

## UTILITIES SERVICE BOARD MEETING

December 21, 2010

***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 5:16 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, Julie Roberts, Sam Frank, John Whikehart, Pedro Roman and ex-officio member Tim Mayer. Staff members present: John Langley, Jane Fleig, Mike Trexler, Phil Peden, Tom Axsom, Mike Bengtson, Michael Horstman and John Callahan. Others present: Sue Mayer.

### MINUTES

***Board member Roberts moved and Board member Roman seconded the motion to approve the minutes of the December 7<sup>th</sup> meeting. Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

### CLAIMS

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

***Vendor invoices submitted to the controller's Office on December 15, 2010 included \$687,620.88 from the Water Utility; \$2,021,255.48 from the Wastewater Utility; and \$25,158.76 from the Wastewater/Storm water Utility. Total Claims approved, \$2,734,035.12.***

Board President Swafford asked about the claim for Commercial Services. It was for an air conditioning unit for the server room at Blucher Poole. Utilities Deputy Director Langley said this was for a new air handler in the computer equipment room to maintain the temperature for the equipment. Mr. Swafford asked why the server is being kept at Blucher Poole rather than the Service Center since it doesn't have to be on site. Utilities Assistant Director of Engineering said fiber isn't yet available at Blucher Poole.

***Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

***Wire transfers and fees for the month of September, 2010:***

***Board member Roberts moved and Board member Roman seconded the motion to approve the wire transfers and fees for the month of September in the amount of \$676,764.09.***

***Motion carried, 5 Ayes, 2 members absent, (Banach and Ehman).***

***Wire transfers and fees for the month of October 2010:***

***Board member Roberts moved and Board member Roman seconded the motion to approve the wire transfers and fees for the month of October in the amount of \$646,393.84.***

***Motion carried, 5 Ayes, 2 members absent, (Banach and Ehman).***

## **APPROVAL OF WRITE OFFS OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE:**

Assistant Director of Finance Horstman said these write offs are usually done annually. Indiana Code section 36-923-33, section I gives the authority for Utilities' staff to expense 458 uncollectible waste water accounts that are at least 90 days overdue, with an outstanding balance of less than \$40. The total dollar value of these accounts is \$6,809.86.

The USB, on October 29, 2007, passed a resolution that allows staff to expense 394 uncollectible water accounts that are at least 90 days overdue with an outstanding balance of less than \$40. The total dollar value being written off is \$6,869.25.

Indiana Code section 36-9-23-32 subsection b allows staff to expense 21 uncollectible waste water accounts. This section deals with previous owners of property that have sold the property and a lien cannot be filed against the current owner. The previous owners were given a notice 180 days ago as is required by the Code. The total value being written off is \$7,662.86.

Finance Subcommittee Chairman Frank said the subcommittee had met earlier in the day to discuss these issues. They recommended all three write offs for approval.

***Board member Roman seconded the recommendation of the Finance Subcommittee to write off these uncollectible accounts. Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

## **APPROVAL OF THE INTERDEPARTMENTAL AGREEMENT WITH THE CIVIL CITY:**

City Controller Mike Trexler said the 2010 agreement is virtually the same as the agreements in previous years.

The second section of the agreement deals with the services provided to Utilities by other City Departments such as Human Resources and ITS. Each of the department heads and their staffs put together what they believe are accurate percentages that represent how much time and resources their department spends on Utilities. This is shown in Exhibit A under the general services section. This percentage is applied to the department's total 2009 budget, minus some things that are specific to the City, to determine the value of their services to Utilities. Mr. Trexler hopes to be able to do a comprehensive review of the department head's numbers for next year's agreement.

The next section is the Payment in Lieu of Taxes, (PILOT). Utilities, as a City Department, doesn't pay any taxes but is a significant consumer of public goods. This agreement is designed to replace the lost property tax revenue for the Utilities' assets. Utilities' Accounting Department puts together a list of all of Utilities' assets that are within the City's limits. That is applied to the property tax rate that is charged for 2010, which is .7552 per \$100 of assessed value. This year there is a 1.7% increase in the PILOT over last year. The tax rate actually went up 4% so the value of the assets has gone down a bit.

Going back to 1993, a value for the assets had been agreed upon and was adjusted yearly by the change in the City's total levy. Last year it was decided that method was not as equitable as it could be, so the system was changed to be based on the actual assets owned by Utilities.

The next section is for the health insurance trust fund. This is a flat rate per employee. Utilities pays the same rate per employee as the rest of the City. This rate is unchanged from the previous year. Mr. Trexler expects it to go up next year.

The amount charged for Fleet is also unchanged since their budget was flat for 2010 but he also expects increases for 2011.

Mr. Trexler said he had hoped to get this agreement to the USB earlier but he had wanted to include some information about timelines for how this will get paid considering the issues Utilities is dealing with concerning their rates. That still isn't clear but the agreement needed to be finished by the end of the year so it is on the books and included as a liability in the end of year financial statements. He hopes to have the 2011 agreement completed before the end of the first quarter. He wants to include a pay back schedule in that agreement so he will have to wait until a decision has been made about the rates to complete it.

Finance Subcommittee Chairman Frank said City Controller Trexler had covered all of this information for them at the meeting earlier in the day and the subcommittee had recommended approval of the agreement.

***Board member Roman seconded the recommendation of the Finance Subcommittee to approve the 2010 Interdepartmental agreement. Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

#### **OLD BUSINESS:**

No old business was presented.

#### **NEW BUSINESS:**

Utilities Deputy Director Langley said he is happy to announce that a replacement for Tom Staley has been selected. Tom Axsom, who is currently with the Engineering Department, was picked as Assistant Director of Transmission and Distribution. He will begin his duties on December 27<sup>th</sup>. Tom has a lot of experience with Utilities. He has a thorough knowledge of Department policies, procedures and problems. This continuity is a fortunate thing. He has served for over 21 years at Utilities and has been a Utilities technician, an Engineering Department Inspector, and a meter service technician. He started with Utilities in April of 1989 as a temporary employee at the Monroe Water Treatment Plant. One of the big advantages is that he has been around. He has actually done a lot more for Utilities than the job titles would indicate.

Mr. Langley said there were a number of very qualified applicants for this position. Most of them were internal and long term employees. He feels this speaks to the strength of the organization that people would want to lead it.

Board President Swafford welcomed Mr. Axsom.

Utilities Deputy Director Langley said that in recent days there has been a national news story about water supplies in the US being contaminated with Chromium. There has been some concern about this and several phone calls have been received. Mr. Langley said he wanted to reassure the community that the water is tested for Chromium content on a regular basis, as is required by the Federal Safe Drinking Water Act. No significant Chromium has been detected. It has been considerably below the levels that are allowed in drinking water.

Board President Swafford said there had been a request that the USB meetings be moved back to Mondays starting in January. The staff and CATS are comfortable with that. There are several board members that have conflicts on Tuesdays.

***Board member Roberts moved and board member Frank seconded the motion that the USB meetings be moved back to Mondays starting on January 3<sup>rd</sup> at 5:00 p.m. Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

**SUBCOMMITTEE REPORTS:**

The Finance Subcommittee met to discuss end of year right offs and the Interdepartmental Agreement. The meeting was reported on during the discussion of the agenda items.

Administrative Subcommittee Chairman Whikehart said the subcommittee met to nominate officers for the year 2011.

***The Administrative Subcommittee recommended that Tom Swafford be nominated for President and Julie Roberts for Vice President of the Utilities Service Board for the year 2011. Board member Roman seconded the nominations. Motion carried, 5 ayes, 2 members absent, (Banach and Ehman).***

Board member Roberts requested that a list of all the meetings for 2011 and a list of the Subcommittee assignments be made available to the board members.

**STAFF REPORTS:**

There were no staff reports.

**PETITIONS AND COMMUNICATIONS:**

Board President Swafford thanked Utilities staff for inviting the USB members to the Holiday lunch. Board members Mayer, Roberts and Roman along with Mr. Swafford attended the lunch and said it was very nice.

**ADJOURNMENT:**

The meeting was adjourned at 5:38 p.m.

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**L. Thomas Swafford, President**