

UTILITIES SERVICE BOARD MEETING

October 13, 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 5:04 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, Jeff Ehman, Pedro Roman, Sam Frank, Jason Banach, Julie Roberts and ex-officio members Tim Mayer and Tom Micuda. Staff members present: Patrick Murphy, John Langley, Phil Peden, Adrian Reid, Missy Walden, Vickie Renfrow, Tom Staley, Mike Hicks, Michael Horstman, Mike Trexler, Mike Bengtson and Jon Callahan. Others present: Sue Mayer.

Board President Swafford introduced and welcomed Sam Frank who is a new member appointed by the City Council.

MINUTES

Board member Banach moved and Board member Ehman seconded the motion to approve the minutes of the September 29th meeting. Motion carried, 5 ayes, 2 members absent, (Roberts and Whikehart).

CLAIMS

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

Claims 0891395 through 0891477 including \$230,177.01 from the Water Operations & Maintenance fund for a total of \$230,177.01 from the Water Utility; Claims 0830908 through 0830969 including \$153,282.93 from the Wastewater Operations & Maintenance fund for a total of \$153,282.93 from the Wastewater Utility; and claims 0870103 through 0870106 for a total of \$10,844.99 from the Wastewater/Storm water Utility. Total claims approved – \$394,304.93.

Board member Ehman asked about the Environmental Field Services claim for Illinois Central Springs Water Treatment Plant. He wanted to know how much longer Utilities will be making these payments and what the cost sharing arrangement is at this time. Deputy Director Langley explained that the monthly operating cost is being shared by the State of Indiana with a contribution to them from the EPA and CBS Corporation. The City is no longer involved in month to month operating costs. The current operating contract between those parties and Environmental Field Services expires on January 1st, 2009.

Mr. Ehman asked what the anticipated approach will be at that time. Mr. Langley said things had changed when the Court suggested the Consent Decree by lodged with the court. At that time the court intended to combine the law suit with Frey et. al. regarding the EPA. This has not been done so yet so the operating costs go on. It isn't really possible to say when it will end because it depends on that law suit.

Board President Swafford asked about the claim for legal expenses for the Meadow Park Apartment sewer project and easement agreement. Assistant Director of Engineering Bengtson

said this is an amount that was negotiated with Meadow Park Apartments for an easement across their property to eliminate a lift station. The estimated cost for the easement was \$45,000. Meadow Park had engaged an attorney to advise them and an amount of \$10,000, not to be exceeded, was agreed upon. Because the amount agreed upon was considerably below the appraisal it was accepted. Board member Banach asked how the value of \$45,000 for the easement had been determined. Mr. Bengtson explained that a local appraiser made an appraisal. Usually one appraisal is requested, and then if the land has to be condemned 2 more are required.

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

REQUEST FOR APPROVAL OF CONTRACT WITH LEE BALLIET FOR TRAINING AND FACILITATION OF THE WWTP'S LABOR-MANAGEMENT COMMITTEE:

Deputy Director of Utilities Langley said this contract for \$72,000 is for consulting and facilitation services by Lee Balliet for the Utilities Labor-Management Committee. This contract has been in existence since August of 2001.

Mr. Langley highlighted a project that Mr. Balliet had spearheaded in the past year. When the WWTP employees were surveyed in March there appeared to be some attitude swings that had not been there before. That was taken as an indication that the labor force in the plants needed to be listened to a little more closely. The 2 LMC members from Blucher Poole and Dillman Road along with Mr. Balliet sat down with each employee and talked to them one on one in a room with no management representatives present. Mr. Balliet compiled those results and brought them back in the form of an action list. One of the suggested projects, conflict resolution training, will be completed tomorrow. Two weeks ago a unit on diversity in the workplace was completed which was very well done by Jean Joque from Employee Services. These are examples of some of the things Mr. Balliet does for Utilities.

Board President Swafford said he believes this is money that is well spent.

Board member Roberts moved and board member Roman seconded the motion to approve the contract with Lee Balliet for training and facilitation of the Wastewater Treatment Plant's Labor-Management Committee. Motion carried, 6 ayes, 1 member absent, (Whikehart).

REQUEST FOR APPROVAL OF WATER MAIN INSTALLATION CREDIT FOR GENTRY SOUTH:

Assistant Director of Engineering Bengtson explained that Section 18 of the Rules and Regulations allows for water main installation credits but there are requirements that must be met first. All of the water lines in Gentry South are in place and have been tested and all the service locations have been verified. All of the easements have been secured and a final plat has been recorded. All of these are required by the rules of service. The costs for these improvements have been submitted and Utilities' staff has verified they are reasonable. The value of the water line extension that serves this subdivision is \$73,863.00. There is a formula stated in Section 18 of the Rules and Regulations that determines the amount of water installation credit allowed. For infrastructure valued at \$73,863.00 the developer is eligible to receive \$14,346.90 as a credit. If this is approved it starts a 5 year window during which it will be determined if they can apply for additional credits. If so they would have to apply within 6 months following the expiration of the 5 year window.

Board President Swafford asked if the lots have to be platted but the houses don't have to have been built yet. Mr. Bengtson said there was a previous formula that required the houses to have been built. That was changed to give credit for 60% of the platted houses with the caveat that they

may come back and apply for more if they have built on additional lots. It makes the accounting simpler.

Board member Roman moved and board member Ehman seconded the motion to approve water main installation credit for Gentry South. Motion carried, 6 ayes, 1 member absent, (Whikehart).

REQUEST FOR APPROVAL OF THE 2008 INTERDEPARTMENTAL AGREEMENT BETWEEN THE CITY OF BLOOMINGTON AND THE CITY OF BLOOMINGTON UTILITIES DEPARTMENT:

City of Bloomington Controller Trexler explained the different sections of this agreement. The first portion deals with the specific services the City of Bloomington provides to Utilities. Each City department provides a sum of the services provided to Utilities. At the end of the year the percentage of time each department has spent on Utilities is calculated. That percentage is multiplied by the department's budget to come up with the portion the Utilities should cover.

Section 3 deals with payments in lieu of taxes which will be addressed by City Attorney Renfrow.

Section 4 is for the health insurance trust. Utilities and its employees participate in the City's health insurance program. The Controller's Office calculates the amount that each department pays into that trust each year based on a rolling average for the amount of fees generated by their employees.

Section 5 deals with the Fleet maintenance costs which are based on the total cost for maintaining the City's and Utilities' fleets divided by the number of vehicles attributed to each department. That is a set rate that is billed monthly.

The final portion deals with a service the Utilities handles for the City in dealing with PCB issues that have arisen over the years. The City pays for half of those costs since it is an issue that affects everyone. Utilities bills the City for those expenses as they come in.

City Attorney Renfrow said the services that Mr. Trexler was discussing are a matter of an agreement between the City Utilities Department and the Civil City to share the costs of services. The payment in lieu of taxes is different. The wastewater portion is authorized by State Statute IC 36-9-23-25 which allows for an amount of money sufficient to compensate a municipality for the property taxes that would be paid on the Sewage Works if they were privately owned. For the Water Utility IC 8-1.5-3-8 authorizes that the Utility have rates to compensate a municipality for taxes that would be due to the municipality for the Utility property were it privately owned. The municipality is allowed to decide whether or not it will take advantage of these statutes. The reason why these provisions were enacted is because a municipally owned utility uses the services of the municipality that are paid for by city tax dollars. If the utility only served the city itself it might make sense for the city taxpayers to pay for the services the utility uses but most utilities go beyond city limits. Because the customers of the utility who are outside the city limits are benefiting from the city services they should contribute to paying for the services to avoid having city taxpayers subsidizing citizens who live outside the city but are using the utilities. It is generally believed this is an appropriate way to assign where the burden goes for the use of these services. A private utility would be expected to pay taxes on the real property it owns such as property, improvements to property, vector trucks, etc. Because these properties are tax exempt for a municipally owned utility there is not a list with the value of these properties as there would be for a privately owned utility. Due to this State has provided a different way to calculate what should be paid in lieu of taxes. The IURC requires the water utility use the value of the net assets which is found in the Comprehensive Audited Financial Report (CAFR) that is filed every year. That report includes a number that shows the initial value of things the utility has acquired, depreciated to

show a current value. That number is multiplied by the corporate tax rate. The IURC states this number determines the upper limit for payment in lieu of taxes. In the case of City of Bloomington Utilities the payment has been below that rate. About 10 or 11 years ago a number was determined. Since then as the tax rate has incrementally increased the amount assessed on the property has reflected the increase. The 2007 total assessed assets within the City limits, which is about \$880,400,000, is multiplied by the net corporate tax rate which gives an upper limit for payment in lieu of taxes of about \$638,000 but what is being charged is about 2/3 of that figure. City Controller Mike Trexler explained that in 1997 the number was taken from the CAFR and has been adjusted ever since. In the first 3 years it was adjusted by about 5%. In 2001 it was not adjusted. Ever since then the number has been adjusted by the increase in the maximum levy, which is established by the Department of Local Government Finance, and is based on the average income growth in the entire State. That gives a number of just over \$424,000 which is about 2/3 of the total maximum allowed.

Board member Roman said the payment in lieu of taxes is the equivalent to what the City of Bloomington would receive if the Utilities were privately owned and paying taxes. A privately owned Utility would pay the taxes to the State who would distribute them back to the County Auditor who would distribute them to the County's taxing bodies. He said he is confused about the way it is set up. His understanding is the USB should decide if they are going to pay in lieu of taxes. It is a voluntary action of the USB not an obligation.

Attorney Renfrow said the authority for determining whether or not payment in lieu of taxes (PILOT) should be made does not rest with the USB. It is the decision of the City Council. The Council authorizes it during the budget process. It is brought to the USB as a courtesy. The statutes she had quoted earlier say the legislative body may decide whether or not they will assess PILOT. Mr. Roman said they may decide so if the USB agrees. He disagrees with Ms. Renfrow; his interpretation is that the Council may receive money, in the general fund, both from the surplus and PILOT. The USB has to establish the surplus or the PILOT. Ms Renfrow said that is not the way the statutes are written. She also pointed out this has nothing to do with the County. Mr. Roman said no private corporations pay taxes to the City of Bloomington for its property. They pay taxes to the State of Indiana which distributes it back through the Auditor's Office who distributes the taxes locally. He does agree that the USB should cooperate in the maintenance of City services. However; the argument may be made that rate payers who live outside the City pay the water rates which means they are paying for the services they receive. Also, if they use a service and live outside the City it is the same as people who use City parks, streets, sidewalks, etc. A lot of people who do not live in the City of Bloomington receive benefits from the City.

Mr. Roman went on to say he is curious about what kind of tax is paid to the City by a private corporation for a truck. Controller Trexler said there is a portion of the wheel and excise tax that comes back to the City. Ms. Renfrow said the discussion is about property tax on vehicles not the wheel and excise taxes. Mr. Roman said the question is when a vehicle is owned by a private company which of the taxes they pay will come back to the City. Ms. Renfrow explained that real estate, structures, improvements, equipment that is personal property, all of those things that are in the City, are subject to the City's levy and are collected and come back to the City. Mr. Roman asked if he owned a truck, by which mechanism would that truck pay taxes to the City? Ms. Renfrow told him that the assessors have lists of values for equipment for personal property taxes. A privately owned Utility would pay taxes on the equipment they owned. Mr. Roman confirmed that a privately owned Utility will pay taxes to the City aside from the Wheel tax on vehicles and equipment. Ms. Renfrow agreed that it would be paid on equipment. Mr. Roman said he hadn't understood that the City was taxing income for corporations. He thought the taxes were on real estate. Mr. Trexler said there is a distinction between equipment and movable vehicles. A car or truck is different from a back hoe or vactor. Mr. Roman asked whether a truck would pay taxes to

the City. Mr. Trexler said he is not aware of taxes on an individually owned truck. Ms. Renfrow said something I couldn't hear then continued to say there are definitely taxes on equipment.

Mr. Roman went on to ask what if the biggest assets such as the water treatment plant were located outside the City would they pay taxes to the City of Bloomington? Ms. Renfrow said they would not. Mr. Trexler said the figure of \$637,000 that he calculated is based on the fixed assets of the City which are broken down into various categories including the plants, movable vehicles, equipment, etc. Ms. Renfrow had quoted a number of \$880,000,000 but the total fixed assets for the City are closer to \$130,000,000. He had subtracted things like the plants, the portion of the infrastructure that is outside of the City, the movable vehicles and anything that was not in the definition, which reduced the number from \$140,000,000 to \$88,000,000. That gave the maximum amount which is still \$200,000 higher than the amount that is being included (Mr. Roman started speaking so I couldn't hear the rest of what Mr. Trexler said). Mr. Roman said the amount was reduced from \$140,000,000 to \$88,000,000 which is a difference of \$52,000,000 so the water treatment plant and the waste water treatment plants are worth \$52,000,000. Mr. Trexler said it would also include the infrastructure. It is the original cost minus depreciation. It should be noted that when the costs of these things are being calculated public entities maintain these values with original cost minus straight line depreciation. For example the bottom of Lake Lemon is owned by Utilities and the City. That is valued at \$3,000. Mr. Roman said it is deeded to the City of Bloomington not the Utilities Department. Mr. Trexler said the point is the value of it would be significantly more than \$3,000. Mr. Roman said a lake without water has no value. Mr. Trexler went on to say the value is not the transaction value; it's not how much it is worth or how much someone would pay for it. It is how much was originally paid for it minus straight line depreciation. The useful life divided by the total costs is subtracted each year.

Mr. Roman said Mr. Trexler had told the USB taxes had been increasing by 5% each year. Mr. Trexler said that had been the case from 1997 to 2001. Mr. Roman asked if these assets had been reviewed since 1997. Mr. Trexler said the number he quoted is based on the asset list that is maintained by the Utilities. Mr. Roman said the CAFR is the entirety of the assets so the highest tax that could be paid is on all the assets. No wonder the IURC sets limits. Utilities couldn't possibly pay taxes on asset values that are superior to the overall value. He has the impression that this CAFR number is being presented as the maximum number because it includes everything Utilities owns. Of course Utilities cannot be taxed for more than the whole set of assets Utilities actually has. He said he is still very confused. On the one hand there is discussion of property taxes on one side and talk about the property of the Utilities. Basically what it says is Utilities will pay the taxes a private Utility would pay on the property. The debate is what does "property" include. It continues to say "within the City limits." The fact that the taxes are conditional on location seems to imply it only affects real estate property. If it only includes real estate then a bill is paid to the state which is distributed back to the City. But not everything paid on real estate taxes goes to the City. Not everything paid on income taxes goes to the City. Mr. Trexler said the corporate tax rate does go to the City. Mr. Roman asked if all the corporate tax paid goes to the City. Mr. Trexler said the tax rate that is applied is not the same tax rate that gets applied to the property tax bill. Only the corporate tax rate is being applied. That is the portion that goes to the City. Mr. Roman said the corporate taxes are applied to the income of a corporation but what is being discussed is taxing the property. That is what the statute says. It doesn't say tax the income. If you want to tax Indiana University you tax the buildings not the income. They are two different things. It is very specific, tax the property. Ms. Renfrow said when the statute says "property in the city" it isn't just the land. Mr. Roman said income is being discussed which is different than property. Ms. Renfrow said there has never been anything in terms of income tax. Mr. Roman said the income tax is being used. The corporate tax rate is on income not on property. Mr. Trexler explained the corporate tax rate is the rate the City applies to people's assessed value as a property tax. Mr. Roman said property taxes are not applied to a truck or a bicycle or a table, not even for corporations. That would be an inventory tax. If the term property

tax is used he will continue to get confused. Board President Swafford explained that what they are saying when they talk about property tax is not just land property. It is the total assets. That's the difference. Board President Swafford said he thinks what they are saying is that it is real and personal property combined which is the value of the land itself plus improvements. Mr. Roman said that is called property tax. Board member Ehman said it does not include things like trucks. Mr. Swafford said the trucks had been taken out of the calculations. Controller Trexler explained that in the estimation he had given of the maximum amount allowable he had taken out the trucks. He reminded Mr. Roman that this is the maximum amount, much less is actually being charged. At this time several people were talking at once which made it difficult to hear. Mr. Swafford said the depreciation value is taken out each time. Utilities would not sell all its assets for \$88,000,000 or even \$140,000,000.

Board member Roman asked if in the case of a privately owned utility corporation the City would receive a portion of what that corporation pays on its real estate and personal property in taxes. Mr. Trexler said yes, the corporate tax rate is applied to that property.

Board member Banach said he wanted to follow up on a couple of things. He said he supports the concept of payment in lieu of taxes. He also has some issues with how it is calculated. He understands that part of it is dictated by the State. He said he thought Ms. Renfrow had said the City does not need the consent of the USB to approve the PILOT. He asked her to explain that a little bit more. Ms. Renfrow explained there is a statute that authorizes PILOT because normally Utilities is not even permitted to pay taxes. The statute creates an exception for water and wastewater. It says a municipal legislative body is the decision maker. It does not reference the USB. Mr. Banach asked if it authorizes the decision maker to *allow* the PILOT or *assess* a PILOT. Ms. Renfrow said it addresses whether or not PILOT will be made. Mr. Banach asked if theoretically she didn't even need to come to the USB to ask for permission. Ms. Renfrow agreed. She said she has never seen anything in the powers of the USB specifically regarding this. It is a function of the fact the Utilities Department is a department of the City. The City is the entity making these decisions. It has created the Utilities Department that has acquired assets and runs the Utilities, which is certainly different than most departments. The Utilities Department has to comply with Statutes and IURC's requirements so it will work in a way that it is serving its customers. Ultimately it is an asset of the City and the City can make a determination about whether it should make a contribution to the costs of the City services. Mr. Banach asked if there are any other entities besides Utilities where this would come into play. Ms. Renfrow said there are not and that makes sense because Utilities is the only entity that has its own money that comes from a different place than the rest of the City. Everything else is tax rate based. Utilities are rate based so those revenues are kept very separate. Only in very specific situations can the City transfer money or require payment. One of the situations is payment in lieu of taxes. Mr. Banach commented that she hadn't had to bring this to the USB but she had and now they have a lot of questions. Ms. Renfrow said it has always been done this way and she thinks the USB should be in the loop. Technically the statute specifies it is the decision of the City Council.

Board member Banach asked City Controller Trexler about Exhibit A. He said the way his understanding it that \$119,300,000 will be paid. Ms. Renfrow said that is for taxes plus services. Mr. Trexler said it is for the things listed in Exhibit A which does not include the Fleet amounts or health services. Mr. Banach said that what he is struggling with is there is the payment in lieu of taxes but Utilities is actually paying \$119,300,000. Mr. Trexler said that is in addition to the Fleet payment which is for maintenance of the vehicles. Mr. Banach asked what the overall amount is that will be paid. Mr. Trexler gave the amount of \$240,000,000.

Board member Banach asked how the percentage on the general services is obtained. When he thinks back to his time on the City Council he can't remember having spent 7.6% of his time on Utilities. City Controller Trexler said it is done by a survey. Ex-officio board member Mayer

pointed out that an entire evening is spent on Utilities' budget. Mr. Banach said he just wants to have some level of comfort that the formulas and values being used are appropriate. He would like to know that there is confidence in the final numbers and it isn't just a matter of it having always been done that way. Mr. Trexler said he is confident with these numbers. Mr. Banach asked what the assessed value inside the corporate boundary is. Mr. Trexler said it is roughly \$300,000,000. Mr. Banach then asked what the 2008 property tax revenue is for Bloomington. Mr. Trexler replied that it is \$16.1 million.

Board member Roberts said that she feels very confident having Mr. Trexler explaining all of this since he worked in Utilities before becoming Controller so he understands Utilities side of things. She said she is curious if the IURC gives the City the right to charge the full \$600,000 figure why did they decide to only charge 2/3 of it? Mr. Trexler said it is simply the agreement that was made in 1997 and then carried forward. Ms. Roberts asked if the Council decided to levy the full amount would there be negotiations or would they just inform the USB. Mr. Trexler said they have that authority but he hopes it would never happen that way.

Board member Roman read the State statute and said that his opinion is that the Council cannot establish this requirement without the approval of the USB.

Board member Ehman said Mr. Trexler had mentioned there is a large spreadsheet that contains all of Utilities' assets. Mr. Trexler said there is a detailed account that is a part of the CAFR and is presented to the State Board of Accounts every year. Mr. Ehman asked if it would include real property and personal property and if this is the CAFR. Mr. Trexler said a summary number is reported but the detailed listing is what the auditors look at every year. Mr. Ehman asked if in 1997 they had somehow got an assessment of Utilities real property. Mr. Trexler wasn't sure but thought they had probably used the number from the CAFR, which are the total fixed assets of the Utilities broken down into land, equipment, infrastructure and buildings. The actual listing that Utilities has is broken down further into 16 categories. Mr. Ehman asked if when Mr. Trexler goes through this list he not only decides geographically what to include and exclude, he also looks at it in terms of what a private utility would be paying taxes on that would make their way to the City. Mr. Trexler said he takes out things outside of the City limits and things like cars that are not equipment. He reiterated that when they make these calculations all they are doing is establishing the maximum amount. The payment can be calculated in whatever way is wanted.

Board member Ehman stated that he felt there was a lack of transparency in this process. It's not that he has a lack of trust in any of the staff; he would just like to be able to review the work done if he wanted to. He asked Mr. Trexler if he had reviewed the work that was done. Mr. Trexler said this was work he did when he was still an employee of Utilities. Mr. Ehman said that a year ago the USB's understanding was what was included in the CAFR for the purpose of the PILOT was limited to real property. They had asked for the list of properties so they could check the calculations. It was a formal request yet they did not receive anything. He feels he does not have the ability to say he has seen those numbers and agrees with them. It is not a matter of trust, it is a matter of him doing his job and fulfilling his obligation to the rate payers. He said he cannot sign off on this without more information. Mr. Trexler said Utilities does make a report to the IURC every year based on the activities of the water utility. One exhibit in that report includes this calculation of the maximum amount. That would be available on the IURC's web site. Those numbers come from the certified audited financial report that is produced by Utilities and audited by the State Board of Accounts. There are a number of organizations that are not linked to the City or Utilities that review this information and give an opinion as to whether or not it is accurate.

Board member Roman said he agrees that it is correct but he knows they review the process from the numbers they are given by Utilities. They do not go back and assess the property when issuing the tax. Utilities tells them the value of the properties. He said that all he knows is that for

the last 2 years the taxes were on a kind of property. If that changed 30 minutes ago that is fine, it is his fault for not understanding that clearly. Utilities can assess property in any way they want so they can be taxed on it anyway they want. That is why for a year the USB has been asking for a list of properties. All they want is to be able to be assured that when they pay money to anybody on any concept they have a rational belief that the money Utilities uses and controls and expends for the benefit of the community, the City and the rate payers is accounted for. The only way they can do that is by knowing what they are paying for. He has no problems with any part of this agreement but he has a hard time with the information he has right now supporting the PILOT.

Board member Banach said he will support the request based on his conversation with Attorney Renfrow. He is aware the Council can just do this with out the consent of the USB. He does want to have the concerns that have been raised taken care of. One of the disconnects he is having is that Mr. Trexler had said the net value of the assets of the Utility are \$88.5 million. Mr. Trexler said it is \$140 million. Ms. Renfrow said something I couldn't hear. Mr. Banach said that within the City they are considering the amount to be \$88.5 million. The assessed value within the corporate boundaries is \$300 billion. That means that .03% of the assessed value in the corporate boundaries belongs to Utilities. Ms. Renfrow spoke from the audience so I couldn't hear her. She then said that the \$88 million is original cost minus depreciation. The tax revenues for the City in 2008 are \$16.1 million. Mr. Banach said if he understands this correctly Utilities' PILOT is the \$1.93 million when everything is brought in. Why is Utilities responsible for 7% of the revenue when they are only .03% of overall assessed value? Ms. Renfrow spoke from the audience again. Mr. Trexler said that is property tax revenue. The total budget for the City is about \$66 million. Ms. Renfrow said part of the agreement is to buy services from the City. That is an entirely different thing from the PILOT. These services would have to be bought somewhere. What has been determined over the years is that it makes more sense to get services from the City. Mr. Banach said he understands but it was much easier to vote for it when he was on the other side.

Board member Ehman asked if it would be possible to make an amendment to remove the PILOT portion of the agreement. Board President Swafford said it would be.

Board member Ehman moved and board member Roman seconded the motion to remove Section 3, the payment in lieu of taxes, and the last 2 whereas's from the document until there is documentation of how the number was arrived at.

Board President Swafford called for a roll call vote. The results were:

***Swafford – No
Ehman – Yes
Frank – Yes
Roberts – No
Roman – Yes
Banach – No***

Motion failed, 3 ayes, 3 nays, 1 member absent, (Whikehart).

Board member Roberts moved and Board member Banach seconded the motion to approve the 2008 Interdepartmental Agreement between the City of Bloomington and the City of Bloomington Utilities Department.

Board President Swafford called for a roll call vote. The results were:

***Banach – Yes
Roman – No***

Roberts – Yes
Frank – No
Ehman – No
Swafford – Yes

Motion failed, 3 ayes, 3 nays, 1 member absent, (Whikehart).

Board President Swafford asked that the list of information the USB had requested be supplied.

OLD BUSINESS:

No old business was presented

NEW BUSINESS:

Utilities Director Murphy welcomed Sam Frank as the newest member of the USB.

SUBCOMMITTEE REPORTS:

There were no subcommittee meetings. Utilities Director Murphy said he may be scheduling an Administrative Subcommittee meeting sometime in the near future.

STAFF REPORTS:

Capital Projects Manager Hicks explained why the Utilities Service Building had experienced a power outage two weeks ago. He said Duke Energy had an event that caused a loss of power at the building. Later in the afternoon Duke did a planned outage to repair some equipment that had been damaged as a result of the incident. The Utilities Building went to engine generator power and for the third time experienced an imbalance in the voltage in the power in the building. This time it was possible to get Cassidy Electrical Contractors, who were the original contractors on the job, to the building during the incident. They were able to observe and test during the incident. They quickly tracked down the problem. It was due to the engine generator and the west booster station where it resides. There was a lack of the 4th neutral wire in a 3 phase service. All the lights in the building are 277 volt. To get the 277 voltage on a three phase 480 volt service the fourth neutral wire must be there. The lighting fixtures and other appliances were getting almost 500 volts. The solution is to install a transformer. Mr. Hicks apologized that the USB had had to meet outside in the picnic shelter but he expects to have the work done before the next meeting. In the meantime the building is without standby emergency power.

Mr. Hicks also pointed out that an overlay of asphalt had been put on the employee parking lot on the west side of the building. It was striped over the weekend. Utilities Director Murphy said the street department had provided the labor and Utilities will reimburse them for the materials. The original estimate had been for \$30,000 so quite a bit of money was saved. He thanked Susie Johnson, Director of Public Works, for her help with this. Board member Roberts said when they first looked at the building plans there were a lot of green features including a permeable parking lot. She asked if this lot was permeable. Mr. Murphy said the lot on the north side is the only permeable one. It was very costly to do that and the entire west side lot would have had to be removed to be able to pour a permeable lot.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

Utilities Service Board Meeting,
October 13, 2008

ADJOURNMENT:

The meeting was adjourned at 6:13 p.m.

L. Thomas Swafford, President