

UTILITIES SERVICE BOARD MEETING

8/25/2025

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CALL TO ORDER

Board President Debro called the regular meeting of the Utilities Service Board to order at 5:00 p.m. The meeting took place in the Utilities Service Boardroom at the City of Bloomington Utilities Service Center, 600 East Miller Drive, Bloomington, Indiana.

Board members present: Megan Parmenter, Kirk White, Jim Sherman, Seth Debro, Amanda Burnham, David Hittle, Molly Stewart, Jeff Ehman

Board members absent: Matt Flaherty

Staff present: Kat Zaiger, Matt Havey, Hector Ortiz Sanchez, Chris Wheeler, Dan Hudson, Steven Stanford, Nolan Hendon, Kelsey Thetonia, Jose Fuentes, Daniel Frank, Jane Fleig, Joel Pontius, Kevin White

Guests present: Jennifer Wilson, Danica Katz, Andy Burnham, Dave McGimpsey, Bradley Bingham

WATER RATE CASE PRESENTATION

Crowe, LLP - Managing Director - Wilson presented the Revenue Requirements Report for the Water Rate Case. Crowe, LLP analyzed financial data from 2022, 2023, and 2024, including balance sheets, income statements, debt service, and leases, to develop a "test year" based on 2024, with adjustments made for known and measurable factors. The capital improvement plan for 2025–2029 totals \$84 million, of which \$54.5 million will be bond-funded and \$28.4 million will be funded through ongoing revenues with an annual target of \$7.1 million for such cash-funded water main replacement and extension projects. Analysis showed that while 2022 had a surplus of \$1.9 million, 2023 saw a deficit due to large shared services payments, and 2024 rebounded with a \$3.7 million surplus. Operating expenses were projected at \$14.9 million, with employee costs accounting for 42%. To maintain stable debt service at \$7.1 million after 2028, additional bonds will be layered in. Ultimately, the utility faces a \$6.5 million shortfall, requiring a 30.5% revenue increase. However, individual rate impacts will vary by customer class, as determined by a separate cost of service study performed by Stantec, which allocates costs based on usage and customer impact. Associate - Katz - Stantec provided an overview of the cost of service analysis conducted as part of the water rate study. Building on the revenue requirements prepared by Crowe, LLP, Stantec worked with city staff to analyze how different customer classes use the water system and the associated costs of serving each group. The analysis followed industry standards and aimed to identify disparities between the cost to serve each class and the revenue currently collected from them. This process informed the development of proposed rates—both fixed and usage-based—tailored to each customer class. The goal was to ensure that each group pays a fair share based on their actual impact on the system. Wilson added that under the proposed rate ordinance, a typical residential customer in Bloomington with a 5/8-inch meter using 5,000 gallons of water per month would see their water charge increase from \$30.60 to \$36.64—an increase of just over \$6, or approximately 19.7%.

While the overall revenue increase required is 30.5%, individual customer impacts will vary, with some experiencing smaller or larger increases depending on their usage and customer class. Board member Sherman questioned if the cost per unit of water was a fixed price. Wilson confirmed. Sherman noted that in the past the board had discussed the possibility of having a different rate for the first 4,000 gallons of water and then increasing the rate for every additional unit. Zaiger advised that this structure was not considered for this rate case, noting that prices were set based solely on user classes and the stress that usage places on the system. Board member Ehman noted that in the past the board was told that if CBU elected a cost of service based approach then they could not also elect a conservation base model like the one Sherman was referencing. Partner - McGimpsey - Dentons confirmed. Williams added that a water rate survey was conducted for Indiana communities with populations over 25,000. Out of 39 such communities, Bloomington currently ranks 30th in terms of water rates—placing it in the top of the bottom third. After a proposed rate increase, the community would move up to 26th place. However, this assumes no other communities adjust their rates, so the relative position could change. Board member Parmenter questioned if 5,000 gallons was the average usage amount, or if customers generally used more. Williams confirmed that 5,000 is on the high end of average consumption. Zaiger presented an example of an average customer bill, adjusting for the proposed rate change. Zaiger emphasized that this example was meant to help customers see what their bill might look like after the adjustment, using a household with three units of usage as a reference. Parmenter noted the Sanitation charges on the bill, noting that Sanitation is separate from CBU and may not be used by all customers. Ehman questioned if staff had similar slides for the other customer classes. Zaiger advised they would be prepared in time for the following meeting. Board member White mentioned the Finance Subcommittee that took place prior to the regular meeting and suggested discussing the projects that this rate increase will help to fund. Zaiger explained that the proposed rate case will provide the funding needed to move forward with major projects at the Monroe Water Treatment Plant. The overarching goal is to ensure the plant remains reliable and redundant so it can continue treating water effectively. Many of the planned projects focus on updating aging infrastructure, including upgrades to electrical and instrumentation systems that are nearing the end of their service life. Additional improvements involve rebuilding chemical feed lines and tanks to maintain safe and consistent disinfection, as well as ensuring those systems are up to date and redundant. Work will also be done on pumps and variable frequency drives (VFDs) to keep them in good condition. Zaiger emphasized that the rate case is essential for advancing these critical improvements and safeguarding the plant's long-term reliability. White emphasized that the improvements planned for the Monroe Water Treatment Plant are essential to ensure it can reliably serve the community for the next 10 to 20 years. These projects will help catch up on overdue upgrades while positioning the plant to meet current capacity needs and handle some additional demand as the community grows. While the work does not involve expanding the plant, it will allow the facility to produce the volume of water expected to be needed in the coming years. White noted that although the proposed rate increase represents a new expense for customers, it directly supports the long-term reliability and quality residents expect every time they turn on the faucet. Zaiger highlighted that while many of the planned projects at the Monroe Water Treatment Plant are a key reason for the proposed rate increase, another significant factor is the rising cost of operations. The last rate case was based on a pre-pandemic test year, meaning it did not

account for the inflation and economic changes that followed. As a result, current rates are no longer aligned with actual operating expenses. The proposed adjustment will help the utility catch up and keep pace with these increased costs. Sherman stressed that the utility is not a profit-making organization and does not have executives earning large salaries—funds come directly from ratepayers and are reinvested into operations. Sherman noted that Bloomington is fortunate not to have a privatized water utility, since private systems often charge much higher rates. While rate increases are never popular, they pointed out that the proposed adjustment would place Bloomington's rates in line with other Indiana cities of similar size. Comparisons with other states showed Bloomington's rates remain lower, with examples of significantly higher costs in South Carolina and California. Sherman acknowledged that increases are difficult but emphasized they are justified, necessary, and not wasted. Debro noted that the utility is participating in the Indiana Department of Environmental Management's Clean Communities project, which recognizes municipalities through a tiered system based on service quality and performance. While still in the early stages, Debro expressed confidence that Bloomington could become one of the first municipalities in the state to earn a gold star designation by the end of the year. Debro emphasized that although local water rates remain in the lower half compared to others, the utility consistently delivers a much higher quality of service, giving the community reason to be proud. Bond Counsel - Bingham - Barnes & Thornburg, explained that the waterworks revenue bond financing is directly tied to the proposed rate case. The Indiana Utility Regulatory Commission (IURC) requires approval of both the rate increase and the issuance of bonds, which would be supported by the additional revenue. A resolution before the board outlines the plan to issue \$71 million in waterworks revenue bonds in two series—one in 2026 and another in 2028—to fund projects listed in Exhibit A of the resolution. While no action was requested at this meeting, the resolution is expected to move forward in tandem with rate case deliberations, returning for consideration on September 8. If approved, both the rate case and bond ordinance would go to full council on September 17 and 30. Bradley emphasized that no bonds can be issued until the IURC approves the rate increase.

PETITIONS AND COMMUNICATIONS

None

MINUTES

White moved, and Sherman seconded the motion to approve the Regular Meeting minutes of the 8/11/2025. Motion carried, seven ayes.

CLAIMS

White moved, and Board member Sherman seconded the motion to approve the Standard Invoices:

Invoices included \$242,901.97 from the Water Fund, \$825.00 from the Water Sinking Fund, \$7,212.50 from the Water Construction Fund, \$314,991.74 from the Wastewater Fund, \$825.00 from the Wastewater Sinking Fund, \$979,867.37 from Wastewater Construction Fund, and \$38,000.60 from the Stormwater Fund.

Motion carried - seven ayes. Total claims approved: \$1,584,624.18

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White moved, and Sherman seconded the motion to approve the Utility Bills:

Invoices included \$48,530.96 from the Water Fund, \$89,639.66 from the Wastewater Fund, and \$821.63 from the Stormwater Fund.

Motion carried - seven ayes. Total claims approved: \$138,992.25

White moved, and Sherman seconded the motion to approve the Wire Transfers, Fees, and Payroll for \$533,276.81. Motion carried - seven ayes.

White moved, and Sherman seconded the motion to approve the Customer

Refunds: Customer Refunds included \$2,670.72 from the Water Fund and \$2,572.27 from the Wastewater Fund, and \$4,195.24.

Motion carried - seven ayes. Total refunds approved: \$9,438.23

CONSENT AGENDA

Havey presented the following items recommended by staff for approval

- a. All Seasons Heating & Air Conditioning Company, Inc., \$20,000.00, On call agreement for HVAC & plumbing services
- b. Commercial Services of Bloomington, Inc., \$6,012.83, Semi-annual preventative maintenance at Utilities Service Center
- c. Economy Termite & Pest Control, Inc., \$5,000.00, On call services for pest control
- d. Brehob Corporation, \$4,579.51, Air compressor repairs at Monroe Water Plant
- e. Harrell-Fish, Inc., \$2,900.00, Drain line service at Dillman Waste Plant

Consent Agenda was approved as presented. Total approved: \$38,492.34

REQUEST APPROVAL OF RESOLUTION 2025-15 TO DESIGNATE SURPLUS ITEMS FOR AUCTION/WORTHLESS

CBU Finance Manager - Fuentes presented the resolution noting that the items on the exhibit were no longer being used by CBU. White noted that some items were being sold and others were being auctioned off. Fuentes clarified that some of the items being sold were hazardous materials and being disposed of and the other items would be auctioned on Gov.deals.

White moved, Sherman seconded to approve Resolution 2025-15 - seven ayes.

REQUEST APPROVAL OF AMENDMENT NO.1 FOR CONSULTING SERVICE WITH HNTB CORPORATION RELATED TO CATALENT SEWER IMPROVEMENT PROJECT

CBU Capital Project Coordinator - White requested approval of Amendment No.1 with H&TB in the amount of \$54,200 for additional labor costs. The amendment was necessary because the consultant had to coordinate more extensively than expected with other city departments, including Engineering and Planning & Transportation, as part of the overall project managed by

CBU. This coordination, particularly involving road and sidewalk closures and related traffic control measures, proved more complex than initially anticipated. While in the past contractors have typically handled these responsibilities directly, in this case the consultant required added effort to secure departmental approvals and finalize implementation plans, leading to the requested amendment. Board member White clarified that the \$54,200 amendment with HNTB reflects additional hourly charges for the consultant's work. HNTB bills the city on an hourly basis, and the added cost represents the extra time and labor required beyond the original scope of the project. White explained that the \$54,200 amendment covers unanticipated work by HNTB, including time spent at City Hall addressing permitting issues and additional project requirements, such as the floodplain permit and a landscape restoration plan. This work required on-site visits and specialized guidance that the consultant had not anticipated. Importantly, the expense will be covered by the existing READY grant funding, which still has a surplus of about \$80,000, so no additional funds will be requested from the grant. The amendment simply adjusts the HNTB contract, and the city will be reimbursed through the grant. Board member White questioned if Ex Officio Hittle was aware of any issue at Planning & Transportation that would have contributed to this amendment. Hittle didn't have any information to provide but advised he could look into the matter. Ehman questioned if the contract was time and material. White was uncertain. Ehman questioned if this work was outside the additional scope. White confirmed. Burnham asked for clarification on the origin of the additional requirements, specifically who mandated that the floodplain and landscaping work needed to be completed and why these tasks became necessary. CBU Assistant Director - Engineering - Peden advised that the additional costs stem from stricter requirements by City Engineering for maintenance of traffic (MOT) plans on all projects involving lane or sidewalk closures, even short-term ones. To avoid contractors inflating bids due to uncertainty, CBU had H&TB prepare and secure approval of the MOT plan upfront. This process involved multiple rounds of review and revisions with City Engineering, similar to how utility plans are handled for new developments. While this added \$54,200 to the consultant's engineering fee, it likely prevented higher costs and project delays later, since contractors could bid with clear expectations and begin work without waiting for further approvals. The approach shifted the burden to the consultant but ultimately may have saved money overall. It was confirmed that none of the original bidders had assumed this work was part of their scope, so the amendment does not affect the fairness of the original \$400,000 contract award.

White moved, Sherman seconded to approve Amendment No.1 with HNTB - seven ayes.

REQUEST APPROVAL OF AGREEMENT WITH BREHOB CORPORATION RELATED TO OVERHEAD CRANE REPLACEMENT AT THE DILLMAN WASTEWATER PLANT

CBU Capital Project Coordinator - Menefee reported that the overhead crane at the Dillman Wastewater Plant recently failed, a critical piece of equipment for plant operations. To address this, the city is contracting Brehob Corporation to replace the crane, with the contract amount not to exceed \$75,000.

White moved, Sherman seconded to approve the Agreement with Brehob Corporation - seven ayes.

REQUEST APPROVAL OF AMENDMENT NO.1 TO ON CALL SERVICES AGREEMENT WITH HARRELL-FISH, INC.

Fuentes presented the amendment and advised that it will add an additional \$10,000.00 to the original on call agreement.

White moved, Sherman seconded to approve Amendment No.1 to the Agreement with Harrell-Fish, Inc. - seven ayes.

REQUEST APPROVAL OF AGREEMENT WITH POTOMAC ELECTRICALS SERVICES, LLC

CBU Assistant Director - Operations - Ortiz presented the agreement. Ortiz explained that Potomac Electrical will perform preventive maintenance (PM) on all high-voltage equipment above 480 volts, work that the city does not have the in-house staff to handle.

White moved, Sherman seconded to approve the agreement with Potomac Electrical Services, LLC - seven ayes.

OLD BUSINESS: None

NEW BUSINESS: Board member Burnham took a moment to acknowledge the hard work of the customer service team during the busy back-to-school season, noting their efforts in transferring accounts and setting up new customers. Burnham expressed appreciation for the team's dedication and reminded new customers that they can access an online portal to monitor water usage, helping to avoid unexpected high bills, and encouraged customers to take advantage of this resource.

SUBCOMMITTEE REPORT: None

STAFF REPORTS: None

PETITIONS AND COMMUNICATIONS: None

ADJOURNMENT: Debro adjourned the meeting at 5:51 pm



Seth Debro, President

9/8/25

Date