

AGENDA
COMMON COUNCIL REGULAR SESSION
7:30 P.M., WEDNESDAY, OCTOBER 4, 1989
COUNCIL CHAMBERS

I. ROLL CALL

II. AGENDA SUMMATION

III. APPROVAL OF MINUTES FOR SEPTEMBER 20, 1989

IV. REPORTS FROM:

1. Councilmembers
2. The Mayor and City Offices
3. Council Committees

V. APPOINTMENTS TO BOARDS AND COMMISSIONS

VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS

1. Resolution 89-29 A Resolution Recognizing October as Domestic Violence Awareness Month.
2. Resolution 89-28 To Approve the Sale of City Held Property to the Indiana State Department of Highways. (MUST BE TAKEN OFF THE TABLE.)
3. Ordinance 89-36 To Amend Chapter 10.08 of the Bloomington Municipal Code, Entitled "Wastewater Rates and Charges."
4. Ordinance 89-45 The 1989 Wastewater Refunding Bonds Ordinance.

VII. LEGISLATION FOR FIRST READING

1. Ordinance 89-47 An Ordinance Concerning the Annexation of Adjacent and Contiguous Territory.
2. Ordinance 89-46 To Amend Title 15 of the Bloomington Municipal Code Entitled "Vehicles and Traffic."

VIII. PRIVILEGE OF THE FLOOR (This section of the Agenda will be limited to 45 minutes maximum, with each speaker limited to five (5) minutes.)

IX. ADJOURNMENT

In the Council Chambers of the Municipal Building held on Wednesday, October 4, 1989, at 7:30 P.M. with Council President Regester presiding over a Regular Session of the Common Council.

COMMON COUNCIL
REGULAR SESSION
OCTOBER 4, 1989

Roll Call: Kiesling, Hogan, Olcott, Regester, Young, Service, White, Fernandez. Absent: Gardner.

ROLL CALL

Regester gave the agenda summation.

AGENDA SUMMATION

The minutes of September 20, 1989 were approved by a voice vote.

APPROVAL OF
MINUTES

Fernandez thanked the Mayor for asking him to participate in the Child Care Task Force and that a framework does exist for the program.

MESSAGES FROM
COUNCILMEMBERS

Service said that she will miss Councilmember Gardner who will be leaving Bloomington for Bend, Oregon. She served the Council well and we will miss her. She commented on the very few applications received for the recent USB vacancy. In the past there would have been dozens of people fighting for the opportunity and Service reminded people that this is the citizens' opportunity to involve themselves in their government. Service said that the appointment to be made this evening is a good one but it is disappointing that more people did not try out for the position.

Kiesling said there will be a festival for the forest presented by the National Foresters in Dunn Meadow, Saturday, October 7 from noon to 7:00 P.M. with earthcare products for sale, paper, cards and wrapping paper. She also noted that a number of people from Bloomington will be going to Washington this weekend for the march to call attention to the housing issue that has come to the forefront. Here in Bloomington there will be an event at the Campbell House at 1:00 P.M. to address the local housing issues (Saturday, October 7, 1989).

Regester announced the annual City Auction will take place on Saturday, October 14 at 1:00 P.M.

The Mayor read a proclamation for National Fire Prevention Week from October 8 - 14. Chief Fleener, President of the Indiana Fire Chiefs Association, accepted the proclamation.

MESSAGES FROM
THE MAYOR

The Mayor also read a letter from the Soviet Physicians for Social Responsibility thanking Bloomington for our hospitality and kindness during their visit to our city.

Matthew Pavolka, his parents, the band teacher at BHS-N, and a representative from McDonalds all came forward to accept a proclamation from the mayor congratulating Matt Pavolka for being chosen to represent Indiana (only 2 from each state are chosen) in the All-American Band sponsored by McDonalds. He will be off to a concert to be aired by CBS on March 8, 1990 and then on to New York for the Macy's Thanksgiving Day parade.

Tim Mueller said that soon a committee authorized by the Plan Commission will begin looking at firms for the master plan update and invited councilmembers to participate in the process.

MESSAGE FROM
PLANNING DEPT.

Regarding the Thomson-RCA truck route request for an access point on Allen Street. The actual discussion will take place next week at the committee of the whole meeting so these comments will not weigh the merits or arguing for or against the issue.

For background information: RCA has been one of our

older firms in Bloomington with local employment as high as 8,000 and as low as 1400 in recent years. They are in a difficult position in their market with competition from the Orient and their lower wage costs. Their reaction to this has been to make massive investments in equipment and we have talked about this in relation to tax abatement and they have made a 5 million dollar investment in new automation with a projected 15 million dollar investment for 1989 and this kind of investment will continue for the next few years. To increase their production in the larger screen TV market, they need to get into the profit range, which they are not doing now. This will have a significant impact on their truck traffic because production is up and more trucks are needed for a given number of units for these large items. They are having problems with the existing internal facility, with a route in from Rogers that doesn't go straight into the plant, a steep rail crossing that trucks get hung up on, and a new bridge over a stream that also involves the DNR. Truck traffic also interferes with pedestrian traffic at shift changes and the volume will increase significantly with the number of trucks in excess of 300 a day and could rise to 600 trucks per day. They have proposed a new access point to Allen Street with greater utilization of Allen Street. The city is interested in working with Thomson and helping them solve their problem. Allen St. has been on the thoroughfare plan as a collector since 1978; Tim passed out a copy of the plan dealing with this street (attached to minutes). In the Twin Lakes area Plan the industrial zone was recognized and recommended a transition of both multi-density multi-family to a point midway between Adams St. and Ransom Lane, anticipating arterial status for the street. The plan also advocates a realignment for the Allen/Bloomfield intersection to line up with Cory Lane. Allen has been for a long time viewed as a thoroughfare street in our planning. Tim invited councilmembers to meet on site with the Thomson people. With the potential for some modest increases in employment, it's possible that some money from the Department of Commerce might come this way for infrastructure improvements. This money must be used for public improvements related to industrial development.

Olcott hoped that the master plan would include the county. Mueller said it would. Likely areas of cooperation would include joint public hearings, meetings, formulation of goals and objectives are all community wide and we would all benefit.

Pat Gross' Conflict of Interest statement was presented to the Council. Gross is a council appointment to the Redevelopment Commission and her statement must be accepted and approved by the appointing body. The statement was approved by a voice vote.

It was moved and seconded that David Toumey be appointed to fill the remainder of David Parry's term on the Utilities Service Board. Toumey was approved by a voice vote.

BOARD APPOINTMENT
USB

It was moved and seconded that Resolution 89-29 be introduced and read by title only. Clerk Williams read the resolution.

LEGISLATION FOR
SECOND READING
RES. 89-29

It was moved and seconded that Resolution 89-29 be adopted. There was no committee report and Kiesling read the resolution in its entirety.

Fernandez thanked the various organizations and individuals who are involved and dealing with this sad issue that exists nationally as well as in our own

community.

Linda Allis, speaking for the persons here in the council chambers holding candles and maintaining a vigil to remind everyone that this problem is very much with us, thanked the City of Bloomington for all the support the City has given to the cause and the programs the City has helped fund.

The resolution received a roll call vote of Ayes:8,
Nays:0.

It was moved and seconded that Resolution 89-28 be introduced and read by title only. Clerk Williams read the resolution.

RES. 89-28

It was moved and seconded that Resolution 89-28 be adopted.

There was no committee report.

This resolution was taken off the table.

Ann Vaughan said that the council is the last body to approve before the city can convey the property to the state. Vaughan said we are holding this as one of the conditions for economic development designation and bond for Bloomington Square Associates in 1980. It's not our property, but we hold title.

The resolution received a roll call vote of Ayes:8,
Nays:0.

It was moved and seconded that Ordinance 89-36 be introduced and read by title only. Clerk Williams read the ordinance.

ORD. 89-36

It was moved and seconded that Ordinance 89-36 be adopted.

Mike Phillips, Utilities Director, was available for questions and asked that the next two ordinances be considered together since they are so closely related. The existing wastewater rate was established in 1981. The proposed rate was approved by the USB on 9/25/89 and recommended a careful review and to adjust as necessary. There is a special assistance fund that is going to be funded that is used to provide support for water and sewer payments. Also note that the proposed rate increase is much lower than the inflation rate was over that same period of time. The bonds were first issued in 1950 and contained very conservative requirements and we are proposing to refund these bonds, similar to the water bonds and this will have a very favorable impact on our user charges. The existing customer pays about \$11.75/month for sewer. If these bonds are not refunded the increase would be up 80% or almost \$21.00/month. With the refunding of the bonds, the increase would be about 25% or \$14.75 per month on the rate payer.

Bill Stannard, project director for Black & Veatch, summarized the report that was submitted last month. (Report is available in back-up information in Clerk's file).

Existing rates were put into effect in February, 1985. Revenues in 1984 were approximately \$4.9 million. 1988 revenues were up because of the dry year we had last year and there was an increase of water sales, which increased wastewater revenues. Projected growth from '89-'93 was to be moderate with continued increases of about 300-350 per year. Historical maintenance expenses are associated with PCB expenses (1987-1988 and decreased in 1989); 1989 will see a projected maintenance expense reach \$4.8 million thru 1993.

Projections for the period 1989-1993 are expected to increase from \$5.9 million to \$6.6 million in 1993 (revenue).

The deficit in 1989 is expected to be approximately \$1.2 million dollars and without a rate increase that deficit would grow to \$1.6 million in 1993. In order for our revenues to meet our expenses thru 1991 a 25.8% increase is recommended. If one wanted to raise rates sufficient to get thru 1993 it would require a rate increase in excess of 29%. The 25.8% increase allows Utilities to provide sufficient revenues thru 1991. November 1, 1989 is the effective date and the existing \$1.2 deficit that will be able to be made up from existing reserve funds. However without a rate increase those reserves would be depleted in a relatively short time. The 1992 Wastewater rate increase, as projected would require about an 8% increase. The impact on the rate schedule would go from \$1.72 to \$2.16 per meter. The user charge, the charge that is applied to the volume of water used, would go from \$1.67 to \$2.10/1000 gallons. There are special service rates for industrial users that discharge above average strength biochemical oxygen and suspended solids and they will also be under the 25.8% increase level. Typical month users bills will be \$8.40 to \$10.56 for the average use of 4,000 gallons/month.

Kiesling asked about increased insurance rate estimates.

Stannard said the projections were based on the budgeted figures for this year. Jeff Underwood said the figures were based on inflation and risk management presentations.

Kiesling also asked about increased estimates in treatment of PCB and also the increased cost of sludge disposal. Underwood said there is approximately \$319,000 built into the budget this year. Kiesling also about leases associated with Blucher Plant and if we lease most of it. Underwood said there is a small part that farmers put in crops and we do actually own those areas. She also asked about any increases for the Ellettsville area to accommodate the fairly rapid growth in that area. Underwood said that originally it was thought that there would be quite a bit of increase, but based on last year the level of growth has remained very flat and level. He noted that that contract is a five year contract and therefore not adjusted in that rate increase. Kiesling was also pleased that the Utilities Department was trying to make some adjustment for those having a hard time paying bills and is that a big problem. Underwood said yes and no. Utilities puts a lot of effort into trying to collect overdue bills just because of the nature of Bloomington and over the last 5 years, we have only been off .3 of 1% our total revenue and so if you consider 10 or 11 million dollars in revenue, the write off is very low. Great efforts are made to work with people and help them make arrangements to pay.

Service asked about eligibility for the plan.

Underwood said that we will not administer that plan. A local community outfit with expertise will administer the program. The department will make monthly or annual contributions, the organization will establish the eligibility criteria and then report back to the USB.

Fernandez asked about the "wholesale" water rates to Ellettsville. Mike Phillips said that was the policy, and that Ellettsville takes care of the billing and

collection for their retail customers and they have their own collection of small sewers and then discharge essentially through one major line directed to the plant. Several years ago Ellettsville applied for and received a grant enabling them to put in this major line to our plan and so there has been no cost on our part, said Underwood.

Hogan asked about the reserve accounts. The existing bond ordinances required fairly substantial reserves by the utilities department with a minimum balance of a full year's operational expense to be maintained which is now 3-4 million dollars. The last time bonds were sold (1978) there were large reserves required and in the early 80's when interest rates exceeded 18%, the City was able to invest those reserves and earn in some years over \$1 million in interest income, going back into the reserves. These strong reserves were what enabled the Utilities to meet the costs of PCB issues. We are now at the point where those reserves would be depleted to an unsafe level. By refunding the bonds we can put a more modern ordinance in place with less restrictive covenants and lower reserve levels.

Hogan asked about comparative rates with other communities and Underwood just happened to have the figures. There are many variables, type of service, billing practices, when they had their last increase. We are comparable with other communities, Underwood said. Phillips said that each system has different requirements, the quality of the water and wastewater. Sometimes communities defer maintenance hoping to hold down rates and shoving it off on some other governmental body to regulate.

Olcott did remind everyone that last year, with drought conditions over most of the state, we did have water.

Fernandez did object at the one hearing this ordinance is giving and wondered why the Council did not meet last week in committee. Regester said that the determination was made several weeks ago, several councilmembers were going to be gone and it was assured that more than adequate time would be allotted to discuss it. Kiesling asked the newspaper to cover these significant issues and not just mention it in the morning paper.

Hogan was concerned about the assistance program with utility funds. He did not think it was a great idea to charge people for sewer rates and then decide how we are going to give it out in some other fashion. To set up a system that gives money back to designed groups of people is almost a way of taxing people through sewer rates.

The Mayor said that other private utilities have done the same thing; federal government guidelines used by other utilities would be implemented.

Hogan felt that we were establishing a pool of funds that we literally tax people with rate charges and he did not feel that utility is the right way to do this.

Mayor Allison said that if people don't pay their bills, we (other tax payers) pay anyway. This system predetermines that a person is truly needy and the whole situation can be handled with dignity.

Kiesling asked about new sludge regulations and wondered if provisions have been made for that. Phillips said that the new regs have been carefully

reviewed and that we will be in compliance and that they will not impose an additional burden on our operation.

Olcott said that this is the smallest rate increase he has been involved with. Our sewer and water operations is why we are here because without it there would be no growth or development.

White asked Mr. Stannard if other utilities have this assistance program. Stannard said he wasn't familiar with any specific programs but that they are becoming more common around the country, the biggest opposition is the slight increase in rates to accomodate the program, but if people don't pay their bills, utilities still need to generate enough cash to operate. This is the cusp of a new program.

White said we are unsure how this will be adjusted. Underwood said the details have not been worked out and we have been in contact with services that do this. The main point is that this is equal to what we write off each year and we hope to write off the administrative costs and ease some of the tensions we have with low income families when they fall behind, have to pay extra fees for reconnects, "it's just very traumatic", Underwood said. "we are trying to detraumatize the experience."

White said he has no objection to helping people in need but this is a move by a public utility to do social service and he was not sure if that is our business. Underwood said that you can look at it one of two ways, we will either write them off as bad debts and that will be included in the rate or we can provide a mechanism, included in the rate for people to pay their bills. So the net effect to the rate is the same either way.

The ordinance received a roll call vote of Ayes: 7,
Nays:1 (Hogan).

It was moved and seconded that Ordinance 89-45 be introduced and read by the clerk by title only. Clerk Williams read the ordinance.

ORD. 89-45

It was moved and seconded that Ordinance 89-45 be adopted. There was no committee report.

Underwood said that this is a mechanism to refund our outstanding debt and to get rid of the restrictive covenants that require the high reserves.

Buddy Downs, from Ice, Miller, Donadio, and Ryan was available for questions. Bond ordinances are sent to bond holders, rating agencies and potential bond insurers to assure the best interest rates. As a result of recent conversations with attorneys, bonds consultants and utility personnel, there are some fairly technical amendments for this ordinance, dealing with enough money credited in the last calendar months so that interest payment can be made January 1, 1989. It was determined that we fund a debt service reserve fund out of funds on hand or we get a debt service reserve insurance policy. He went over additional amendments dealing with how much net revenues after operating expenses are available to pay the bond holders and we want to make clear that there were some non-recurring professional fees that had been related to our environmental situation that had been paid out of utility funds that would not be considered operations or maintenance expenses in the future for purposes of the net revenue test. We need to show the best coverage of net revenues in relation to the debt

service possible, the contract must reflect that and financial people say that will enable the bonds to get a better interest rate.

Olcott moved that Ordinance 89-45 be amended, Section 6(c), 6(e), 13(b), Section 19(a) and Section 12. Kiesling seconded.

The amendment received a roll call vote of Ayes:8, Nays:0.

The ordinance, as amended, received a roll call vote of Ayes:8, Nays:0.

It was moved and seconded that the following ordinances be introduced and read by title only for first reading by the Clerk.

Ordinance 89-47 An Ordinance Concerning the Annexation of Adjacent and Contiguous Territory.

Ordinance 89-46 To Amend Title 15 of the Bloomington Municipal Code Entitled Vehicles and Traffic.

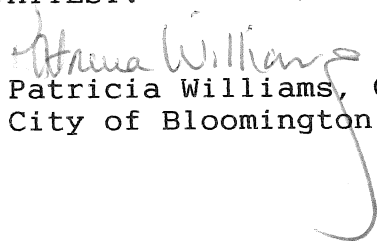
There were no petitions or communications from the public.

The meeting was adjourned at 9:00 P.M.

APPROVE:


James C. Regester, President
Bloomington Common Council

ATTEST:


Patricia Williams, CLERK
City of Bloomington