



**CITY OF BLOOMINGTON
UTILITIES**

**2023 BUDGET
PROPOSAL**

Memorandum

TO: Members of the City of Bloomington Common Council
FROM: Vic Kelson, Director
Matt Havey, Assistant Director - Finance, Utilities
Michelle Waldon, Finance Manager, Utilities
Date: August 12, 2022

Why We Exist

City of Bloomington Utilities (CBU) exists to provide safe and sustainable water, wastewater, and stormwater services in an economical manner, promoting public health, prosperity and quality of life in our community. CBU is funded entirely by its customers, with rates and fees established by the Utilities Service Board, Bloomington Common Council, and the Indiana Utilities Regulatory Commission (IURC). The Utilities Department does not receive tax dollars from any source.

The City of Bloomington acquired CBU in 1939. CBU serves 25,420 water customers directly plus most of the remainder of Monroe County through its wholesale customers. CBU also serves 22,819 sewer customers and provides stormwater management services for the city. CBU has a staff of 190 full- and part-time positions and an estimated annual budget of \$44 million.

CBU provides water to its customers from its 30 mgd (million gallons per day) surface water treatment plant at Monroe Reservoir along with 7 booster pumping stations, 7 water storage tanks, over 420 miles of pipe, 3,100 fire hydrants, and 6 base stations for automatic meter reading.

Wastewater is treated at the 15 mgd Dillman Road wastewater treatment plant (WWTP) and the 6 mgd Blucher Poole WWTP, and conveyed by 321 miles of pipe and 46 lift stations with access via 8,443 manholes.

Since 1998, CBU has been the stormwater utility for Bloomington. The stormwater utility has 17 miles of ditches, 4 miles of box culverts, 1,035 manholes, and 5,695 inlets.

In all, CBU is responsible for over \$300 million in assets distributed across numerous sites in Monroe County, including the former Winston Thomas wastewater treatment plant site at Gordon Pike and Walnut Street, and the reservoir at Lake Lemon.

Background and Major Initiatives

Since 2016, CBU has aggressively pursued efforts to improve facilities, enhance drinking water quality, and plan for the future. Some major highlights include:

- Instituted a regular schedule for rate reviews on a four-year cycle:
 - Water Works reviews in 2016 and 2021
 - Sewer Works reviews in 2016 and 2019
 - Stormwater Utility Fee in 2019
- Reinstated the regular replacement schedule for CBU vehicles
- Deploying up-to-date technology throughout the department
 - Advanced Metering Infrastructure (AMI) monitors water use each hour, improves our billing process and provides information for better management and planning in the future.
 - Updated Supervisory Control and Data Acquisition (SCADA) systems at all three plants for improved process control and monitoring, including historical data collection for problem solving and process improvement.
 - Laboratory Information Management System (LIMS) systems for all plants provide improved access and efficiency for collecting and reporting laboratory results, including automated entry of results from outside laboratories, integration with SCADA process-control data, and automated generation of required regulatory reports.
 - Replacement of the antiquated Genamap GIS system with a modern ArcGIS system. The new CBU GIS improves visualization and analysis tools, and also can be integrated with other systems, e.g. AMI and Asset Management tools, plus it has a mobile viewer for tablets and phones for field use.
 - CityWorks Asset Management software will integrate information from GIS and other systems in order to provide us with the ability to track and improve the life-cycle costs of all CBU operations. CityWorks includes work-order scheduling, cost tracking, and planning tools. It integrates with our GIS and other systems, and eventually will be tied in with purchasing, stores, and procurement throughout CBU's operations.

Notable Achievements for 2022

- All Utilities:
 - Completed a master plan for redevelopment of the Winston Thomas property on South Walnut St. as a future Service Center, Garage, and Storage Yard for CBU.
- Water Works:

- Implemented the first phase of rate changes from the 2021 cost-of-service study ratemaking effort. The rate case was completed in December 2021.
- Completed the construction of a chemical storage facility and feed system for potassium permanganate (an oxidizer) and copper sulfate (an algaecide). This allows CBU to greatly reduce the amount of chlorine used in summer, for disinfection by-products control.
- Continued the water main replacement program, about \$1.7 million per year. The 2021 Rate Case will allow CBU to raise this investment to \$3 million per year in order to achieve a 100-year replacement schedule, starting in 2024.
- Will complete a long-term water supply resiliency plan and begin efforts to secure funding for its implementation. Bloomington presently has only one source for water supply; we are working to develop a plan for a second source or purchasing water from another utility.
- Sewer Works:
 - Completed construction of over \$23 million in modernization and capacity enhancements at the Dillman Wastewater Treatment WWTP.
 - Completed the construction of a chemical feed system for Poly-Aluminum Chloride (PACl) at the Blucher Poole WWTP. This change allows CBU to remove phosphorus, which is required under our National Pollution Discharge Elimination System (NPDES) permit beginning in July.
 - Dedicated about \$500,000 to sewer lining projects to reduce infiltration and inflow.
 - CBU will complete a rate review for the Sewer Works, including expanded capital spending to complete the Dillman capacity expansion projects. Once complete, CBU will work with IDEM to officially re-rate Dillman to 20 million gallon per day (mgd) capacity. We plan to bring the Sewer Works rate case to Council in 4Q 2022.
- Stormwater Utility:
 - We will complete construction of the Hidden River Pathway project, an up-sized stormwater culvert for the Campus River/Clear Creek, at a cost of \$13 million
 - Completed computational modeling of stormwater flows in the Clear Creek basin, including the June 2021 Kirkwood Avenue flooding event. The model will inform the design of the new upstream inlet structure at 6th and Indiana. Engineering for that project will be completed in 2022.
 - Completed the Stormwater Master Plan and will complete a study to recommend improvements for the City's street sweeping program.
 - CBU will complete a rate review for the Stormwater Utility, including capital resources for replacing the upstream inlet structure at 6th and Indiana. This will complete the capacity expansion that was begun with the Hidden River Pathway project, reducing the potential severity of flooding in the vicinity. We plan to bring the Stormwater Fee review to Council in 4Q 2022.
 - We will complete a study of the costs and benefits of adopting the City's street sweeping program, and discuss it with the Mayor's office and the USB as part of the 2022 Stormwater Fee review.

In 2023, CBU will continue its focus on six major initiatives, including 1) explicitly identifying how our activities, including new operational and capital projects, affect carbon emissions from Utilities operations and expand our climate action programs; 2) increasing capacity for wastewater treatment; 3) optimizing drinking water quality through treatment improvements; 4) replacing aging water mains; 5) making capital improvements to the stormwater system; and 6) modernizing processes. In addition, we plan to begin the facilities design and financial analysis for the redevelopment project at the Winston Thomas site, working in collaboration with OOTM and the Controller's Office.

CBU organizes its budget goals under the Effective Utility Management framework (EUM), established by the American Water Works Association (AWWA), U.S. EPA, and others. EUM organizes management initiatives based on ten attributes: Product Quality, Operational Optimization, Employee and Leadership Development, Financial Viability, Infrastructure Strategy and Performance, Customer Satisfaction, Stakeholder Understanding and Support, Water Resource Sustainability, and Community Sustainability. The ten attributes provide a clear set of reference points and help maintain a balanced focus on all of the important operational areas rather than reactively focusing on the "problem of the day."

Wastewater Treatment Modernization and Capacity Improvements: CBU is working on projects at both wastewater treatment plants to modernize equipment and treatment processes while increasing capacity to meet future demand at Dillman Road Wastewater Treatment Plant (Dillman). At Dillman, a \$23 million project has been substantially completed, including a standalone disk filter addition, new switchgear, and new blowers. These and other projects will reduce electrical consumption at Dillman, Monroe County's largest single electricity consumer.

Water Quality: CBU continually monitors and explores ways to reduce disinfection byproducts (DBPs). In 2022, CBU is engaged in a project to improve the solids handling facilities at Monroe WTP, replacing an old plate frame filter press with a belt press. This will greatly improve our ability to manage and dispose of waste sludge, reducing hauling and the cost of disposal. On the wastewater side, the addition of phosphorus control at Blucher Poole WWTP will reduce the discharge of nutrients into Beanblossom Creek.

Water Main Replacements: Following the 2016 Water Works rate case, CBU established an ongoing Water Main Replacement Program (WMR). From 2017-2022, CBU has budgeted approximately \$1.7 million annually for its Water Main Replacement Program, allowing us to replace approximately 2.5 miles of existing water mains and associated valves, fire hydrants, and water services each year. Aging water mains can lead to locally degraded water quality, and age is a factor in many of our over 100 water-main breaks each year. This program aims to reduce water loss, maintenance and repair costs, and improve water quality. CBU staff prioritize replacement projects based on the occurrence of water-main breaks, on seasonal factors, water-use patterns, pipe types, and other factors. We prioritize annually, based on new information collected during the previous year. We expect that the lead service line inventory, when complete, will have a significant impact on our WMR schedule.

The recently approved 2021 Water Works rate case will provide funding to expand annual WMR expenditures to \$3 million, beginning in 2024. We anticipate that this will achieve a 100-year replacement schedule for water mains in Bloomington.

Stormwater Utility: CBU continues capital investments in the stormwater system. Critical projects include the Hidden River Pathway Project, which flows through downtown Bloomington. With the urging of Mayor Hamilton and the support of Council, in 2019, CBU established a Green Infrastructure fund as part of the monthly stormwater fee. CBU dedicates \$400,000 per year to develop and maintain “green” stormwater infrastructure upgrades in City projects. Green infrastructure elements -- such as rain gardens, bioswales, and permeable paving -- slow down stormwater flow and reduce the intensity of peak flows and flooding downstream. CBU also plans to continue its residential stormwater grant program that offers assistance with improvements on single-family residential properties.

Process Modernization: CBU is implementing, upgrading, and/or replacing software systems throughout the department. These changes will drive efficiency, allow CBU to make more data-driven decisions, and reduce errors. The changes include updates to the Supervisory Control and Data Acquisition (SCADA) systems.

Sustainability and Climate Action

Water and wastewater operations are heavy users of electricity and purchased chemicals. Maintenance and development of our nearly 800 miles of buried infrastructure require a capital investment in large vehicles and the consumption of fossil fuels to power them. CBU tracks its energy consumption and is working to reduce water loss, energy consumption, and the carbon footprint of all its activities. CBU continues to work with the Economic and Sustainable Development Department and Monroe County Solid Waste Management District to evaluate the potential for a waste-to-energy facility for wastewater sludge, oils and grease, and organic waste streams. CBU is also committed to responsible and transparent fiscal management, and we regularly seek to reduce the cost of our operations for our ratepayers.

Diversity, Equity, and Inclusion

CBU also proposes to continue the Residential Stormwater Grants program for 2023. We are continuing our efforts to ensure equity in the application of the program for residents of lower-income neighborhoods. In 2022 we hired an engineering consultant to assist in the design of grant applications that made it past the first round of reviews

CBU continues its Customer Assistance Program, in cooperation with the South Central Community Action Program (SCCAP). This program assists low-income customers when they cannot pay their water bills.

2023 Activity Description and Goals

The 2023 budget was developed with a zero-based approach, analyzing actual trends and conservative estimates, and aligning expenses split between multiple funds. The Assistant Director of Finance reviewed expenditures and discussed future needs with other Assistant Directors and

plant superintendents. Additionally, the Conservation & Energy Resource Manager gave input and prepared estimates for utility costs (electric, gas, water) based on in-depth analysis and discussions with the providers. Finally, CBU coordinated with ITS, Fleet, and other departments which maintain certain assets.

The City of Bloomington Utilities is pleased to present its 2023 budget goals for the Water, Sewer, and Stormwater funds.

Note: the number of full-time equivalents quoted herein is based upon the fraction of the 190 CBU employees, including vacant positions and part-time employees. We round these fractions off in 5% increments, thus an estimate of “9.5 FTEs” for an activity means about 5% of overall CBU staff time is dedicated to that activity.

Budget and Schedule Challenges for 2023

Supply chain issues continue to create problems in contractor pricing and schedule for CBU’s projects. In 2022, we have seen examples of lead times for basic components extending from 6 months to a 1 year. These delays are accompanied by significant price increases. For example, the Dillman Road WWTP project completion is delayed due to unavailable electronics for HVAC equipment. We have also seen steel prices escalating to the point where suppliers have asked for contractual contingencies to handle mid-project price increases.

The infrastructure act will likely continue to increase demand for these materials, so no relief is expected in 2023. We should be ready for projects to take longer and cost more to complete, and some projects may be delayed until after a future rate case. In addition, Engineering firms are facing challenges for staff recruitment and retention, and it’s much more difficult to deliver projects. Also, General Contractors and their subcontractors are very busy and are becoming more selective in the type of work they accept, and how much risk they are willing to take. In 2023 CBU will need to work with the Controller’s Office and the City Administration to look at new methods of design and contract delivery to help manage some of these issues.

2023 CBU Revenue Projections

For the Water Works and Sewer Works, CBU’s revenues are based upon the anticipated water sales in each customer class. Stormwater Utility revenues are based on a fixed amount for single-family residential properties and an amount based on the number of square feet of impervious surface for other properties.

CBU plans to bring a Rate Case for the Sewer Works, and a Stormwater Fee recommendation to the Common Council in Q4 2022. The revenue projection for the Sewer Works and Stormwater Utility do not include any projected change owing to that rate review.

Projected Revenues (All Utilities)

Revenue	2021 Actual	2022 Budget	2023 Budget	Change (\$)	Change (%)
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Water	17,827,244	18,178,570	20,432,598	2,254,028	11.9%
Sewer	25,401,399	23,266,768	24,070,000	803,232	3.3%
Stormwater	3,264,959	3,103,863	3,172,500	68,637	2.2%
Total Funds	46,493,602	44,549,201	47,675,098	3,125,897	7.0%

2023 Goals for all activities, based on the Effective Utility Management framework (EUM)

The EUM framework divides utility operations into separate “Activities”, based on ten different components of Utility operations. We provide goals for each Activity below.

Product Quality (PQ)

Product Quality Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	3,658,106	3,767,849	38	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	770,970	948,293		
300 - Other Services	6,785,642	8,074,914		
Total	11,214,718	12,791,056		

Activity Description: Produce “fit for purpose” treated drinking water, treated wastewater effluent, stormwater discharge, and other recovered resources (e.g., energy, nutrients, biosolids) that meet or exceed full compliance with regulatory and reliability requirements and are consistent with customer, public health, ecological, and economic needs. Product Quality is the largest area in this budget as it covers much of the day-to-day activities at CBU and covers all three utilities: water, sewer, and stormwater.

Goals:

Water Works

- Operate the Monroe Water Treatment Plant and all of the distribution system 24 hours per day, 365 days per year, providing clean, healthy water with no violations of our operating permits.
- Achieve annual average levels in treated water of 50ppb or less for Total Trihalomethanes (TTHM) and 40ppb or less for Total Haloacetic Acids (HAA5). These values are about 2/3 of the EPA limits of 80ppb for TTHM and 60ppb for HAA5.
- Complete the lead service line inventory as mandated by the EPA’s Lead and Copper Rule by the end of 2023. This work is being performed by CBU staff, and supported by \$700,000 in American Recovery Plan Act (ARPA) funding as allocated by the Common Council.

Sewer Works

- Operate both wastewater treatment plants 24 hours per day, 365 days per year, with no violations of the discharge limits described in our National Pollutant Discharge Elimination System (NPDES) Permits (even as major capital improvements are in progress at the Dillman Road WWTP).

Stormwater Utility

- In 2022, CBU completed the development of its Stormwater Master Plan. By the end of 2023, CBU will complete implementation of its first phase of strategies defined in the plan, at a cost of \$50,000. Many of these improvements will create cohesion between CBU and other City Departments in the Code.

Operational Optimization (OO)

Operational Optimization Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	1,829,052	1,883,924	19	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	385,484	397,049		
300 - Other Services	2,992,603	3,561,198		
Total	5,207,139	5,842,171		

Activity Description: Automate processes where possible to make better, data-driven decisions. Push for ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of CBU operations in service to public health and environmental protection. Effectively use data from automated and smart systems and learn from performance monitoring. Minimize resource use, loss, and impacts from day-to-day operations, and reduce all forms of waste. Maintain awareness of information and operational technology developments to anticipate and support timely adoption of improvements.

Goals:

All Utilities

In 2022, CBU intends to complete the implementation of the CityWorks asset management system for all field operations and plant operations. We have also deployed improved SCADA systems for process control and data acquisition and the new Laboratory Information Management System (LIMS). In 2023:

- Deploy at least 3 new analytical tools and/or computer dashboard applications to enable better, faster, data-driven decisions supporting CBU operations.
- Implement SCADA monitoring of pumps, flow rates, disinfectant levels, and other parameters in at least one tank and booster station (a first step toward system-wide greatly improved monitoring and controlling of our distribution system). This work was planned for 2022 as part of the East Tank Coating project, but that project was delayed to 2023 because of supply-chain issues.

Employee and Leadership Development (ED)

Employee & Leadership Development Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	914,525	941,961	9.5	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	192,742	198,524		
300 - Other Services	1,113,570	1,325,148		
Total	2,220,837	2,465,633		

Activity Description: Recruit, develop, and retain a workforce that is competent, motivated, adaptive, and safety-centered. Ensure that employee institutional knowledge is retained, transferred, and improved upon over time. Invest in opportunities for professional and leadership development.

Goals:

All Utilities

- Continue CBU's commitment to personnel safety, making ongoing investments in equipment for the field crews and the plants.
- Invest at least 1.5% of CBU personnel budget in each Division for professional training and development, including operator training so new employees can earn State licenses within 1 year of hire.
- Assure that every work site has at least 1 team member who is CPR-certified.
- Senior CBU leadership and the Utilities Service Board will complete the development of a strategic planning document for all utilities by the end of 2023.

Financial Viability (FV)

Financial Viability Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	1,829,052	1,883,924	19	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	385,484	397,049		
300 - Other Services	1,606,541	1,911,784		
Total	3,821,077	4,192,757		

Activity Description: Plan for the full life-cycle cost of utility operations and value of water resources. Establish and maintain an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues. Work to establish predictable rates consistent with community expectations and acceptability adequate to recover costs, provide for reserves, maintain support from bond rating agencies, and invest for future needs while taking into account affordability and the needs of disadvantaged households.

Goals:

All Utilities

- Implement CityWorks-driven centralized work order and inventory systems at the 3 plants, to streamline work order processing, reduce inventory, and maintain better records for work order details (jobsite hours, project expenses).

Sewer Works

- Implement the approved Sewer Works rates by Q1 2023.

Stormwater Utility

- Implement the approved Stormwater Fee changes by Q1, 2023.

Infrastructure Strategy and Performance (IS)

Infrastructure Strategy and Performance Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	3,658,106	3,767,840	38	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	770,970	948,293		
300 - Other Services	5,298,532	6,305,253		
Total	9,727,608	11,021,386		

Activity Description: Maintain and enhance the condition of all assets over the long term at the lowest possible life-cycle cost and acceptable risk consistent with customer and regulator-supported service levels to assure asset repair, rehabilitation, and replacement efforts are coordinated within the community to minimize disruptions and other negative consequences.

Goals:

Water Works

- Identify all of the lead service lines in our system and develop a replacement plan by the end of 2023.
- Replace at least 2 miles of water mains at a cost of \$2,000,000.
- Complete East Tank Coating and Improvements project at a cost of \$1,150,000.

- Complete design and begin construction on the replacement of several major electrical systems at our Monroe WTP at a cost of \$3,500,000.
- Complete design and begin construction on the complete refurbishment of the South Central and West Booster Pumping Stations at a cost of \$4,800,000.

Sewer Works

- Complete the design of the final stage of the Dillman Road WWTP Modernization and capacity improvements that will rate the plant at least 18, preferably 20 mgd.
- Complete project that will improve solids handling processes at the Blucher Poole WWTP; including a solids storage shed and belt press rebuild.
- Replace (3) wastewater lift stations.
- Complete sewer lining projects, lining at least 6 miles of sewer pipe and other improvements to manholes and other infrastructure, at a total cost of \$800,000.
- Advance the pilot Clear Water Program, investing \$1,047,661 in contributions by developers, to eliminate illicit sewer connections from sump pumps and roof drains. Our 2023 goal is to reduce infiltration and inflow in the southeast basin by 782,648 gallons per day and in the west basin by 297,680 gallons per day.

Stormwater Utility

- Deploy up to \$100,000 through the Residential Stormwater Grants program, to complete projects for at least 15-20 households.
- Complete design and begin construction for the upstream end of the Hidden River Culvert near 6th and Indiana Streets. This project will complete the culvert replacement and will reduce the potential for flooding west and north of Sample Gates. This work will be designed and constructed in coordination with Indiana University.

Enterprise Resiliency (ER)

Enterprise Resiliency Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	1,829,052	1,883,924	19	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	198,239	204,186		
300 - Other Services	1,442,653	1,716,757		
Total	3,469,944	3,804,867		

Activity Description: Focus on the resiliency of all systems within CBU and proactively identify, assess, establish tolerance levels for, and effectively manage a full range of business risks, including interdependencies with other services and utilities, legal, regulatory, financial, environmental, safety, physical and cyber security, knowledge loss, talent, and natural disasters.

Goals:

All Utilities

- By the end of 2Q, CBU and ITS will complete a review and update for the CBU Cybersecurity Plan, including action items for implementation in 2023.
- By the end of 4Q, CBU and ITS will complete the implementation of changes that were identified in the updated Cybersecurity Plan.

Customer Satisfaction (CS)

Customer Satisfaction Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	1,829,052	1,883,924	19	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	572,731	589,913		
300 - Other Services	1,121,189	1,334,215		
Total	3,522,972	3,808,052		

Activity Description: Provide reliable, responsive, and affordable services in line with explicit, customer-derived service levels. Utilize a mix of evolving communication technologies to understand and respond to customer needs and expectations, including receiving timely customer feedback and communicating during emergencies.

Goals:

All Utilities

- Operate a Customer Service Department with standard business operations hours (Monday-Friday, 8:00 AM-5:00 PM).
- Keep the CBU website up-to-date with information about major undertakings and electronic versions of all customer forms, as well as electronic versions of the annual consumer confidence/water quality report and the annual benchmarking survey, updated at least once per week.
- Review and change all web forms to ensure they are accessible for low/no vision customers, non-English speakers, and others.
- Complete an annual Customer Satisfaction Survey by Q3 and incorporate findings from the survey in public information and other customer service activities. Our goal is to achieve 10% participation from our 27,000 customers.
- Procure and implement a 24-hour customer-service kiosk that supports bill payment and other functions. This implementation depends on the results of a technology review that is in progress in 2022.

Stakeholder Understanding and Support (SS)

Stakeholder Understanding and Support Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	914,525	941,961	9.5	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	192,742	198,524		
300 - Other Services	68,885	81,973		
Total	1,176,152	1,222,458		

Activity Description: Engage with CBU's stakeholders (anyone who can affect or be affected by the utility), including customers, oversight bodies, community and watershed interests, and regulatory bodies for service levels, rate structures, operating budgets, capital improvement programs, and risk management decisions. Actively promote an appreciation of the true value of water, water services, and water's role in the community's social, economic, public, and environmental health.

Goals:

All Utilities

- Each quarter, a staff member or group will participate in at least one neighborhood/homeowner's association meeting, a public event, or meeting of a community/professional organization, in person or a live virtual meeting.
- Provide updates about projects at least once per week using press releases, signage, social media, email, and CBU website to help the public understand our stakeholders on projects and priorities of the utility.

Water Works

- By the end of 2Q procure a new self-contained water cart that is built into a truck for rapid and simple deployment at public outdoor events, replacing our aging water carts. Estimated cost is \$55,000.

Water Resource Sustainability (WR)

Water Resource Sustainability Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	914,525	941,961	9.5	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	192,742	198,524		
300 - Other Services	621,860	740,013		

Total	1,729,127	1,880,498	
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Activity Description: Ensure the availability and sustainable management of water for the community and watershed, including water resource recovery. Plan for the potential for water resource variability (e.g., changing weather patterns, including extreme events, such as drought and flooding), and utilize as appropriate a full range of watershed investment and engagement strategies (e.g., Integrated Planning). Engage in long-term integrated water resource management to ensure that current and future customer, community, and ecological water-related needs are met.

Goals:

Water Works

- Provide technical assistance as needed by the Water Fund’s Steering Committee.
- offer in-kind support for the water-quality study that Friends of Lake Monroe (FLM) is leading under a Section 319 grant. We expect the value of our laboratory support to be comparable to about \$30,000 if FLM went to a commercial laboratory.
- Provide about \$10,000 of in-kind support for Monroe County Soil and Water Conservation District (SWCD) to help re-write the Beam Blossom Watershed Plan. CBU’s Blucher Poole WWTP discharges to Beanblossom Creek.
- Provide in-kind support for the Section 319 Grant project for the Lower Salt Creek Watershed (below Lake Monroe). CBU’s Dillman Road WWTP discharges to Clear Creek, as does most of our Municipal Separate Storm Sewer (MS4) infrastructure.
- Budget \$35,000 as a contribution to the Lake Monroe Water Fund, in support of their organizational efforts to build fundraising for shovel-ready projects in the Lake Monroe watershed.

Community Sustainability (SU)

Community Sustainability Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	914,525	941,961	9.5	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
200 - Supplies	192,742	198,524		
300 - Other Services	621,860	740,013		
Total	1,729,127	1,880,498		

Activity Description: Promote and organize community sustainability improvements through collaboration with local partners and economic development planning to support community-wide resilience, support for disadvantaged households, community sustainability, and livability.

Goals:

All Utilities

- Dedicate \$50,000 to its Customer Assistance Program, enough to support up to 215+ disadvantaged households. This funding, based on past and current demand, will be tracked monthly.

Sewer Works

- Complete the review of options for a waste-to-energy facility at the Blucher Poole plant in Q1, in cooperation with the Monroe County Solid Waste Management District (MCSWMD). If the project is viable, proceed with engineering and explore financing options and issue an implementation plan by the end of Q4.

Stormwater Utility

- Dedicate \$1,200,000 to its Residential Stormwater Grant Program in 2022, with grant awards in early Q3. This program helps homeowners make improvements on their property that have positive impacts on their neighborhoods and CBU infrastructure.

Bond Payments

Water

2015 Refunding Bond- \$380,896
 2017 Bond- \$298,494
 2020A Water Bond- \$1,278,000
 2020B Water Bond- \$3,320,625
 2022 Water Bond - \$771,500

Wastewater

2013 Wastewater Bond- \$1,191,296.00
 2015 Refunding Bond- \$566,473
 2017 Wastewater Bond- \$461,300
 2019 Refunding Bond- \$1,023,200
 2020 Wastewater Bond- \$969,800
 2021 Wastewater Refunding - \$778,150

Sinking Funds (P&I) Budget Allocation	2022 Budget \$	2023 Budget \$	Staffing (FTE)	Populations Served
400- Waterworks sinking	5,278,818	6,049,515	0	All CBU water works customers including wholesale customers (approx 140,000 people), all CBU sewer customers (approx 86,000 people), all CBU stormwater utility customers (population of Bloomington, approx 86,000 people)
400- Sewer works sinking	5,053,743	4,990,219		
Total	10,332,561	11,039,734		

2023 Budget Proposal Highlights

Water Works Budget Request

Water Works Budget Allocation	2020 Actual	2021 Actual	2022 Budget	2023 Proposed	Change (\$)	Change (%)
100 - Personnel Services	4,714,725	4,779,289	5,000,410	5,150,800	150,390	3.0%
200 - Supplies	2,092,106	2,490,811	1,741,845	2,434,050	692,205	40.0%
300 - Other Services	12,975,187	5,962,770	3,743,608	4,642,476	898,863	24.0%
300- Other Services- E&R	3,199,603	3,408,411	2,413,889	2,155,763	(258,126)	(11.0%)
400- Water Sinking (P&I)	3,383,637	5,278,127	5,278,817	6,049,514	770,697	15.0%
Total	26,365,257	21,919,407	18,178,569	20,432,598	2,254,029	11.9%

*Interest payments are recorded as expenses and principal payments are recorded as a reduction in Long Term Liability, though both are budgeted here.

Significant changes in the Water Utility include:

Revenue has an expected increase of \$2,254,029 or 11.9%. CBU completed a rate case in 2021, those rates became effective 1/1/22. The rate for 2022 was an increase of 8.39%. Additionally, CBU expects a modest increase of 3.6% in usage.

Category 1- Personnel request is for \$5,150,800. This is an increase from the 2022 budget in the amount of \$150,390. There is no expectation for a large-scale change in this category.

Category 2- Supplies request is \$2,434,050. This is an increase from the 2022 budget in the amount of \$692,205. We anticipate higher costs for chemicals, fuel and other supplies.

Category 3- Other Services and Charges request is \$4,642,476. This is an increase of 24%. This is due to 2 years of payments coming due for the Interdepartmental Agreement.

Category 3- Other Services & Charges (Extensions & Replacements) request is \$2,155,763. This is a decrease of \$258,126 or 11%. This is due to an increase in category 2 expenses, other category 3 expenses and category 4 expenses combined with the rate increase.

Sewer Utility Budget Request

Sewer Works Budget Allocation	2020 Actual	2021 Actual	2022 Budget	2023 Proposed	Change (\$)	Change (%)
100 - Personnel Services	7,977,422	8,021,327	8,356,461	8,607,300	250,839	3.0%
200 - Supplies	1,370,926	1,383,364	1,163,644	1,489,850	326,206	28.0%
300 - Other Services	5,910,260	3,937,969	5,033,452	6,582,301	1,548,849	31.0%
300- Other Services- E&R	3,249,161	3,802,100	3,659,468	3,299,806	(359,662)	(10.0%)
400- Wastewater Sinking (P&I)**	4,780,028	4,075,919	4,015,990	4,090,743	74,753	2.0%

Total	23,287,798	21,220,678	22,229,015	24,070,000	1,840,985	8.0%
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*Interest payments are recorded as expenses and principal payments are recorded as a reduction in Long Term Liability, though both are budgeted here.

Significant changes in the Sewer Utility include:

Revenue has an expected increase of \$803,232 or 3.3%. CBU expects a modest increase in revenues. We have begun a rate study which will take effect January 2023, but do not know what changes will occur.

Category 1- Personnel request is \$8,607,300 This is an increase of \$250,839, or 3%. There is no expectation of large-scale change to this category.

Category 2- Supplies request is \$1,489,850. This is an increase of \$326,206 or 28%. We anticipate higher costs for chemicals, fuel and other supplies.

Category 3- Other Services and Charges request is \$6,582,301. This is an increase of \$1,548,849 or 31.0%. This is due to 2 years of payments coming due for the Interdepartmental Agreement.

Category 3- Other Services and Charges (Extensions and Replacements) request is \$3,299,806. This is a decrease of \$359,662 or 10%. This is due to an increase in category 2 expenses and other category 3 expenses.

Stormwater Utility Budget Request

Stormwater Utility Budget Allocation	2020 Actual	2021 Actual	2022 Budget	2023 Proposed	Change (\$)	Change (%)
100 - Personnel Services	902,122	826,278	1,016,316	1,046,000	29,684	3.0%
200 - Supplies	72,828	84,094	85,280	86,700	1,420	2.0%
300 - Other Services	623,630	668,199	148,209	151,800	3,591	2.0%
300- Other Services- E&R	279,824	280,681	494,059	548,000	53,941	11.0%
300- Green Infrastructure	0	400,000	400,000	400,000	0	0
400- Storm Sinking (P&I)***	438,511	972,603	960,000	960,000	0	0
Total	2,316,915	3,231,854	3,103,864	3,192,500	88,636	3.0%

*Interest payments are recorded as expenses and principal payments are recorded as a reduction in Long Term Liability, though both are budgeted here. Sinking payments are recorded as transfers to the sewer utility.

Significant changes to the Stormwater Utility include:

Revenue We have begun a rate study which will take effect January 2023, but do not know what changes will occur.

Category 1- Personnel Services request is \$1,046,000. This is an increase of \$29,684 or 3%. There is no expectation of large-scale change to this category.

Category 2- Supplies request is \$86,700. This is a level request.

Category 3- Other Services and Charges request is \$151,800. This is a level request.

Category 3- Other Services and Charges (Extensions & Replacements) request is \$548,000. This is an increase of \$53,941 or 11.0%

Category 3- Other Services and Charges (Green Infrastructure) request is \$400,000 and is a level request from 2022.

Category 4- Stormwater Sinking request is \$960,000.

This is a level budget amount due to bonding for the Hidden River Pathway project.

Conclusion

Thank you for your consideration of the City of Bloomington Utilities' budget request.