

**UTILITIES SERVICE BOARD MEETING  
4/24/2023**

***Utilities Service Board meetings are available at CATSTV.net.***

**CALL TO ORDER**

Board President Burnham called the regular meeting of the Utilities Service Board to order at 5:16 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:** Amanda Burnham, Megan Parmenter, Molly Stewart, Seth Debro, Kirk White, Jeff Ehman, Jim Sherman, ex officio Scott Robinson, ex officio Jim Sims

**Board members absent:** None

**Staff present:** Chris Wheeler, Vic Kelson, Hector Ortiz-Sanchez, Matt Havey, Dan Hudson, Kat Zaiger, Phil Peden, Kevin White, Daniel Frank, Matt Dabertin

**Guests present:** Richard Glass, Matt Cordial, Tom McGlasson

**MINUTES**

***Board Vice President Parmenter moved, and Board member Debro seconded the motion to approve the minutes of the April 10th meeting. Motion carried, seven ayes.***

**CLAIMS**

***Parmenter moved, and Debro seconded the motion to approve the Standard Invoices:***

Vendor invoices included \$263,384.58 from the Water Fund, \$933.03 from the Water Construction Fund, \$423,127.59 from the Wastewater Fund, \$500.00 from the Wastewater Sinking Fund, and \$36,150.17 from the Stormwater Fund.

***Motion carried, seven ayes. Total claims approved: \$724,095.37.***

***Parmenter moved, and Debro seconded the motion to approve the Utility Bills:***

Invoices included \$169,806.52 from the Water Fund and \$122,406.92 from the Wastewater Fund.

***Motion carried, seven ayes. Total claims approved: \$292,213.44.***

***Parmenter moved, and Debro seconded the motion to approve the Wire Transfers, Fees, and Payroll for \$406,605.33. Motion carried, seven ayes.***

***Parmenter moved, and Debro seconded the motion to approve the Customer***

***Refunds:*** Customer refunds included \$278.94 from the Water Fund and \$5,199.60 from the Wastewater Fund.

***Motion carried, seven ayes. Total refunds approved: \$5,478.54.***

## CONSENT AGENDA

CBU Director Kelson presented the following items recommended by staff for approval:

- a. Xylem Water Solutions USA, INC - \$7,224.00 - Replacement of the MAS unit with on-site programming and installation of the Operator OEM (Dillman)
- b. ~~Rich Figg dba Figg Appraisals - \$5,000.00 - Appraisal services for the City of Bloomington Utilities Administrative Building and the associated visitor parking lot~~  
PULLED FROM CONSENT AGENDA

**One agreement approved. Total approved: \$7,224.00**

## REQUEST FOR APPROVAL OF AGREEMENT FOR APPRAISAL SERVICES WITH FIGG APPRAISALS

Board member Ehman asked if the building and parking lot were the only rate-payer funded amenities on the site, or if the structures that protect the equipment and supplies were also rate-payer funded. Kelson was not sure but said all would be included in the appraisal. Burnham clarified that the appraisal was just structure and not the property.

***Debro moved, and Ehman seconded the motion to approve this agreement for \$5,000 as long as it included any and all rate-payer funded amenities on the site. Motion carried, seven ayes.***

## REQUEST APPROVAL OF RESOLUTION 2023-05: DESIGNATE SURPLUS PROPERTY FOR AUCTION

CBU Assistant Director Havey presented a resolution to put office items that CBU is no longer using into the City online auction. Items that do not sell on the website will be recycled, donated, or disposed of. Funds for items that do sell will be transferred from the Controller's office. Ex-officio SImS asked CBU to offer items to other City Departments before putting them up for auction. Kelson agreed that this was the normal process and that other Departments had also been getting rid of the same items as the City moves towards using less paper. Kelson also shared that in order for CBU to get rid of any items of value, the USB must declare the items surplus and CBU plans to bring similar resolutions to the USB frequently.

***Parmenter moved, and Debro seconded the motion to approve this resolution. Motion carried, seven ayes.***

## REQUEST APPROVAL OF RESOLUTION 2023-06: PRELIMINARY ENGINEERING REPORT ACCEPTANCE AND SUBMITTAL TO STATE OF INDIANA PURSUANT TO SRF LOAN PROGRAM

CBU Capital Projects Manager Hudson presented this resolution which supports upgrades to multiple sanitary lift stations. There was a public bid opening on April 10

***Parmenter moved, and Debro seconded the motion to approve this resolution. Motion carried, seven ayes.***

### **REQUEST APPROVAL OF RESOLUTION 2023-08: BID ACCEPTANCE AND CONTRACT AWARD FOR DILLMAN WWTP BAR SCREEN AND ELECTRICAL FEEDER PROJECT**

Hudson presented this resolution. There was a public bid opening on April 10 and Thieneman was the lowest responsive and responsible bidder at \$3,493,000. Engineering estimate was \$4,700,000. Burnham asked about the difference; Hudson said CBU is satisfied with this estimate because this contractor recently completed the Blucher Poole bar screen and is currently replacing Monroe's bar screen. Board member White asked if the bid includes the alternate. Hudson said the alternate is mandatory and includes totally replacing the electrical feeder lines but CBU is hoping to use spare conduit which would result in a lower cost. Burnham clarified the naming convention for CBU resolutions.

***Parmenter moved, and Debro seconded the motion to approve this resolution. Motion carried, seven ayes.***

### **REQUEST APPROVAL OF AMENDMENT NO.1 TO THE MONROE WATER TREATMENT PLANT CHEMICAL FEEDLINE REPLACEMENT PROJECT**

Hudson presented an amendment to an agreement with Donohue for the design of the MWTP chemical feed system. The scope has expanded to include chemical pumps, programmable logic controller, and the level storage sensors which increases the cost \$23,900 making the new NTE cost \$86,700.

***Parmenter moved, and Debro seconded the motion to approve this amendment. Motion carried, seven ayes.***

### **REQUEST APPROVAL FOR CONSTRUCTION SERVICES WITH WORLDWIDE INDUSTRIES FOR EAST TANK IMPROVEMENTS**

Hudson presented an agreement to upgrade the East water tank. Resolution 2023-03 was approved by the USB and declared Worldwide the lowest responsive and responsible bidder at \$770,410. Engineering estimate was \$1,009,000. White asked about the timeline and expressed concern that late August has high demand. Hudson said the contractor was ready to go as soon as the contract was signed and would be done by August. Hudson also expressed that bidding this project in January resulted in competitive pricing.

***Parmenter moved, and Debro seconded the motion to approve this agreement. Motion carried, seven ayes.***

### **REQUEST APPROVAL FOR CONSULTING SERVICES WITH HNTB CORPORATION**

CBU Capital Projects Coordinator White presented an agreement for the Catalent Infrastructure Improvement Project. This is from the \$1.9million READI grant. HNTB will perform a sewer capacity study in addition to sewer engineering design, bid assistance, construction engineering, and any other assistance related to implementing the READI grant. Ehman asked if 20% of the total grant for this consultant was reasonable. White said that it fell within the proposed budget that was written in the grant and that the scope was expanded to ensure that the study captured the most effective pipes to line and manholes to align to reduce I&I.

***Parmenter moved, and Debro seconded the motion to approve this agreement. Motion carried, seven ayes.***

### **REQUEST APPROVAL OF AGREEMENT WITH REED & SONS CONSTRUCTION FOR FULLERTON PIKE PHASE III WATER MAIN REPLACEMENT PROJECT**

CBU Assistant Director Peden presented an agreement for a water main replacement/relocation project with Reed and Sons Construction for \$426,386. This contractor has completed several water main replacement projects well and they were the lowest bidder for this project.

***Parmenter moved, and Debro seconded the motion to approve this agreement. Motion carried, seven ayes.***

### **REQUEST APPROVAL OF AMENDMENT NO.1 TO AGREEMENT WITH FBPH**

CBU Assistant Director Zaiger presented an amendment to an agreement with FBPH. The original agreement was to design 4 stormwater detention locations. The amendment accommodates revisions requested through the review process.

***Parmenter moved, and Debro seconded the motion to approve this agreement. Motion carried, seven ayes.***

### **REQUEST APPROVAL OF AGREEMENT FOR SERVICES WITH AFFORDABLE FENCE**

CBU Dillman Superintendent Towell presented an agreement with Affordable Fence for a new gate at the Dillman Road Wastewater Treatment Plant. The gate will increase security by closing the property at all times. There will be a card reader for people to get in and out. Dillman is the only local location for septic haulers to dispose of waste and this will allow expanded hours for them, as well as help CBU with tracking and billing. Ehman asked how many septic haulers there are; Towell said 20-30 trucks per week.

***Parmenter moved, and Debro seconded the motion to approve this agreement. Motion carried, seven ayes.***

### **PRESENTATION - RESOURCE RECOVERY PROGRAM FEASIBILITY STUDY - ENERGY POWER PARTNERS**

Kelson presented the second phase of the resource recovery aka waste to energy project. He thanked McGlasson from the Monroe County Solid Waste District for partnering on this study of anaerobic digestion and renewable natural gas formation from organic waste from many sources. Kelson also introduced and thanked others: Energy Power Partners, David Baran, Richard Claus with Donohue, and Matt Cordial from Kokosing.

Three years ago, an in-house study showed gas generation at Dillman wouldn't make enough to justify an anaerobic digester because Dillman has no primary solids which are an essential source of energy. This new study reviewed Blucher Poole and also other sources of organic wastes. It also looked at using the gas for heat and power at Dillman versus converting and selling it as fuel. Using newer technology and new incentives, would the project be affordable? Mostly, the study gathered more data to help the community determine the triple bottom line and what could this project bring to us as a community?

Kelson showed different potential sources of waste within 1 hour and within 75 miles of Dillman. The study looked at NO waste, LOW (no more than what CBU already gets), BASE (market research showing a 20% increase), and HIGH showing all the waste from grocery stores and other markets.

Claus presented slides showing how the engineers would design the system. He said Dillman was unique for its size with no primary sludge; secondary goes to a landfill. In the past CBU looked at large, expensive primary clarifiers but this system uses newer technology of high rate primary filtration. In wastewater treatment, microorganisms exhale CO<sub>2</sub>. Instead of going into the atmosphere, CBU could capture methane and produce beneficial biogas. The plan includes bringing Blucher Poole Wastewater Treatment plant's solids. Some plans, such as grit removal, were already in CBU's Capital Improvement Plan and would be included in the NO, LOW, BASE, and HIGH scenarios. Items like a third digester would only be in certain scenarios. Cordial showed cost options meant to help decide which scenarios would make the most sense. Costs were determined using software, experience, real-time vendor pricing, and market research. The equipment changes slightly between the four scenarios; it is a big difference to add a third digester for HIGH. Investment Tax Credits would help offset costs based on rebates either directly paid back to CBU or as tax credits for a private partner. Totals range from \$50-64mil but \$8.3mil is already in CBU's CIP. Forty to fifty percent of the budget complies with credit. Renewable natural gas to sell on the pipeline that runs past the plant added components which made it slightly more expensive than combined heat and power. Kelson reiterated that this could be a fully CBU funded project, a fully private endeavor, or a "P3" public private partnership.

Cordial presented the financial information from the study. First, we talked about financial incentives.

1. Look at rebates from Duke electrical power when what is produced exceeds demand. CBU would not be eligible for net metering; only get the cost of generation power 4 cents per kilowatt hour.
2. RIN pathways (renewable credits generation): Large companies are required to have a portfolio of renewables. Those which can't generate themselves can purchase from organizations. In our case, wastewater sludge and other feed stocks are converted to renewable energy and credit is sold on the market to companies that need them. Depending on how we design the process, we could produce D3 or D5. Since 2015, the market has gone up, but it goes up and down. Policy choices in Washington affect the market so there is some uncertainty in the value of credits going forward which adds risk to a project like this.
3. Investment tax credit: Recent Inflation Reduction Act offsets a portion of the cost of building renewable energy facilities such as the digester itself, generator gear, and more. Eligible base credit value is 6% plus a bonus of "domestic content" which is consistent with City of Bloomington practice anyway. There is also a bonus if we are considered an "energy community" which is a place that once had significant industry but no longer. Another 5x bonus if available if we use prevailing wage and apprenticeship. The wage is consistent with City of Bloomington practice and we would ask vendors to work with us on apprenticeships. Up to 40% of the budget would qualify, so \$20 million plus \$8-9 million in tax credit; CBU would get a check and a private company would get tax credit.

There are two approaches to funding. If CBU funds it, it would likely be a 20 year bond with 5-6% interest rate, probably better with State Revolving Fund financing. Plus, the investment tax credit paid back to CBU. A private vendor would see a 10% rate of return with a 20 year agreement. The financial model shows 10 scenarios; most do not break even, some do.

Kelson said this project satisfies more than pocketbook and looked at the triple bottom line: Financial, Community, and Environmental. City and County both have sustainability plans in place and this project addresses a number of items in those plans. It would reduce the amount of waste to landfill, reduce trucks hauling waste to Terre Haute, improve soil quality, produce Class B biosolids suitable for land application on farm fields, or further digestion creates Class A available residential land use. It is also a job creator, not only during construction, but it will also need full time operators to run and maintain the equipment, as well as potential marketing jobs for the service. Potentially, local businesses would also be able to use this service to operate more sustainably. There was some talk of a rediatiil "wet trash" collection, but a program like that is difficult to run so it was not part of the study; that doesn't mean it cannot be part of the program eventually. Kelson mentioned that CBU would like to lead by example and that there would be a community education benefit.

When could this happen? To maximize the financial benefits in this study, construction needs to start by the end of 2024 and be operating by the third quarter 2026.

Who would our partners be? This is a big question as there is risk involved.

Conclusions: Dillman is better than Blucher because it is close to the highway. Also, as the plant wouldn't have to treat as much BOD, it would see a 25 million gallons per day capacity increase. Ehman pointed out that this would also increase the longevity of current facilities at Dillman.

Kelson mentioned there is the potential for tip fee revenue and additional biogas reduction.

Other conclusions are that biogas use over selling credits results in higher financial security, class B biosolids would be better than the landfill, tax credit could recoup 40-50% project costs making it cost neutral and over time might even generate revenue. It also addresses 10 different goals in the City's Climate Action Plan. A good question to ask is if this project is less expensive than other plans to rescue carbon footprint. Recently, the City entered into a regional cooperation with Columbus and other nearby cities; could that be a part of this project too?

Kelson said this plan was presented to the Monroe County Solids board last week, presented to USB tonight, and there will be a public meeting on 5/18. CBU is looking for feedback to know if the community is interested in continuing to look at this possibility. Board member Sherman asked why CBU is not eligible for net metering. Kelson says net metering is for commercial business not utilities. Board asked if other cities had this type of process. Kelson said Fort Wayne and Evansville are doing this now, West Lafayette takes from Purdue, and northern Indiana with lots of feedlots has many anaerobic digester sites to power operation, such as Fair Oaks Farms. CBU's project would be unique in that there are no other sites to take waste to in one hour's drive or 75 miles from Dillman. Slms asked if generated methane gas is captured and Kelson said it is captured in the digester so it does not go into the atmosphere, then it is burned to make electricity and heat. Ehman asked CHP vs RNG, which is less risky? No sale to the outside market needed? Cordial said trading of RIN credits is available with both but CHP offsets the large Dillman demand and is more in CBU control.

Ex-officio Robinson expressed curiosity and excitement about the project. He asked if the project would provide redundancy in the system during a power outage? Kelson said certainly, it would help the Dillman plant run without the grid.

Ehman suggested that an agenda item at the next meeting would be to talk about essential next steps just as we've done for less technologically complex projects. Ehman asked for more time

to ask questions at an Environmental subcommittee meeting and to have an ongoing conversation.

Kelson said yes, there are many items still to discuss. The Mayor is enthusiastic and Monroe County Solid Waste's goal is to get more stuff out of the landfills. However it is risky; what risks are we willing to take on as a community? How hard would it be to sell this as a service? CBU is in the wastewater business, not marketing.

Burnham asked if it was a realistic timeline given the construction market, workforce, supplies, and hoops to get the financial incentives? Kelson said we would need a partner company that actually does this kind of project. Their expertise would pull the project together quickly but we would need to know by the end of year to break ground by 12/31/2024. Cordial reiterated that it needs to be started, not complete by that deadline. Burnham said this is an exciting thing for us to be considering.

**OLD BUSINESS:** None

**NEW BUSINESS:** Kelson reminded USB that currently it takes 3 meetings spaced 2 weeks apart to open bids, approve staff's recommendation, and sign an agreement with a vendor. Other City boards, such as Public Works, have a work session to open bids as only 1 member is needed instead of a quorum. Kelson asked if the USB would like to try this with a bid opening on Thursday before a Monday meeting. Board member Sherman asked if 4 days was sufficient time to vet a bidder; Kelson answered yes. Burnham said the Engineering estimate and bid tab would need to be communicated to the board before the Monday meeting. White said as long as it was a public meeting, he thought it was a good idea. Board member Stewart asked if a special session would need to be called; Burnham said no since only 1 member was needed as a witness. Burnham said she would be present Thursday 4/27/23 for a bid opening.


**SUBCOMMITTEE REPORTS:** White reported that the Property subcommittee received information on Resolution 2023-07 and voted to table it to a 5/8/23 Property subcommittee meeting at 4p. Sherman asked if a full hour was needed and Burnham said yes.

**STAFF REPORTS:** None

**PETITIONS AND COMMUNICATIONS:** Burnham expressed appreciation for the staff and board time spent on two proposals - a potential new building estimated at \$38mil and resource recovery at \$50mil.

**ADJOURNMENT:** Burnham adjourned the meeting at 6:35 pm.

  
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Amanda Burnham, President

  
\_\_\_\_\_  
Date