board Member Sherman noted that he has seen work being done on Deborah Drive, and wanted to know if it is the water main relocation being done or perhaps another project. Ms. Fleig responded that the trees are being removed along Deborah Drive; work is being done on Cooperative Way for some sanitary sewer where water infrastructure is being done by ISOLUX. To her knowledge no other work is being done there yet.

REVIEW OF NEW FORMAT OF CBU CUSTOMER PAPER WATER BILLS

Nolan Hendon, CBU Conservation and Energy Resource Manager, reviewed the new CBU paper water bill. The new design will include more information for the customer, including a line item list of exactly what the customer is paying for, the rate at which the customer is paying, and the total charges. Another new feature of the bill is a water use history chart which allows the customer to visualize their water use trends. This will allow the consumer to more easily identify changes in use, misreads, and household leaks. Mr. Hendon noted that studies have shown that attaching emotional signals to resource usage can do more to promote conservation than price signals alone. Adding a smiley face to the bills of customers who have reduced their water use compared to the same period of the previous year will act as a reward for those who are conserving and will provide an incentive to those who are not. A dedicated message area will allow CBU to communicate with its customers. Messages may include conservation messaging, community event information, and general utility promotion, among other information. This space is much larger than the current limit of 60 characters. The board members agreed that this was an improvement over the old design. Mr. Hendon stated the new bills will go out in July, with an insert being mailed in June explaining the changes.

Board Member Sherman asked if there would be enough space on the bill to allow for a wide range of usage. Mr. Hendon replied that it would automatically re-scale. Mr. Sherman also noted that he especially liked the water tip. He would also like to see it on the online billing.

Board Member Roberts asked about the line on the bill at the bottom that displays the meter readings. Mr. Hendon explained that the numbers reflect the meter readings only, and the difference is the usage which is shown in gallons. One unit is 1,000 gallons.

Board Member Sims commented that he liked the new bill as well. He asked what mechanism there is to ensure that customers are correctly classed. Mr. Hendon replied that there is no way currently to catch that.

Board Member Ehman also expressed his appreciation for the new bill. He was most interested in the historical usage section. He suggested thinking about showing a running 12 month total and showing the average one month total for that customer class to give customers an idea of where they stand relative to other people.

Board Member Sherman suggested that at a future date the board discuss the summer reduction for wastewater policy. He wanted to know if it would be reflected on the new bill. Mr. Hendon did not know.

Assistant Director of Finance Feferman stated that this is a customer bill that is typically a customer relations activity, but this has come out of the conservation coordinator position which Mr. Hendon has spent 8 – 9 months working on. She commended him for taking this on with a conservation mentality behind it rather than simply the billing department.

REQUEST FOR APPROVAL OF RESOLUTION 2016-03 RECOMMENDING WATERWORKS AND SEWAGE WORKS RATE AND BONDING ORDINANCES

Board Member Burnham moved and Board Member Sherman seconded the motion to approve Resolution 2016-03 recommending rate and bonding ordinances as follows:

Motion carried, 7 ayes.

Director Vic Kelson offered to answer any remaining questions regarding the rate requests. He noted that John Skomp of Crowe Horwath and Chris Wheeler from the legal department were in the audience and available for questions along with CBU staff. He noted that the objectives with this request are financial stabilization, to have monies available for the continuation of the water quality improvement project, reducing storm sewer overflows, and other related activities such as replacing water mains, lining sewers to reduce the amount of lost water due to leaks, and improving customer service. The rate request is for a 22% increase each for water and sewer.

Board Member Sherman asked for the timeline to be repeated. Mr. Kelson replied that, assuming this request is approved by the board tonight, it will have a first reading with the city council on June 1, there will be a meeting with the council June 8 where the presentation will be given, and final action would be June 15. After that, at any time after final approval by the council, the sewer rate could go into effect. January 1, 2017 would most likely be the date for the new sewage rate. On the water side, the petition would be filed with the IURC by September 27. The IURC then has 300 days to conduct hearings and reach a final decision. The water rate would likely go into effect toward the end of 2017 or the beginning of 2018. Ms. Feferman stated that Mr. Skomp and bond counsel Scott Peck will be in attendance at the city council meeting on June 8 and June 15.

Board Member Sherman asked if it would be helpful for members of the board to be present at the city council meetings. Ms. Feferman replied that she believed that it would be helpful. President Frank and Mr. Sherman stated that they would be there.

Board Member Ehman made a comment regarding the cost of service study. He wanted to remind everyone that when this was brought forward by the previous administration, they recognized the fact verbally that there was a desire by at least some of the board members to conduct a cost of service study so that charges/increases made to different customer classes would be brought in line with the cost that it takes to deliver services to the different customer classes. It is understood that there are currently inequities and that a cost of service study was done but not completed because it was thought there wasn't time to do that and also do the increase in rates within the timeline with which the financial need would be met. Mr. Ehman went on to remind the board that that is something that is important to him personally, and hopefully it is important to other board members. He feels it is important to remind the city council that this has been put on hold again, and that he would like to see the cost of service study started immediately after these new rates are in effect.

OLD BUSINESS:

N/A

NEW BUSINESS:

N/A

SUBCOMMITTEE REPORTS:

N/A

STAFF REPORTS:

N/A

PETITIONS AND COMMUNICATIONS:

Board Member Banach thanked Director Kelson for providing a tour of CBU facilities last week. He described it as very interesting and informative.

Board Member Sims commended CATS for its assistance in providing information and transparency for the public good.

ADJOURNMENT:

The meeting was adjourned at 5:39 p.m.

Samuel K. Frank, President