

## AGENDA

### UTILITIES SERVICE BOARD MEETING

Utilities Service Board Room  
City of Bloomington Utilities  
600 E Miller Dr.  
Bloomington, Indiana 47402

Amanda Burnham, President  
Megan Parmenter, Vice President  
Jeff Ehman  
Seth Debro  
Jim Sherman  
Kirk White  
Molly Stewart  
Jim Sims, ex officio  
Scott Robinson, ex officio

This meeting may be attended electronically via Zoom by using the following link:

Join Zoom Meeting

<https://bloomington.zoom.us/j/81672649227?pwd=Y3g1M1ZJem1pRzJUVEdKOHZmd2xKZz09>

Meeting ID: 816 7264 9227

Passcode: 636235

Monday, July 31th, 2023

#### **4:00 p.m. Finance Subcommittee**

- Parmenter, Chair
- Burnham
- Sherman
- (alternate) Ehman

- I. Call to order
- II. Winston Thomas Financial Analysis Presentation - Jennifer Wilson
- III. 2024 Budget Presentation - Matt Havey
- IV. Petitions and communications\*
- V. Adjournment

\* Public comment will be limited to 5 minutes per person

# **Financing Report**

## **Bloomington Municipal Water Utility**

July 31, 2023



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## Purpose of the Report

Crowe LLP (“Crowe”) has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to the Bloomington Municipal Water Utility (“Utility”). The results of our analysis are contained in this Financing Report (“Report”).

The purpose of this Report is to estimate the debt service coverage of the Utility on current and proposed debt service payments. This Report is based on data for the twelve months ended December 31, 2022 (“Test Year”). The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as identified within this Report.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6699.

*Crowe’s services are conducted in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants, and Crowe’s deliverables and other work product are based on underlying assumptions and other information determined by Client. Crowe’s services, deliverables and other work product do not constitute a forecast or projection of any kind. Crowe’s services, deliverables and other work product are intended solely for the use of Crowe’s Client, and no other person or entity may rely on Crowe’s services, deliverables or other work product for any purpose. Crowe LLP disclaims any obligation to update this work product.*

## Financial Statements

### Balance Sheets as of December 31, 2022, 2021, and 2020

ASSETS AND OTHER DEBITS	2022	2021	2020
<u>Utility Plant</u>			
Utility Plant in Service	\$ 156,686,285	\$ 152,926,016	\$ 148,540,067
Less: Accumulated Depreciation	(66,774,658)	(63,291,839)	(60,005,432)
Net Utility Plant in Service	89,911,627	89,634,177	88,534,635
Add: Construction Work in Progress	2,055,876	2,114,597	5,690,292
Net Utility Plant	91,967,503	91,748,774	94,224,927
<u>Restricted Assets</u>			
Sinking Fund	9,739	457	1,318,799
Hydrant Meter Fund	54,900	49,000	43,750
Cash with Fiscal Agent	3,545,372	3,134,425	3,151,857
Debt Service Reserve Fund	5,736,979	4,359,051	-
Construction Fund	10,115,914	124,096	408,742
Total Restricted Assets	19,462,904	7,667,029	4,923,148
<u>Current and Accrued Assets</u>			
Operation and Maintenance Fund	5,751,894	2,010,878	4,944,009
Accounts Receivable - Net	1,047,529	999,015	1,120,664
Materials and Supplies	858,161	679,369	744,037
Prepaid Expenses	-	-	623
Total Current and Accrued Assets	7,657,584	3,689,262	6,809,333
<u>Deferred Debits</u>			
Unamortized Bond Discount	674,194	702,940	731,687
Unamortized Bond Issuance Costs	35,875	46,125	56,375
Total Deferred Debits	710,069	749,065	788,062
Total Assets and Other Debits	\$ 119,798,060	\$ 103,854,130	\$ 106,745,470

Source: Utility Financial Statements

## Balance Sheets as of December 31, 2022, 2021, and 2020 (continued)

LIABILITIES AND OTHER CREDITS	2022	2021	2020
<u>Equity Capital</u>			
Unappropriated Retained Earnings	\$ 48,189,870	\$ 46,999,468	\$ 46,185,941
Current Year Earnings	3,926,142	1,190,402	788,500
Prior Period Adjustments	-	-	25,943
Total Equity Capital	<u>52,116,012</u>	<u>48,189,870</u>	<u>47,000,384</u>
<u>Long Term Debt</u>			
Amended 2006 Bonds	1,358,500	1,658,800	1,950,200
Revenue Bonds of 2017	3,625,000	3,810,000	3,990,000
Refunding Revenue Bonds of 2020	26,690,000	30,780,000	34,810,000
Revenue Bonds of 2022	15,430,000	-	-
Long Term Lease	2,644,000	3,002,000	3,348,000
Total Long Term Debt	<u>49,747,500</u>	<u>39,250,800</u>	<u>44,098,200</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	673,787	1,078,650	328,854
Revenue Bonds - Current	2,297,500	2,258,100	2,223,600
Accounts Payable to Associated Company	7,714	4,840	3,941
Compensated Absences Payable	149,065	150,529	148,304
Customer Deposits	54,900	49,000	43,750
Unearned Revenue	74,952	80,002	98,405
Accrued Taxes	31,891	26,168	24,365
Accrued Payroll	58,012	55,282	40,585
Total Current and Accrued Liabilities	<u>3,347,821</u>	<u>3,702,571</u>	<u>2,911,804</u>
<u>Deferred Credits</u>			
Unamortized Bond Premium	2,000,152	234,271	258,464
Advances for Construction	109,957	-	-
Total Deferred Credits	<u>2,110,109</u>	<u>234,271</u>	<u>258,464</u>
<u>Contributions in Aid</u>			
Contributions in Aid of Construction	<u>12,476,618</u>	<u>12,476,618</u>	<u>12,476,618</u>
Total Liabilities and Other Credits	<u>\$ 119,798,060</u>	<u>\$ 103,854,130</u>	<u>\$ 106,745,470</u>

Source: Utility Financial Statements

### Combined Outstanding Debt

Year	Amended 2006 Bonds	2017 Bonds	2020A Refunding Bonds	2020B Refunding Bonds	2022 Bonds	Total
2023	\$ 380,895	\$ 298,494	\$ 1,278,000	\$ 3,320,625	\$ 771,500	\$ 6,049,514
2024	374,101	299,694	1,279,251	3,324,087	1,309,750	6,586,883
2025	376,743	299,244		4,603,413	1,312,125	6,591,525
2026	378,382	303,169		4,595,355	1,308,125	6,585,031
2027		301,794		4,976,140	1,307,750	6,585,684
2028		300,344		4,976,858	1,310,750	6,587,952
2029		303,669			1,312,125	1,615,794
2030		301,769			1,306,750	1,608,519
2031		304,644			1,309,750	1,614,394
2032		306,907			1,310,750	1,617,657
2033		308,859			1,309,750	1,618,609
2034		310,500			1,306,750	1,617,250
2035		311,569			1,311,625	1,623,194
2036		312,306			1,309,125	1,621,431
2037		315,038			1,309,250	1,624,288
2038					1,311,750	1,311,750
2039					1,311,625	1,311,625
2040					1,313,625	1,313,625
2041					1,312,625	1,312,625
<b>Totals</b>	<b>\$ 1,510,121</b>	<b>\$ 4,578,000</b>	<b>\$ 2,557,251</b>	<b>\$ 25,796,478</b>	<b>\$ 24,355,500</b>	<b>\$ 58,797,350</b>
Combined Maximum Annual Debt Service						<b>\$ 6,591,525</b>

### Amended Waterworks Revenue Bonds of 2006, Series A-1 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/23	\$ 157,200	4.80 %	\$ 32,784	\$ 189,984	
1/1/24	161,900	4.83	29,011	190,911	\$ 380,895
7/1/24	161,600	4.83	25,102	186,702	
1/1/25	166,200	4.83	21,199	187,399	374,101
7/1/25	170,900	4.83	17,185	188,085	
1/1/26	175,600	4.83	13,058	188,658	376,743
7/1/26	180,200	4.83	8,817	189,017	
1/1/27	<u>184,900</u>	4.83	<u>4,465</u>	<u>189,365</u>	378,382
Totals	<u>\$ 1,358,500</u>		<u>\$ 151,621</u>	<u>\$ 1,510,121</u>	

Note: The 2006 A-1 Bonds were issued through the Indiana Bond Bank. The amortization schedule was amended March 26, 2015, and resulted in a reduction in the overall payments of approximately \$480,000.

Source: *Bond Specimen for the Amended 2006 Series A Bonds, as recalculated by Crowe.*



## Waterworks Revenue Bonds of 2017 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/23	\$ 95,000	2.000 %	\$ 54,722	\$ 149,722	
1/1/24	95,000	2.000	53,772	148,772	\$ 298,494
7/1/24	95,000	2.000	52,822	147,822	
1/1/25	100,000	3.000	51,872	151,872	299,694
7/1/25	100,000	3.000	50,372	150,372	
1/1/26	100,000	3.000	48,872	148,872	299,244
7/1/26	105,000	3.000	47,372	152,372	
1/1/27	105,000	3.000	45,797	150,797	303,169
7/1/27	110,000	3.000	44,222	154,222	
1/1/28	105,000	3.000	42,572	147,572	301,794
7/1/28	110,000	3.000	40,997	150,997	
1/1/29	110,000	3.000	39,347	149,347	300,344
7/1/29	115,000	3.000	37,697	152,697	
1/1/30	115,000	3.000	35,972	150,972	303,669
7/1/30	115,000	3.000	34,247	149,247	
1/1/31	120,000	3.000	32,522	152,522	301,769
7/1/31	120,000	3.000	30,722	150,722	
1/1/32	125,000	3.125	28,922	153,922	304,644
7/1/32	130,000	3.125	26,969	156,969	
1/1/33	125,000	3.125	24,938	149,938	306,907
7/1/33	135,000	3.125	22,984	157,984	
1/1/34	130,000	3.125	20,875	150,875	308,859
7/1/34	140,000	3.125	18,844	158,844	
1/1/35	135,000	3.250	16,656	151,656	310,500
7/1/35	145,000	3.250	14,463	159,463	
1/1/36	140,000	3.250	12,106	152,106	311,569
7/1/36	145,000	3.250	9,831	154,831	
1/1/37	150,000	3.250	7,475	157,475	312,306
7/1/37	310,000	3.250	5,038	315,038	315,038
Totals	<u>\$ 3,625,000</u>		<u>\$ 953,000</u>	<u>\$ 4,578,000</u>	

Source: Waterworks Revenue Bonds of 2017 Final Official Statement, as recalculated by Crowe.

### Waterworks Refunding Revenue Bonds of 2020, Series A Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/23	\$ 620,000	1.50 %	\$ 18,825	\$ 638,825	
1/1/24	625,000	1.50	14,175	639,175	\$ 1,278,000
7/1/24	630,000	1.50	9,488	639,488	
1/1/25	<u>635,000</u>	1.50	<u>4,763</u>	<u>639,763</u>	1,279,251
Totals	<u>\$ 2,510,000</u>		<u>\$ 47,251</u>	<u>\$ 2,557,251</u>	

Source: Waterworks Refunding Revenue Bonds of 2020, Series A Amortization Schedule provided by the Utility, as recalculated by Crowe.

## Waterworks Refunding Revenue Bonds of 2020, Series B Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/23	\$ 1,445,000	1.300 %	\$ 217,509	\$ 1,662,509	
1/1/24	1,450,000	1.700	208,116	1,658,116	\$ 3,320,625
7/1/24	1,470,000	1.700	195,791	1,665,791	
1/1/25	1,475,000	1.700	183,296	1,658,296	3,324,087
7/1/25	2,130,000	1.700	170,759	2,300,759	
1/1/26	2,150,000	1.700	152,654	2,302,654	4,603,413
7/1/26	2,165,000	1.700	134,379	2,299,379	
1/1/27	2,180,000	1.950	115,976	2,295,976	4,595,355
7/1/27	2,390,000	1.950	94,721	2,484,721	
1/1/28	2,420,000	1.950	71,419	2,491,419	4,976,140
7/1/28	2,440,000	1.950	47,824	2,487,824	
1/1/29	<u>2,465,000</u>	1.950	<u>24,034</u>	<u>2,489,034</u>	4,976,858
Totals	<u>\$ 24,180,000</u>		<u>\$ 1,616,478</u>	<u>\$ 25,796,478</u>	

Source: Waterworks Refunding Revenue Bonds of 2020, Series B Amortization Schedule provided by the Utility, as recalculated by Crowe.

### Waterworks Revenue Bonds of 2022 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/23			\$ 385,750	\$ 385,750	
1/1/24			385,750	385,750	\$ 771,500
7/1/24	\$ 270,000	5.00 %	385,750	655,750	
1/1/25	275,000	5.00	379,000	654,000	1,309,750
7/1/25	285,000	5.00	372,125	657,125	
1/1/26	290,000	5.00	365,000	655,000	1,312,125
7/1/26	295,000	5.00	357,750	652,750	
1/1/27	305,000	5.00	350,375	655,375	1,308,125
7/1/27	310,000	5.00	342,750	652,750	
1/1/28	320,000	5.00	335,000	655,000	1,307,750
7/1/28	330,000	5.00	327,000	657,000	
1/1/29	335,000	5.00	318,750	653,750	1,310,750
7/1/29	345,000	5.00	310,375	655,375	
1/1/30	355,000	5.00	301,750	656,750	1,312,125
7/1/30	360,000	5.00	292,875	652,875	
1/1/31	370,000	5.00	283,875	653,875	1,306,750
7/1/31	380,000	5.00	274,625	654,625	
1/1/32	390,000	5.00	265,125	655,125	1,309,750
7/1/32	400,000	5.00	255,375	655,375	
1/1/33	410,000	5.00	245,375	655,375	1,310,750
7/1/33	420,000	5.00	235,125	655,125	
1/1/34	430,000	5.00	224,625	654,625	1,309,750
7/1/34	440,000	5.00	213,875	653,875	
1/1/35	450,000	5.00	202,875	652,875	1,306,750
7/1/35	465,000	5.00	191,625	656,625	
1/1/36	475,000	5.00	180,000	655,000	1,311,625
7/1/36	485,000	5.00	168,125	653,125	
1/1/37	500,000	5.00	156,000	656,000	1,309,125
7/1/37	510,000	5.00	143,500	653,500	
1/1/38	525,000	5.00	130,750	655,750	1,309,250
7/1/38	540,000	5.00	117,625	657,625	
1/1/39	550,000	5.00	104,125	654,125	1,311,750
7/1/39	565,000	5.00	90,375	655,375	
1/1/40	580,000	5.00	76,250	656,250	1,311,625
7/1/40	595,000	5.00	61,750	656,750	
1/1/41	610,000	5.00	46,875	656,875	1,313,625
7/1/41	625,000	5.00	31,625	656,625	
1/1/42	640,000	5.00	16,000	656,000	1,312,625
Totals	<u>\$ 15,430,000</u>		<u>\$ 8,925,500</u>	<u>\$ 24,355,500</u>	

Source: Waterworks Revenue Bonds of 2022 Final Official Statement, as recalculated by Crowe.

## ESG Solar Lease Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Water Portion (1)
6/30/23	\$ 287,619	2.97 %	\$ 159,996	\$ 447,615		
12/30/23	291,890	2.97	155,725	447,615	\$ 895,230	\$ 79,683
6/30/24	296,225	2.97	151,390	447,615		
12/30/24	300,623	2.97	146,991	447,614	895,229	79,683
6/30/25	305,088	2.97	142,527	447,615		
12/30/25	309,618	2.97	137,997	447,615	895,230	79,683
6/30/26	314,216	2.97	133,399	447,615		
12/30/26	318,882	2.97	128,733	447,615	895,230	79,683
6/30/27	323,618	2.97	123,997	447,615		
12/30/27	328,423	2.97	119,192	447,615	895,230	79,683
6/30/28	333,300	2.97	114,315	447,615		
12/30/28	338,250	2.97	109,365	447,615	895,230	79,683
6/30/29	343,273	2.97	104,342	447,615		
12/30/29	348,371	2.97	99,244	447,615	895,230	79,683
6/30/30	353,544	2.97	94,071	447,615		
12/30/30	358,794	2.97	88,821	447,615	895,230	79,683
6/30/31	364,122	2.97	83,493	447,615		
12/30/31	369,529	2.97	78,086	447,615	895,230	79,683
6/30/32	375,017	2.97	72,598	447,615		
12/30/32	380,586	2.97	67,029	447,615	895,230	79,683
6/30/33	386,237	2.97	61,377	447,614		
12/30/33	391,973	2.97	55,642	447,615	895,229	79,683
6/30/34	397,794	2.97	49,821	447,615		
12/30/34	403,701	2.97	43,914	447,615	895,230	79,683
6/30/35	409,696	2.97	37,919	447,615		
12/30/35	415,780	2.97	31,835	447,615	895,230	79,683
6/30/36	421,954	2.97	25,661	447,615		
12/30/36	428,220	2.97	19,395	447,615	895,230	79,683
6/30/37	434,580	2.97	13,035	447,615		
10/30/37	443,227	2.97	4,388	447,615	895,230	79,683
Totals	<u>\$ 10,774,150</u>		<u>\$ 2,654,298</u>	<u>\$ 13,428,448</u>		
Average Annual Lease Payment						<u>\$ 79,683</u>

(1) The ESG Solar Lease payments are allocated between the Water Utility, the City of Bloomington Sewage Works, the City of Bloomington Redevelopment Commission, and the City of Bloomington Parks & Recreation Department. Per IURC Order, Cause No. 45533 approved December 22, 2021, the Water Utility's portion of the ESG Solar Lease is \$79,683. The ESG Solar Lease payments are not on parity with the outstanding bonds of the Utility.

Source: ESG Solar Lease Payment Schedule, as recalculated by Crowe.

### Equipment Lease Purchase for Advance Metering Infrastructure Project Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Water Portion (1)
8/15/23	\$ 470,000	3.40 %	\$ 104,550	\$ 574,550		
2/15/24	470,000	3.40	96,560	566,560	\$ 1,141,110	\$ 456,444
8/15/24	485,000	3.40	88,570	573,570		
2/15/25	490,000	3.40	80,325	570,325	1,143,895	457,558
8/15/25	500,000	3.40	71,995	571,995		
2/15/26	505,000	3.40	63,495	568,495	1,140,490	456,196
8/15/26	520,000	3.40	54,910	574,910		
2/15/27	520,000	3.40	46,070	566,070	1,140,980	456,392
8/15/27	535,000	3.40	37,230	572,230		
2/15/28	540,000	3.40	28,135	568,135	1,140,365	456,146
8/15/28	555,000	3.40	18,955	573,955		
2/15/29	<u>560,000</u>	3.40	<u>9,520</u>	<u>569,520</u>	1,143,475	457,390
<b>Totals</b>	<b>\$ 6,150,000</b>		<b>\$ 700,315</b>	<b>\$ 6,850,315</b>		
Average Annual Lease Payment						<u>\$ 456,688</u>

(1) The Advance Metering Infrastructure Project lease payments are allocated between the Utility and the City of Bloomington Sewage Works. The Utility’s allocated share is forty percent (40%). The Advance Metering Infrastructure Project lease payments are not on parity with the outstanding bonds of the Utility.

Source: *Equipment Lease Purchase for Advance Metering Infrastructure Project Agreement, as recalculated by Crowe.*

## Statement of Income for the Twelve Months Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
<u>Operating Revenues</u>			
Metered Sales Residential	\$ 5,008,452	\$ 4,809,992	\$ 4,961,648
Metered Sales Commercial	2,151,915	2,059,838	1,733,646
Metered Sales Industrial	334,261	234,437	191,915
Sales to Public Authorities	1,968,937	1,651,913	1,585,505
Multiple Family Dwellings	4,422,957	4,035,112	3,800,854
Public Fire Protection	867,945	822,642	818,287
Private Fire Protection	878,531	827,983	812,960
Irrigation Sales	565,100	338,040	417,210
Sales for Resale	2,819,684	2,378,792	2,639,099
Forfeited Discounts	28,714	26,484	13,213
Connection Charges	299,992	261,621	216,881
Miscellaneous Operating Revenues	650,139	359,585	642,027
Total Operating Revenues	<u>19,996,627</u>	<u>17,806,439</u>	<u>17,833,245</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
<u>Source of Supply</u>			
Purchased Water	179,976	177,490	197,773
Purchased Power	921,179	715,364	665,262
Materials and Supplies	63,733	68,009	21,343
Total Source of Supply	<u>1,164,888</u>	<u>960,863</u>	<u>884,378</u>
<u>Treatment</u>			
Salaries and Wages	997,095	917,639	928,746
Employee Pensions and Benefits	406,737	419,853	426,541
Purchased Power	299,385	246,374	215,227
Chemicals	1,654,199	996,576	846,565
Materials and Supplies	439,251	305,656	353,222
Contractual Services - Engineering	29,800	21,774	11,520
Contractual Services - Testing	56,423	55,038	47,539
Transportation Expenses	40,779	33,327	32,643
Miscellaneous Expenses	26,013	41,147	34,711
Total Treatment	<u>3,949,682</u>	<u>3,037,384</u>	<u>2,896,714</u>

Source: Utility Financial Statements

## Statement of Income for the Twelve Months Ended December 31, 2022, 2021, and 2020 (continued)

	2022	2021	2020
<b>Transmission and Distribution</b>			
Salaries and Wages	\$ 817,678	\$ 810,245	\$ 809,128
Employee Pensions and Benefits	415,652	406,042	410,265
Purchased Power	647,908	514,425	392,730
Materials and Supplies	826,021	721,203	493,098
Transportation Expenses	168,315	137,445	127,437
Miscellaneous Expenses	44,188	23,636	23,414
<b>Total Transmission and Distribution</b>	<b>2,919,762</b>	<b>2,612,996</b>	<b>2,256,072</b>
<b>Customer Account</b>			
Salaries and Wages	381,748	381,296	365,165
Employee Pensions and Benefits	218,769	206,450	203,368
Materials and Supplies	231,640	143,256	108,551
Transportation Expenses	22,390	24,899	19,305
Bad Debt Expense	49,001	9,794	10,183
Miscellaneous Expenses	223,098	206,044	141,265
<b>Total Customer Account</b>	<b>1,126,646</b>	<b>971,739</b>	<b>847,837</b>
<b>Administrative and General</b>			
Salaries and Wages	1,168,827	1,123,636	1,054,070
Employee Pensions and Benefits	547,036	514,128	517,442
Purchased Power	7,034	6,759	6,765
Materials and Supplies	108,852	78,620	71,552
Contractual Services - Engineering	2,000	12,180	10,420
Contractual Services - Accounting	124,111	178,491	318,235
Contractual Services - Legal	24,449	353,078	22,232
Contractual Services - Testing	68,265	56,519	127,700
Contractual Services - Other	83,865	1,642,789	29,065
Transportation Expenses	36,376	31,506	33,604
Insurance - General Liability	127,766	123,403	102,546
Insurance - Other	8,091	2,791	4,580
Advertising Expense	3,518	4,186	643
Miscellaneous Expenses	313,407	390,295	1,912,812
<b>Total Administrative and General</b>	<b>2,623,597</b>	<b>4,518,381</b>	<b>4,211,666</b>
<b>Total Operation and Maintenance Expenses</b>	<b>11,784,575</b>	<b>12,101,363</b>	<b>11,096,667</b>
<b>Depreciation Expense</b>	<b>3,482,819</b>	<b>3,408,411</b>	<b>3,199,603</b>
<b>Taxes Other Than Income Taxes</b>			
Utility Receipts Tax	105,639	201,270	213,442
Payment in Lieu of Property Taxes	-	-	606,376
<b>Total Taxes Other Than Income Taxes</b>	<b>105,639</b>	<b>201,270</b>	<b>819,818</b>
<b>Total Operating Expenses</b>	<b>15,373,033</b>	<b>15,711,044</b>	<b>15,116,088</b>
<b>Net Operating Income</b>	<b>4,623,594</b>	<b>2,095,395</b>	<b>2,717,157</b>

Source: Utility Financial Statements



Statement of Income for the Twelve Months Ended December 31, 2022,  
2021, and 2020 (continued)

	2022	2021	2020
<u>Other Income</u>			
Interest Income	\$ 253,422	\$ 12,864	\$ 73,849
Miscellaneous Other Income	5,054	12,379	1,289
Total Other Income	<u>258,476</u>	<u>25,243</u>	<u>75,138</u>
<u>Other Expenses</u>			
Interest Expense	773,115	928,736	2,001,795
Miscellaneous Other Expenses	182,813	1,500	2,000
Total Other Expenses	<u>955,928</u>	<u>930,236</u>	<u>2,003,795</u>
Net Income	<u>\$ 3,926,142</u>	<u>\$ 1,190,402</u>	<u>\$ 788,500</u>

Source: Utility Financial Statements

## Adjustments to the Financial Statements

### Adjusted Statement of Income

	December 31, 2022	Adjustments* Amount	Ref.	Adjusted
<b>Operating Revenues</b>				
Adjustable Operating Revenues	\$ 19,017,782	\$ 1,662,154	1	\$ 20,679,936
Forfeited Discounts	28,714			28,714
Connection Charges	299,992			299,992
Miscellaneous Operating Revenues	650,139			650,139
Total Operating Revenues	<u>19,996,627</u>	<u>1,662,154</u>		<u>21,658,781</u>
<b>Operating Expenses</b>				
Operation and Maintenance Expenses	11,784,575	(108,275)	2	11,575,662
		(10,495)	3	
		(90,143)	4	
Depreciation Expense	3,482,819			3,482,819
Taxes Other Than Income Taxes	105,639	(105,639)	5	-
Total Operating Expenses	<u>15,373,033</u>	<u>(314,552)</u>		<u>15,058,481</u>
Net Operating Income	<u>\$ 4,623,594</u>	<u>\$ 1,976,706</u>		<u>\$ 6,600,300</u>

\*See corresponding adjustment reference on the next page.

See Appendix A: Assumptions

## Detail of Adjustments

#	Expense Area	Category	Adjustment to Test Year (1)	Description
1	Adjustable Operating Revenues	Operating Revenues	\$ 1,662,154	To adjust Test Year Adjustable Operating Revenues for the Phase II increase in revenues of 8.74% for the January 1, 2024, implementation of rate increases resulting from the Cost of Service Study (COSS).
2	Contract Services Accounting	Operation and Maintenance Expenses	(108,275)	To adjust Operation and Maintenance Expenses to move expenses related to the issuance of the Revenue Bonds of 2022 to Miscellaneous Other Expenses.
3	Contract Services Legal	Operation and Maintenance Expenses	(10,495)	To adjust Operation and Maintenance Expenses to move expenses related to the issuance of the Revenue Bonds of 2022 to Miscellaneous Other Expenses.
4	Contract Services	Operation and Maintenance Expenses	(90,143)	To adjust Operation and Maintenance Expenses to remove the ESG Solar Lease payment from Operating Expenses.
5	Utility Receipts Tax	Taxes Other Than Income Taxes	(105,639)	To adjust Taxes Other Than Income Taxes to remove Utility Receipts Tax as a result of House Enrolled Act 1002 that discontinued the tax.

(1) Adjustment amounts are expressed based on the net effect on the Utility's financial statements.

See Appendix A: Assumptions

## Proposed Service Center Financing

### Estimated Sources and Uses of Funds

Estimated Sources of Funds	
Par Amount	\$ 41,255,000
Average Appraisal for Current Building	3,450,000
<b>Total Estimated Sources of Funds</b>	<b>\$ 44,705,000</b>
Estimated Uses of Funds	
Project Costs	\$ 41,132,282
Debt Service Reserve Fund (1)	2,972,030
Underwriter's Discount	412,550
IURC Regulatory Fee	41,255
Other Costs of Issuance	146,883
<b>Total Estimated Uses of Funds</b>	<b>\$ 44,705,000</b>

(1) Funded at maximum annual debt service.

See Appendix A: Assumptions

### Estimated Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Water Utility Portion (2)	Fiscal Total
1/1/25	\$ 765,000	3.47 %	\$ 720,452	\$ 1,485,452	\$ 594,181	\$ 594,181
7/1/25	780,000	3.40	707,180	1,487,180	594,872	
1/1/26	790,000	3.32	693,920	1,483,920	593,568	1,188,440
7/1/26	810,000	3.25	680,806	1,490,806	596,322	
1/1/27	810,000	3.16	667,643	1,477,643	591,057	1,187,379
7/1/27	840,000	3.12	654,845	1,494,845	597,938	
1/1/28	835,000	3.10	641,741	1,476,741	590,696	1,188,634
7/1/28	860,000	3.08	628,799	1,488,799	595,520	
1/1/29	865,000	3.08	615,555	1,480,555	592,222	1,187,742
7/1/29	885,000	3.08	602,234	1,487,234	594,894	
1/1/30	895,000	3.04	588,605	1,483,605	593,442	1,188,336
7/1/30	920,000	3.04	575,001	1,495,001	598,000	
1/1/31	915,000	3.01	561,017	1,476,017	590,407	1,188,407
7/1/31	940,000	3.01	547,246	1,487,246	594,898	
1/1/32	950,000	3.03	533,099	1,483,099	593,240	1,188,138
7/1/32	970,000	3.03	518,706	1,488,706	595,482	
1/1/33	975,000	3.10	504,011	1,479,011	591,604	1,187,086
7/1/33	1,000,000	3.12	488,898	1,488,898	595,559	
1/1/34	1,005,000	3.16	473,298	1,478,298	591,319	1,186,878
7/1/34	1,035,000	3.20	457,419	1,492,419	596,968	
1/1/35	1,035,000	3.25	440,859	1,475,859	590,344	1,187,312
7/1/35	1,070,000	3.30	424,041	1,494,041	597,616	
1/1/36	1,070,000	3.42	406,386	1,476,386	590,554	1,188,170
7/1/36	1,110,000	3.45	388,089	1,498,089	599,236	
1/1/37	1,105,000	3.62	368,941	1,473,941	589,576	1,188,812
7/1/37	1,145,000	3.62	348,941	1,493,941	597,576	
1/1/38	1,145,000	3.74	328,216	1,473,216	589,286	1,186,862
7/1/38	1,190,000	3.74	306,805	1,496,805	598,722	
1/1/39	1,190,000	3.79	284,552	1,474,552	589,821	1,188,543
7/1/39	1,235,000	3.79	262,001	1,497,001	598,800	
1/1/40	1,235,000	3.84	238,598	1,473,598	589,439	1,188,239
7/1/40	1,285,000	3.84	214,886	1,499,886	599,954	
1/1/41	1,280,000	3.90	190,214	1,470,214	588,086	1,188,040
7/1/41	1,330,000	3.90	165,254	1,495,254	598,102	
1/1/42	1,335,000	3.94	139,319	1,474,319	589,728	1,187,830
7/1/42	1,385,000	3.94	113,019	1,498,019	599,208	
1/1/43	1,385,000	3.99	85,735	1,470,735	588,294	1,187,502
7/1/43	1,440,000	3.99	58,104	1,498,104	599,242	
1/1/44	1,440,000	4.08	29,376	1,469,376	587,750	1,186,992
<b>Totals</b>	<b>\$ 41,255,000</b>		<b>\$16,653,811</b>	<b>\$ 57,908,811</b>	<b>\$23,163,523</b>	

(1) Coupon rates are estimated and subject to change. Coupons rates based on ‘AA’ rates as of July 21, 2023, plus a fifty (50) basis point timing spread to account for uncertainty of future market rates at time of issuance.

(2) The Proposed Service Center Financing payments are to be allocated between the Utility, the City of Bloomington Sewage Works, and the City of Bloomington Stormwater Utility. The Utility’s allocated share is forty percent (40%).

See Appendix A: Assumptions

### Estimated Combined Debt after Issuance of the Proposed Bonds

Year	Amended 2006 Bonds	2017 Bonds	2020A Refunding Bonds	2020B Refunding Bonds	2022 Bonds	Proposed Service Center Financing	Total
2023	\$ 380,895	\$ 298,494	\$ 1,278,000	\$ 3,320,625	\$ 771,500		\$ 6,049,514
2024	374,101	299,694	1,279,251	3,324,087	1,309,750	\$ 594,181	7,181,064
2025	376,743	299,244		4,603,413	1,312,125	1,188,440	7,779,965
2026	378,382	303,169		4,595,355	1,308,125	1,187,379	7,772,410
2027		301,794		4,976,140	1,307,750	1,188,634	7,774,318
2028		300,344		4,976,858	1,310,750	1,187,742	7,775,694
2029		303,669			1,312,125	1,188,336	2,804,130
2030		301,769			1,306,750	1,188,407	2,796,926
2031		304,644			1,309,750	1,188,138	2,802,532
2032		306,907			1,310,750	1,187,086	2,804,743
2033		308,859			1,309,750	1,186,878	2,805,487
2034		310,500			1,306,750	1,187,312	2,804,562
2035		311,569			1,311,625	1,188,170	2,811,364
2036		312,306			1,309,125	1,188,812	2,810,243
2037		315,038			1,309,250	1,186,862	2,811,150
2038					1,311,750	1,188,543	2,500,293
2039					1,311,625	1,188,239	2,499,864
2040					1,313,625	1,188,040	2,501,665
2041					1,312,625	1,187,830	2,500,455
2042						1,187,502	1,187,502
2043						1,186,992	1,186,992
<b>Totals</b>	<b>\$ 1,510,121</b>	<b>\$ 4,578,000</b>	<b>\$ 2,557,251</b>	<b>\$ 25,796,478</b>	<b>\$ 24,355,500</b>	<b>\$ 23,163,523</b>	<b>\$ 81,960,873</b>
Estimated Combined Maximum Annual Debt Service							<b>\$ 7,779,965</b>



## Estimated Debt Service Coverage

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Adjusted Operating Revenues	\$	21,658,781
Less: Adjusted Operation and Maintenance Expenses (2)		(11,575,662)
Taxes Other Than Income Taxes (2)		<u>-</u>
Adjusted Net Revenues Available for Debt Service		<u>10,083,119</u>
Estimated Combined Maximum Annual Principal and Interest		<u>7,779,965</u>
Estimated Coverage - \$	\$	<u><u>2,303,154</u></u>
Estimated Coverage - %		<u><u>130%</u></u>

*See Appendix A: Assumptions*

## Schedule of Rates and Charges

	Phase I Rates (1)	Phase II Rates (2)
<u>Monthly Usage Charge (Per 1,000 Gallons)</u>		
Residential	\$ 4.04	\$ 4.38
Commercial, Governmental, Interdepartmental	3.55	3.98
Industrial	3.29	3.71
Indiana University - Master Metered	2.67	2.99
Indiana University - Non-Master Metered	3.55	3.98
Irrigation	4.12	4.92
<u>Contract Sales for Resale Monthly Usage Charge (Per 1,000 Gallons)</u>		
	\$ 2.69	\$ 3.03
<u>Monthly Service Charge (in addition to Monthly Usage Charge)</u>		
5/8 inch meter	\$ 6.19	\$ 6.50
3/4 inch meter	7.91	7.93
1 inch meter	10.66	10.68
1 1/2 inch meter	20.16	22.12
2 inch meter	27.90	29.70
3 inch meter	60.98	61.06
4 inch meter	100.27	100.40
6 inch meter	198.52	198.78
8 inch meter	296.77	297.17
10 inch meter	395.03	395.53

(1) Phase I rates were approved by the Indiana Utility Regulatory Commission (IURC) through Cause No. 45533 on December 22, 2021, and became effective January 1, 2022. The rates above represent the rates that reflect the true-up of debt service and the removal of the Utility Receipts Tax as approved by the IURC on August 1, 2022.

(2) Phase II rates were approved by the IURC through Cause No. 45533 on December 22, 2021, and will become effective January 1, 2024.



## Schedule of Rates and Charges (continued)

	Phase I Rates (1)	Phase II Rates (2)		
<b>Monthly Public Fire Protection Charge - Inside City</b>				
<b>(excluding Indiana University - Master Metered)</b>				
5/8 inch meter	\$ 2.08	\$ 2.20		
3/4 inch meter	3.10	3.28		
1 inch meter	5.18	5.48		
1 1/2 inch meter	10.36	10.95		
2 inch meter	16.57	17.52		
3 inch meter	36.26	38.34		
4 inch meter	62.16	65.70		
6 inch meter	129.53	136.93		
8 inch meter	186.51	197.17		
10 inch meter	300.44	317.64		
<b>Monthly Public Fire Protection Charge - Outside City</b>				
<b>(excluding Indiana University - Master Metered)</b>				
5/8 inch meter	\$ 3.47	\$ 3.67		
3/4 inch meter	5.23	5.52		
1 inch meter	8.71	9.21		
1 1/2 inch meter	17.39	18.38		
2 inch meter	27.85	29.44		
3 inch meter	60.91	64.40		
4 inch meter	104.38	110.34		
6 inch meter	217.47	229.90		
8 inch meter	313.15	331.00		
10 inch meter	504.54	533.40		
<b>Monthly Fire Protection Charge -</b>				
<b>Indiana University - Master Metered</b>				
	\$ 1,480.00	\$ 1,480.00		
<b>Monthly Private Fire Protection Charge (per connection)</b>				
	Phase I Monthly	Phase I Annual	Phase II Monthly	Phase II Annual
4 inch line or smaller	\$ 10.44	\$ 125.28	\$ 11.04	\$ 132.48
6 inch line	29.02	348.24	30.69	368.28
8 inch line	59.48	713.76	62.88	754.56
10 inch line	104.19	1,250.28	110.15	1,321.80
12 inch line	164.24	1,970.88	173.65	2,038.80

(1) Phase I rates were approved by the Indiana Utility Regulatory Commission (IURC) through Cause No. 45533 on December 22, 2021, and became effective January 1, 2022. The rates above represent the rates that reflect the true-up of debt service and the removal of the Utility Receipts Tax as approved by the IURC on August 1, 2022.

(2) Phase II rates were approved by the IURC through Cause No. 45533 on December 22, 2021, and will become effective January 1, 2024.

### Schedule of Non-Recurring Charges

		Present Charges (1)
<u>Description of Charges</u>		
1)	5/8 to 1" Connection	
	- with tap	\$ 1,533.00
	- without tap	1,327.00
2)	Greater than 1" Connection	Cost of connection but not less than charge for 5/8 to 1" connection
3)	Service Call	
	- During hours	\$ 45.00
	- After hours	171.00
4)	Bad Check Charge	\$ 25.00
5)	Late Payment Charge	3% of unpaid balance
This charge shall be paid only once and shall be based on the unpaid over-due balance.		
6)	Deposit	
	- Residential	Not to exceed \$39.00
	- Commercial	Not to exceed 1/6 of estimated annual bill
7)	Meter Testing	
The utility shall make a free test of the accuracy of a meter upon written request by a customer and a second free test may be requested twelve months subsequent to the first test. The fee for all meter tests requested within thirty-six months after the preceding test shall be \$39.00 if the meter is found not to be at fault.		
8)	Inspection Charge	
All inspections of new mains during normal business hours shall be free of charge. All inspections of new mains during overtime hours shall be based on the amount of time required for the inspection.		
9)	Temporary Service	\$10.00/week
\$10.00 minimum plus a deposit equal to the cost of the meter and a charge for the water used.		
10)	Extension of Service	
Free if estimated 3-year revenue is greater than the construction cost. Actual cost if not.		
11)	Unauthorized Use of Hydrants	
Cost of Water billed for up to 8 hours at maximum flow rate of the hydrant for each day the hydrant is used.		

(1) Present Non-Recurring Charges were effective January 24, 2018.

## Appendix A: Assumptions

The following assumptions, provided by and approved by the management of the Utility, were used in the preparation of the report.

#	Report Area	Assumption
1	All	Operating Receipts, Operation and Maintenance Expenses, and Taxes Other Than Income Taxes of the Utility for the year ending December 31, 2022, ("Test Year") are representative of expected pro forma operating results, except such Operating Receipts have been adjusted for the Phase II (effective January 1, 2024) rate increase as provided for in the Adjusted Statement of Income and Detail of Adjustments and other adjustments as noted below (see #4).
2	All	Assumes no provision for new debt or leases beyond those summarized in the Estimated Combined Amortization Schedule after Issuance of Proposed Bonds.
3	Adjusted Statement of Income	Adjustment 1: Adjustable Operating Revenues adjusted for rate increase based on the Phase II overall increase effective January 1, 2024.
4	Adjusted Statement of Income	Adjustment 2-5: Assumes future bond issuance costs will be recorded as a non-operating expense.
5	Estimated Sources and Uses of Funds	<ul style="list-style-type: none"> <li>• Project costs based on sum of projects to be financed as part of constructing a new service center as provided by the management of the Utility.</li> <li>• Assumes the Utility funds a debt service reserve at the maximum annual debt service on the proposed bonds through bond proceeds.</li> <li>• Costs of issuance are estimates based on similar transactions and include IURC fee of \$2.50 per \$1,000 of par on the amount allocated to the Utility.</li> </ul>
6	Estimated Amortization Schedule	Coupon rates based on 'AA' Refinitiv MMD rates as of July 21, 2023, plus a 50-basis point timing spread. Rates are estimated and subject to change. The amortization schedule for the Proposed Service Center Financing assumes level debt service and closing date of July 1, 2024. The Utility may consider structuring the obligations at the time of issuance to achieve aggregate level debt service for the Utility on a combined basis.
7	Estimated Debt Service Coverage	"Net Revenues" are defined as the gross revenues of the Utility remaining after the payment of reasonable expenses of operation, repair, and maintenance of the Utility.



**CITY OF BLOOMINGTON  
UTILITIES**

**2024 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 11, 2023

### 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 funding from the City's General Fund.

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 208 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 Lake Monroe 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.

The City of Bloomington Utilities is pleased to present its 2024 budget goals for the Water, Sewer, and Stormwater funds.

## **Background and Major Initiatives**

Since the current administration started in 2016, CBU has consistently 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 roughly four-year cycle:
  - Water Works reviews in 2016 and 2021
  - Sewer Works reviews in 2016, 2019, and 2022
  - Stormwater reviews in 2019 and 2022
- Reinstated the regular replacement schedule for CBU's 100+ vehicles
- Deploying up-to-date technology throughout the department:
  - Advanced Metering Infrastructure (AMI) monitors water use each hour, improves our billing process, and provides for better management and planning in the future
  - Updating Supervisory Control and Data Acquisition (SCADA) systems at all three plants improves process control and monitoring, including historical data collection for problem solving and process improvement
  - Laboratory Information Management System (LIMS) systems for all plants provides 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 improves visualization and analysis tools, and also can be integrated with other software, plus it has a mobile viewer for tablets and phones for field use
  - Cityworks Asset Management software integrates information from GIS and other systems 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 2023**

### **All Utilities:**

- 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, working with an author of the AWWA's Effective Utility Management program.
- CBU is exploring the possibility of relocating the Service Center and Garage to the Winston Thomas property, located on Gordon Pike, west of Walnut Street. This move is needed because CBU's operations are too large to fit in the current Miller Drive property. The new facility would provide a larger garage and covered storage for pipe and other materials, in addition to a new Service Center. In addition, it is expected that the Public Works Department will be able to locate all of its administrative functions in the current CBU Service Center. We hope to begin construction in 2024 and relocate in 2025. In 2023, we presented an overall proposal to the Utilities Service Board and Council. We presently are developing a financial plan for the project which will cost about \$39 million.

## **Water Works:**

- CBU will complete the replacement of filter media and underdrains at Monroe WTP. This will improve finished water quality and reduce the cost of backwashing filters.
- CBU will complete the rehabilitation of the East Tank, and add an improved data collection system to monitor water quality in real time.
- CBU is continuing the water main replacement program, with around \$1.6 million planned in 2023 to replace 6,000 feet of pipe. 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 2025.
- CBU 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. This is a long-term effort that will likely take 5-15 years to complete at a cost of \$150 million or more. We expect to continue discussions with our regulators, potential partners, and elected officials to improve water-supply resiliency.
- CBU will complete the replacement of the Monroe WTP's intake bar screens at a cost of \$1.5M.

## **Sewer Works:**

- In 2023 we will rehabilitate 15,700 feet of pipe, 30 lateral connections, and 30 manholes, at a cost of \$500,000. These sewer lining projects reduce infiltration and inflow (I&I) of storm water into our sewers. The industry average reduction in total flow through a segment of sewer that has been lined is approximately 20% relative to the previous flow. Over the segments that will be lined in 2023, this results in an estimated reduction in annual average flow of 3,153,600 gallons, or 8,640 gallons per day.
- CBU partnered with the Economic Development Department and Catalent to receive an iReady grant in the amount \$1.9M for sewer improvements near the Catalent campus. The sewer study and design will be completed in 2024 and construction will follow.
- Completed the design of the final stage of the Dillman Road WWTP modernization and capacity improvements. We are presently working with IDEM to re-rate the plant to at least 18-20 mgd.
- CBU has completed the design and are ready to request bids for the replacement of three older lift stations in our sewer system. Project costs for the Basswood, Morningside, and Weymouth lift stations are estimated at \$3.0M This project will be completed in late 2023 or in 2024.
- CBU's Clear Water Reduction Program receives contributions from developers that can be utilized to reduce I&I into our collection system. In 2023, we are investing \$800,000 from the Clear Water program in a South East Basin sewer project. The project will rehabilitate 12,644 feet of pipe, 56 lateral connections, and 33 manholes.
- Completed a study for a resource recovery facility at the Dillman Road WWTP. The study concluded that there is a possibility that the Dillman Road WWTP could be "net zero" for electricity and that the project might break even financially if enough outside high-strength waste can be brought in. We are continuing to investigate this, and expect the Utilities Service Board and Council to make a "go/no-go" decision about proceeding with design for a \$50-60 million project in 4Q 2023. If the project is to be pursued, construction must begin before the end of 2024 in order to qualify for \$8-10 million in Federal incentives.

## **Stormwater Utility:**

- CBU will complete installation of electrical conduit for Duke Energy's major electrical feeds to the IU campus near the Von Lee building and the 6th and Indiana intersection. This preliminary work is required prior to the replacement of the inlet structure for the Clear Creek tunnel. In 4Q 2023, we will proceed with bonding and contracting for the project, which will be completed in 3Q 2024.
- After discussions with the Mayor's office and the USB we have agreed to adopt and expand the regular maintenance portion of the street sweeping program to improve water quality. We will complete a street sweeping routing plan by the end of 2023 that will focus on reducing particulate loads on the storm system.
- 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 \$171,000. Implementation items include updates to and expansion of stormwater ordinances, implementation of a green ditch initiative, and the initiation first phase of a jurisdiction-wide Stormwater System Management and Maintenance plan.
- Construction of three new detention basins in low-moderate income areas where downstream flooding occurs. This work is partially funded through a Community Development Block Grant (\$150k). Two of the basins will be contracted out and the other will be constructed by CBU crews.
- Provide about \$10,000 of in-kind support for Monroe County Soil and Water Conservation District (SWCD) to help re-write the Bean 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.
- Installed and planted Devon lane bioretention facility in neighborhood experiencing flooding. Bioretention facility was planted with native seed mixes containing 10 upland species and 32 hydrophilic bioswale species.
- Finished three year wetland mitigation project at the former Weimer Lake dam located in Wapehani mountain bike park. In 2022, CBU planted 1677 additional native plugs, 200 native trees, and met all success criteria for the 401/404 permit mitigation requirements.
- Funded 11 additional rain gardens from the 7-line project and other street improvement projects in 2022. This almost doubles the amount of CBU maintained green infrastructure. We also helped plan and design additional rain gardens with city engineering that will be turned over this year.



## **2024 Goals Summary**

In 2024, CBU will continue its focus on seven major initiatives, including:

- 1) explicitly identifying how our activities, including new operational and capital projects, affect carbon emissions from Utilities operations and expanding 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
- 7) diversity, equity, and inclusion for both internal workforce and external customers.

In addition, if the USB and Council approve of the move, we plan to complete the facilities design and financial analysis for the redevelopment project at the Winston Thomas site and begin construction during 2024.

## **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 has deployed a total of 1.6 MW of solar generating capacity at the Monroe and Dillman plants, the Service Center, and at one booster station.

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 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.

## **Wastewater Treatment Modernization and Capacity Improvements**

CBU has completed the first phase of a project to increase efficiency, resiliency, and treatment capacity to meet future demand at Dillman Road WWTP. The \$23 million project included a standalone disk filter addition, new switchgear, and new blowers. The second phase of this project is underway and includes the replacement of the influent bar screens and the addition of a redundant electrical feed to the Plant.

CBU continues to prioritize and focus our efforts on reducing energy use at our treatment plants. Through this project and others, CBU will continue to improve process efficiency at Dillman Road WWTP, Monroe County's largest single electricity consumer.

## **Water Quality**

CBU continually monitors and explores ways to reduce disinfection byproducts (DBPs). In 2023, CBU will complete a project to replace 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, CBU continues to make improvements to phosphorus control at the Blucher Poole WWTP, reducing the discharge of nutrients into Beanblossom Creek. In an effort to improve stormwater quality, CBU has adopted the regular maintenance portion of street sweeping from Public Works in order to focus the program on reducing sediment and other pollutants from entering our storm system and receiving waters. We are currently working on a Street Sweeping Routing plan and plan to have our street sweeping program fully operational in 2024.

In 2024 CBU will implement a valve exercising and replacement program. CBU operates and maintains 10,621 valves, and spends \$66,000 annually on a contractor to exercise and report back on 15-20% of our valves. With an in-house program, CBU believes it can exercise 33-40% of our valves each year. Exercising water valves improves water quality and customer downtime during main breaks and other maintenance outages. Bringing this work in-house, will dramatically reduce the time needed for valve condition, the extra step of additional input into our work order system. Our work order system will house those valve exercising reports and any follow-up maintenance requirements.

### **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 this program, allowing us to replace approximately 1.5-2.5 miles of existing water mains and associated valves, fire hydrants, and water services each year. Aging water mains can accelerate 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..

The 2021 Water Works rate case allows CBU to expand annual WMR expenditures to \$3 million, beginning in 2025. Our goal is to achieve a 100-year replacement schedule for water mains in Bloomington. Inflation in the cost of materials and especially for contractor services on WMR projects is making it harder to achieve the 100-year replacement cycle goal. In 2023, CBU has taken steps to do more of the WMR work in-house, which helps to control costs. We will continue to expand those efforts in the coming years.

CBU staff prioritize replacement projects based on the occurrence of water main breaks, seasonal factors, water use patterns, pipe types, and other factors. We prioritize annually based on new information collected during the previous year. We anticipate that the lead service line inventory will have a significant impact on our WMR schedule. CBU is committed to prioritizing lead service line replacements.

When CBU completes water-main replacement projects and repairs water main breaks, street repairs can be delayed by weather conditions, and the availability of materials, equipment and staff. Also, CBU's equipment is designed for small repairs and not major street repairs. CBU would like to transfer these repairs to the Public Works Department. CBU would reimburse DPW for those repairs. This will free up additional time for CBU staff to install water-main replacements.

### **Stormwater Utility**

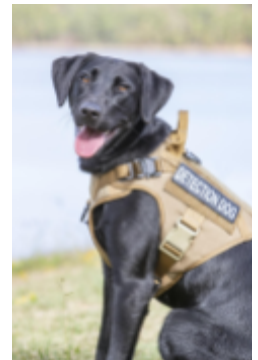
CBU continues capital investments in the stormwater system. Critical projects include the completion of the upstream inlet on the Clear Creek stormwater culvert, which flows through downtown Bloomington. With the urging of Mayor Hamilton and the support of Council, in 2019, CBU established a Green Infrastructure 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 award-winning residential stormwater grant program, which offers assistance with improvements on single-family residential properties.

## **Process Modernization**

Since 2017, CBU has implemented, upgraded, and/or replaced numerous systems for data collection in all phases of its operations throughout the department. These changes will drive efficiency, allow CBU to make more data-driven decisions, and reduce errors. For example, updates to the SCADA systems, improvements to algae identification at Monroe WTP, and integrating that information with water-quality and process data to better manage taste-and-odor issues. In 2024, we will continue to actively develop decision support tools on an ongoing basis and deploy them for our various communities of in-house and public stakeholders.

An innovation in the utility industry is to employ canine units for leak detection. CBU would like to add a canine team to our staff to help improve the sanitary sewer infrastructure. Unlike drinking water, which is constantly under pressure, there is no way to find sewer leaks until there is a major issue, such as a backup into a customer's home or business. A trained dog can alert its handler even if there is only a small amount of human waste scent leaking from a pipe several feet underground.



*Vessel, North America's first leak-detection dog, working for Central Arkansas Water*

## **Seeking Outside Funding**

Since 2021, the Federal government has dedicated over a trillion dollars to infrastructure spending, across the country. CBU will continue to seek opportunities for grants, low-interest loans, and other funding streams for projects that will serve our customers for decades to come. Some example program areas are lead service line replacements, water supply resiliency, major sewer infrastructure improvements, waste-to-energy initiatives and reducing greenhouse gas emissions.

## **Diversity, Equity, and Inclusion**

We are continuing our efforts to ensure equity in the application of the Residential Stormwater Grants program for residents of lower-income neighborhoods. In 2023, we are identifying opportunities for neighborhood improvement projects on private property that would be suitable for grants, however the residents and property owners have not inquired about the grant yet. We will then meet with residents to show what can be done and work with them to apply for the grant and implement the projects.

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. In 2022, 151 customers received support totaling \$26,608.

In 2024, all CBU managers and Assistant Directors will participate in a Diversity, Equity, and Inclusion training program. CBU managers will continue to participate in training sessions and internal discussions to help us encourage and build a diverse workforce.

## **2024 Activity Descriptions and Goals**

The 2024 budget was developed with a zero-based approach, analyzing actual trends and conservative estimates, and aligning expenses split between multiple funds. The Assistant Director - 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.

Note: the number of full-time equivalents quoted herein is based upon the fraction of the 208 CBU employees, including vacant positions and part-time employees. We round these fractions off in 5% increments, thus an estimate of “10.5 FTEs” for an activity means about 5% of overall CBU staff time is dedicated to that activity.

## **Budget and Schedule Challenges for 2024**

Supply chain issues continue to create problems in contractor pricing and scheduling for CBU’s projects. In 2023, we have seen examples of lead times for basic components extending from 6 months to a year. These delays are accompanied by significant price increases. 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 2024. 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 in staff recruitment and retention, and it is much more difficult to deliver projects. 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 2024, CBU will continue to work with the Controller’s Office and the City Administration to identify new methods of design and contract delivery to help manage some of these issues.

## **2024 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.

<b>Revenue</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Water	\$17,701,633	\$17,827,245	\$20,055,518	\$20,432,598	\$22,420,271	\$1,987,673	8.9%
Sewer	\$26,301,837	\$25,401,399	\$25,643,769	\$24,070,000	\$24,425,565	\$355,565	1.5%
Stormwater	\$3,124,754	\$3,264,958	\$3,563,875	\$3,172,500	\$3,219,364	\$46,864	1.5%
<b>Total Funds</b>	<b>\$47,128,224</b>	<b>\$46,493,602</b>	<b>\$49,263,162</b>	<b>\$47,675,098</b>	<b>\$50,065,200</b>	<b>\$2,390,102</b>	<b>4.8%</b>

## Staff Change Requests

More information can be found in the Memo to the Job Evaluation Committee. We are also glad to answer any questions, address any concerns, or dialogue about ideas.

1. **Assistant Superintendents** Grade change, Fiscal impact: \$9,391.13 in each: Monroe (61), Dillman (65), and Blucher Poole (64)
2. **Solids Handling Supervisor** Grade change, Fiscal impact: \$9,391.13 Administration (51)
3. **Employee Development Specialist** Title/Grade change, Fiscal impact: \$8,684.72 Administration (51)
4. **Maintenance Superintendent** New position, Fiscal impact: \$73, 039.59 Administration (51)
5. **Assistant Maintenance Superintendent (3)** Title change, No fiscal impact
6. **Utilities Mechanic I/II (11)** Title change, No fiscal impact. One grade change of the 11 positions, Fiscal impact: \$5,366.40 Blucher Poole (64)
7. **Heavy Equipment Operator** Added position, Fiscal impact: \$46,867.20 Stormwater (81)
8. **MS4 Inspector** New position, Fiscal impact: \$54,879.58 Environmental (57)
9. Wage increases based on obtaining certifications in Environmental (57)
  - a. MS4 Coordinator: Certified Professional Erosion and Sediment Control (CPESC) - \$2,000
  - b. Water Quality Coordinator: Water Treatment 5 (WT5) - \$5000; Distribution System Large (DSL) - \$1,000
  - c. Pretreatment Coordinator: Certified Pretreatment Coordinator (CPC) - \$4,000. Wastewater Class I-IV - \$1,000-\$5,000
  - d. Hazardous Materials Coordinator: Certified Hazardous Materials Manager (CHMM) - \$1,000
10. **Meter Technician II** Title/Grade change, Fiscal impact: \$1,164.80 Meter Services (75)
11. **Engineering Field Technician** Added position, Fiscal impact: \$52,265.75 T&D (71)
12. **Laborer/Utilities Specialists 2** Added positions, Fiscal impact: \$44,678.40 T&D (71)

## 2024 Goals for all activities



As in past years, we have organized our program-specific goals in accordance with the Effective Utility Management framework that has been developed by the American Water Works Association (AWWA), United States Environmental Protection Agency (EPA), and other industry organizations.

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	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$3,803,071	\$3,993,731	39	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 (approx 86,000 people)
200 - Supplies	\$954,526	\$1,002,379		
300 - Other Services	\$7,941,696	\$8,339,838		
<b>Total</b>	<b>\$12,699,293</b>	<b>\$13,335,948</b>		

*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 WTP 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 50 ppb or less for Total Trihalomethanes (TTHM) and 40 ppb or less for Total Haloacetic Acids (HAA5). These values are about ⅔ of the EPA limits of 80 ppb for TTHM and 60 ppb for HAA5.

- Complete the lead service line inventory as mandated by the EPA's Lead and Copper Rule by October 2024. 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*

- By the end of 2024, CBU will complete two one-time implementation items defined in the Stormwater Master plan, at a cost of \$80,000. These implementation items will help align our stormwater design requirements to the existing Unified Development Ordinance (UDO) and will develop guidance for the control on invasive plants for all city departments and the public.
- As outlined in the Stormwater Master plan, we will initiate the development of a comprehensive Stormwater Design Manual at an initial cost of \$80,000. The development of this manual is expected to span three years.
- By the end of 2024 we will have assessed 25% of our stormwater system as part of the ongoing jurisdiction-wide Stormwater System Management and Maintenance plan.
- Implement the MS4-based street sweeping program. We will set realistic numerical goals when the design study is completed later in 2023.

**Operational Optimization (OO)**

<b>Operational Optimization Budget Allocation</b>	<b>2023 Budget \$</b>	<b>2024 Budget \$</b>	<b>Staffing (FTE)</b>	<b>Populations Served</b>
100 - Personnel Services	\$1,897,592	\$1,992,725	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 (approx 86,000 people)
200 - Supplies	\$395,518	\$415,346		
300 - Other Services	\$3,605,319	\$3,786,065		
<b>Total</b>	<b>\$5,898,429</b>	<b>\$6,194,136</b>		

*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 2023, 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 2024:

- We will deploy at least three new decision support tools in 2024. Increased access to trends within the SCADA user interface, deploy and train staff to utilize the internal Superset analytical dashboard, and deploy templates for data exploration on the City’s JupyterHub server. We also will make all of our code publicly available on Github in 2024.
- The Cityworks asset management software has been largely deployed in T&D and Purchasing for creating and tracking work orders and service requests and for inventory management. In 2024 CBU plans to expand the use of Cityworks by integrating the ITpipes software package, offering access to our video inspections of sanitary and storm sewer pipes.
- By 4Q 2024, we will add assets and work-order management for street sweeping activities as CBU takes on this responsibility.

**Employee and Leadership Development (ED)**

<b>Employee &amp; Leadership Development Budget Allocation</b>	<b>2023 Budget \$</b>	<b>2024 Budget \$</b>	<b>Staffing (FTE)</b>	<b>Populations Served</b>
100 - Personnel Services	\$945,839	\$993,257	10	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 (approx 86,000 people)
200 - Supplies	\$192,541	\$202,194		
300 - Other Services	\$1,315,934	\$1,381,906		
<b>Total</b>	<b>\$2,454,314</b>	<b>\$2,577,357</b>		

*Activity Description:* Recruit, develop, and retain a workforce that is competent, motivated, adaptive, and safety-focused. Ensure that employee institutional knowledge is retained, transferred, and improved 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.
- CBU Assistant Directors and managers will complete Diversity, Equity, and Inclusion training in 2024.

### Financial Viability (FV)

Financial Viability Budget Allocation	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$1,881,824	\$1,976,166	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 (approx 86,000 people)
200 - Supplies	\$386,400	\$405,772		
300 - Other Services	\$1,922,359	\$2,018,732		
<b>Total</b>	<b>\$4,190,583</b>	<b>\$4,400,670</b>		

*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).



## Infrastructure Strategy and Performance (IS)

Infrastructure Strategy & Performance Budget Allocation	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$3,704,518	\$3,890,237	39	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 (approx 86,000 people)
200 - Supplies	\$772,802	\$811,545		
300 - Other Services	\$5,250,490	\$5,513,713		
<b>Total</b>	<b>\$9,727,810</b>	<b>\$10,215,495</b>		

*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:

#### *All Utilities*

- If the Utilities Service Board and Council approve the plan for a new CBU campus at the Winston Thomas property, we will complete the facilities design and financial analysis for the project and begin construction by 4Q 2024.

#### *Water Works*

- We will conduct financial analysis and bring a rate case for the Water Works to USB and Council in 2Q 2024, and then to the Indiana Utility Regulatory Commission (IURC) in 3Q 2024. We would anticipate approval and implementation by 2Q 2025.
- Replace at least one mile of water mains at a cost of \$1,700,000.
- Replace aging variable-frequency drives (VFDs) for the transfer pumps and high service pumps at the Monroe WTP, estimated cost is \$1,000,000.
- Complete design and enter into a guaranteed savings contract for construction to replace the chemical feedlines, install additional backwash tank and pump modifications, and replace valve actuators at a cost around \$3,000,000.
- Complete design and begin construction on the first components of the complete refurbishment of the South Central and West Booster Pumping Stations at a cost of \$6,500,000. This construction work will continue into 2025.
- We will continue to explore ways for CBU to add a second source of drinking water to improve enterprise resiliency. In 2024, we will continue to reach out to potential partners and will discuss this need with the Office of the Utilities Consumer Counselor and IURC during our planned 2024 Water Works rate case.

### *Sewer Works*

- Developing sewer analysis models for three critical sewersheds to better assess capacity. By better understanding capacity we can identify system limitations, reduce the probability of a sewer overflow, and plan for future development. This project is under contract for \$330,000 and will be completed in 2024.
- Complete construction of Phase II of the Dillman Road WWTP Modernization and capacity improvements - This project's major components include the replacement of the bar screens, sluice gates, and electrical feeder at a total project cost of \$3,500,000.
- Complete a project at the Blucher Poole WWTP that will replace the old human machine interface (HMI) PLCs computer system with a modern more capable upgrade.
- Complete project that will improve solids handling processes at the Blucher Poole WWTP, including upgrades to processes involving the solids handling tanks and belt presses.
- Upgrade 10 outdated or obsolete lift stations with new controls and equipment.
- Complete sewer lining projects, lining at least 3 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 \$350,000 in contributions by developers to eliminate illicit sewer connections from sump pumps and roof drains or other I&I sources.
- Add a canine unit to CBU staff, investing \$44,500 in the first year for an appropriate vehicle, kennel, and the purchase of a dog which is trained to detect sewer leaks in both the CBU system and customer laterals. Annual costs would be \$53,615 for a RFT handler's salary, food, vet care, and other needed items, such as brushes and leashes.
- If the Utilities Service Board and Council approve the plan to move forward with the resource recovery and electrical generation project in 3Q 2023, we will complete the facility design, secure financing, and begin construction before the end of 2024.

### *Stormwater Utility*

- Deploy up to \$100,000 through the Residential Stormwater Grants program to complete projects for at least 10 household and/or neighborhoods.
- By the end of 2024, CBU will complete the upstream inlet improvements near 6th and Indiana, adjacent to the IU campus, at a projected cost of over \$5 million. This will complete the replacement of the Clear Creek culvert from IU to 1st and Washington Streets. This phase of the Clear Creek tunnel work is designed and constructed in coordination with Indiana University.
- By the end of 2024, CBU will have an operational street sweeping program based on recommendations from the Street Sweeping Routing Plan to be finished by the end of 2023.

## Enterprise Resiliency (ER)

Enterprise Resiliency Budget Allocation	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$1,950,811	\$2,048,612	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 (approx 86,000 people)
200 - Supplies	\$202,288	\$212,429		
300 - Other Services	\$1,784,041	\$1,873,480		
<b>Total</b>	<b>\$3,937,140</b>	<b>\$4,134,521</b>		

*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 2024.

## Customer Satisfaction (CS)

Customer Satisfaction Budget Allocation	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$1,901,534	\$1,996,864	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 (approx 86,000 people)
200 - Supplies	\$572,445	\$601,144		
300 - Other Services	\$1,315,937	\$1,381,909		
<b>Total</b>	<b>\$3,789,916</b>	<b>\$3,979,917</b>		

*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 the 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 effort was included as a 2023 budget goal, but we are delaying it because there are changes to the way credit cards are handled in the New World system that are being implemented in 2023. We will begin work on the kiosk when that is complete.

**Stakeholder Understanding and Support (SS)**

<b>Stakeholder Understanding &amp; Support Budget Allocation</b>	<b>2023 Budget \$</b>	<b>2024 Budget \$</b>	<b>Staffing (FTE)</b>	<b>Populations Served</b>
100 - Personnel Services	\$945,840	\$993,257	10	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 (approx 86,000 people)
200 - Supplies	\$198,438	\$208,387		
300 - Other Services	\$73,249	\$76,922		
<b>Total</b>	<b>\$1,217,527</b>	<b>\$1,278,566</b>		

*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 the projects and priorities of the utility.

**Water Resource Sustainability (WR)**

<b>Water Resource Sustainability Budget Allocation</b>	<b>2023 Budget \$</b>	<b>2024 Budget \$</b>	<b>Staffing (FTE)</b>	<b>Populations Served</b>
100 - Personnel Services	\$945,840	\$993,258	10	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 (approx 86,000 people)
200 - Supplies	\$187,768	\$197,181		
300 - Other Services	\$724,881	\$461,221		
<b>Total</b>	<b>\$1,858,489</b>	<b>\$1,951,660</b>		

*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*

- Offer in-kind support for the water-quality study that Friends of Lake Monroe is leading under a Section 319 grant. In 2024, we will continue to sample the South Fork of Salt Creek once per month during high-flow events.
- Budget \$25,000 as a contribution to the Friends of Lake Monroe to assist them in their organizational development efforts.
- 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	2023 Budget \$	2024 Budget \$	Staffing (FTE)	Populations Served
100 - Personnel Services	\$975,406	\$1,024,306	10	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 (approx 86,000 people)
200 - Supplies	\$197,639	\$207,547		
300 - Other Services	\$728,552	\$765,077		
<b>Total</b>	<b>\$1,901,597</b>	<b>\$1,996,930</b>		

*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.

### *Stormwater Utility*

- Dedicate \$100,000 to CBU's Residential Stormwater Grant Program in 2024, 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.

## **2024 Bond Payments**

### *Water*

2015 Refunding Bond- \$374,100

2017 Bond- \$299,693

2020A Water Bond- \$1,279,250

2020B Water Bond- \$3,324,088

2022 Water Bond - \$1,309,750

Solar Water Bond - \$79,683

### *Wastewater*

2013 Wastewater Bond- \$1,190,826

2015 Refunding Bond- \$626,315

2017 Wastewater Bond- \$460,100

2019 Refunding Bond- \$1,022,200

2020 Wastewater Bond- \$969,800

2021 Wastewater Refunding - \$779,400

Solar Wastewater Bond - \$317,351

<b>Sinking Funds (P&amp;I) Budget Allocation</b>	<b>2023 Budget \$</b>	<b>2024 Budget \$</b>	<b>Staffing (FTE)</b>	<b>Populations Served</b>
400- Waterworks sinking	6,049,515	6,666,565	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 (approx 86,000 people)
400- Sewer works sinking	4,990,219	4,419,992		
<b>Total</b>	<b>11,039,734</b>	<b>12,086,557</b>		

## **Water Works Budget Request**

<b>Water Works Budget Allocation</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2024 Proposed</b>	<b>Change (\$)</b>	<b>Change (%)</b>
100 - Personnel Services	4,714,725	4,779,289	5,000,410	5,150,800	5,651,867	501,067	8.9%
200 - Supplies	2,092,106	2,490,811	1,741,845	2,434,050	2,578,890	228,632	8.9%
300 - Other Services	12,975,187	5,962,770	3,743,608	4,642,476	5,134,679	455,216	8.9%
300 - Other Services (E&R)	3,199,603	3,408,411	2,413,889	2,155,758	2,388,270	578,187	24.2%
400 - Water Sinking (P&I)	3,383,637	5,278,127	5,278,817	6,049,514	6,666,565	0	0%
<b>Total</b>	<b>26,365,257</b>	<b>21,919,407</b>	<b>18,178,569</b>	<b>20,432,598</b>	<b>22,420,271</b>	<b>1,763,102</b>	<b>7.9%</b>

*\*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** \$1.5m increase due to rate increase.

**Category 1- Personnel** There is no expectation for a large-scale change in this category.

**Category 2- Supplies** request is \$2,350,258. This is a decrease from the 2023 budget in the amount of \$83,792.

**Category 3- Other Services and Charges** request is \$4,679,463 a slight increase over 2023.

**Category 3- Other Services & Charges (Extensions & Replacements)** request is \$1,810,083. This is a decrease of \$345,680 or 19%. This is due to increased expenses in other categories.

**Sewer Works Budget Request**

Sewer Works Budget Allocation	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2024 Proposed	Change (\$)	Change (%)
100 - Personnel Services	7,977,422	8,021,327	8,356,461	8,607,300	8,734,448	127,148	1.5%
200 - Supplies	1,370,926	1,383,364	1,163,644	1,489,850	1,511,858	22,008	1.5%
300 - Other Services	5,910,260	3,937,969	5,033,452	6,582,301	6,679,536	97,235	1.5%
300 - Other Services (E&R)	3,249,161	3,802,100	3,659,468	3,299,806	3,087,731	-212,075	-6.9%
400 - Wastewater Sinking (P&I)	4,780,028	4,075,919	4,015,990	4,090,743	4,411,992	321,249	7.3%
<b>Total</b>	<b>23,287,798</b>	<b>21,220,678</b>	<b>22,229,015</b>	<b>24,070,000</b>	<b>24,425,565</b>	<b>355,565</b>	<b>14.6%</b>

*\*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** is expected to increase slightly.

**Category 1- Personnel** request is \$8,708,965 This is an increase of \$101,665, or 1.1%. There is no expectation of large-scale change to this category.

**Category 2- Supplies** request is \$1,502,365. This is an increase of \$12,515.

**Category 3- Other Services and Charges** request is \$6,617,107. This is an increase of \$34,806.

**Category 3- Other Services and Charges (Extensions and Replacements)** request is \$3,464,937 an increase of \$165,131.



## Stormwater Utility Budget Request

<b>Stormwater Utility Budget Allocation</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>2024 Proposed</b>	<b>Change (\$)</b>	<b>Change (%)</b>
100 - Personnel Services	902,122	826,278	1,016,316	1,046,000	1,061,451	15,451	1.5%
200 - Supplies	72,828	84,094	85,280	86,700	87,981	1,281	1.5%
300 - Other Services	623,630	668,199	148,209	151,800	154,042	2,242	1.5%
300 - Other Services (E&R)	279,824	280,681	494,059	548,000	501,981	-46,019	-9.2%
300 - Other Services (Green Infrastructure)	0	400,000	400,000	400,000	405,909	5,909	1.5%
400 - Storm Sinking (P&I)	438,511	972,603	960,000	960,000	1,008,00	48,000	4.8%
<b>Total</b>	<b>2,316,915</b>	<b>3,231,854</b>	<b>3,103,864</b>	<b>3,172,500</b>	<b>3,219,364</b>	<b>26,864</b>	<b>0.8%</b>

*\*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** is expected to increase slightly.

**Category 1- Personnel Services** request is \$1,056,500. This is an increase of \$11,500 or 1.1%. There is no expectation of large-scale change to this category.

**Category 2- Supplies** request is \$89,500, a \$2,800 increase.

**Category 3- Other Services and Charges** request is \$157,865, a \$7,500 increase.

**Category 3- Other Services and Charges (Extensions & Replacements)** request is \$555,500. This is an increase of \$7,500 or 1.40%.

## Conclusion

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