

UTILITIES SERVICE BOARD MEETING
11/6/2023

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CALL TO ORDER

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

Board members present: Amanda Burnham, Megan Parmenter, Jim Sherman, Kirk White, Molly Stewart, Ex Officio Scott Robinson

Board members absent: Jeff Ehman, Seth Debro, Ex Officio Jim Sims

Staff present: Vic Kelson, Matt Havey, Chris Wheeler, Kat Zaiger, Liz Carter, Hector Ortiz Sanchez, Dan Hudson, Phil Peden, Daniel Frank

Guests present: Jared Hall

PETITIONS AND COMMUNICATIONS: None

SUBCOMMITTEE REPORTS: Finance Subcommittee Chair Parmenter provided the report. The Finance Subcommittee recommended approval of Resolution 2023-21: Sewer Bond pending an update of the language on page A-1 and A-2 to "proposed new Service Center". Burnham noted that the total for the Sewer Bond is \$55,000,000.00. Board member White questioned where CBU stands in general terms regarding payoffs on other bonds that CBU already has. Krohn & Associates LLP - Hall noted that CBU currently has six bonds outstanding, with a 2013 refunding that matures on January 1, 2025, a 2006 bond that matures on January 1, 2027, and 2019 refunding bonds that mature on January 1, 2027. Those three bonds are the only ones that mature in a reasonable amount of time. The next closest bond to mature is not until 2030. CBU won't recognize a drop in debt service until the 2021 bonds mature on January 1, 2023. White clarified that CBU will have the same amount of debt service, even with the new bond, until around 2033. White noted that this provides CBU with around 10 years of current bond borrowing expenses. Hall noted that after ten years CBU would see their bond servicing go from around \$8,100,000.00 to around \$7,000,000.00. Board member Sherman noted that those numbers are assuming CBU does not take on any more bonds during that time. White acknowledged that assumption might not be the case. Hall advised that Krohn and Associates looks at reducing the overall debt service when structuring the bonds, but if CBU defers payment, there is a cost to the interest expense. White noted that Hall's presentation showed that CBU was in a good place regarding debt service coverage. Burnham wished to clarify the maturity date on the bond. Hall advised that the final maturity of the bond would be 2044. Currently the maximum bond amount is \$55,000,000.00, but the estimated cost of projects related to the bond is \$51,500,000.00. Burnham noted that CBU has had the ability in the past to restructure its bonds. CBU Director - Kelson advised that CBU had restructured all of the bonds for the Sewer Utility two years ago. Burnham questioned if several years down the road, it would be likely that Krohn & Associates LLP would reach out for more opportunities to

restructure. Hall advised yes, and also noted another strategy known as “call protection”. Hypothetically, CBU would borrow money today on a 20 year term with a 5 year call protection, which would mean CBU could not touch it, or refinance it for 5 years, vs a 10 year call protection that would provide a slightly better rate. So there is a cost associated with a shorter “call” but given the current interest rate environment it is something to consider.

Parmenter motioned to approve Resolution 2023-21. Motion carried, five ayes.

Parmenter introduced Resolution 2023-23 from the Indiana Financial Authority (IFC) for the purchase of Swordfish to aid in the lead service line inventory. This bond is similar to a grant, in that it is expected that it will be forgiven in 5 years. Kelson noted that this is how the IFC handles grants, they simply issue a bond and then forgive it after five years. The bond will pay for a Swordfish, which can identify the material that a service line is made of without actually digging up the pipe. Burnham questioned if the device will help determine if there are still lead pipes present. Kelson confirmed.

Parmenter motioned to approve Resolution 2023-23. Motion carried, five ayes.

MINUTES

Parmenter moved, and Sherman seconded the motion to approve the minutes of the 10/23/2023 meeting. Motion carried, five ayes.

Parmenter moved, and Sherman seconded the motion to approve the minutes of the 10/26/2023 meeting. Motion carried, five ayes.

CLAIMS

Standard Claims Question

Burnham questioned the CDL payment to Ivy Tech on page five, specifically if this charge should have been covered by the City’s program related to providing CDL courses to employees. Kelson clarified that the program shifts payment for the course to the Department in which the employee works rather than the employee.

Parmenter moved, and Sherman seconded the motion to approve the Standard Invoices: Vendor invoices included \$267,220.62 from the Water Fund, \$239,807.05 from the Wastewater Fund, and \$3,458.98 from the Stormwater Fund.

Motion carried, five ayes. Total claims approved: \$510,486.65.

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

Invoices included \$3,802.15 from the Water Fund and \$57,524.90 from the Wastewater Fund.

Motion carried, five ayes. Total claims approved: \$61,327.05.

Parmenter moved, and Sherman seconded the motion to approve the Wire Transfers, Fees, and Payroll for \$563,564.07. Motion carried, five ayes.

Parmenter moved, and Sherman seconded the motion to approve the Customer Refunds: Customer Refunds included \$4.97 from the Water Fund and \$1,095.09 from the Wastewater Fund.

Motion carried, five ayes. Total refunds approved: \$1,100.06.

CONSENT AGENDA

Kelson presented the following item recommended by staff for approval:

- a.) PEI Maintenance and Contracting, \$14,100.00, Annual and tri-annual Inspections of Underground Storage Tanks

Consent Agenda approved as presented. \$14,100.00 approved.

REQUEST APPROVAL OF 2020 INTERDEPARTMENTAL AGREEMENT BETWEEN THE CITY OF BLOOMINGTON CIVIL CITY AND THE CITY OF BLOOMINGTON UTILITIES DEPARTMENT

Kelson presented a summary spreadsheet outlining how the totals for both Interdepartmental Agreements (IA) were arrived at, outlining the percentages allocated per department in question. Kelson noted that the table illustrated that the cost year-over-year held mostly steady, with the exception of escalation in ITS expenditures, which made sense given that CBU was in the process of Capital Replacements, upgrading older hardware throughout the organization. The table extends to 2023, but Kelson noted that he and Havey both have questions regarding increases in the amount owed to the Controller and Human Resources (HR) in 2023, which both saw substantial jumps from the previous year. Kelson hopes to discuss the changes with the Controller ahead of the next meeting so the IA for 2022 and 2023 can be approved as well. The table also illustrated that the annual increase has been hovering around the 5% mark, which is to be expected, with the exception of a large jump for the 2023 fiscal year. Kelson will get clarification on this jump when speaking with the Controller. Board member Stewart noted that the amount allocated to HR for 2023 seemed very high compared to previous years. Havey confirmed and advised that those charges are also going to be discussed with the Controller's Office. Kelson noted that there were some changes that took place with the other City departments that may not be accurately represented in the table, specifically changes in HR that have left CBU Staff with some questions that need to be answered. Burnham noted questions the Board had from the previous meeting regarding Public Works and Fleet Maintenance. Havey advised that the questions related to Fleet are a separate matter because those payments are paid to Fleet by CBU on a monthly basis, and not a part of the IA. Kelson noted that anything CBU wishes to change with both of these agreements is something that will need to be taken up with the new administration next year. Burnham noted per the discussion from the previous meeting that the last time the percentages for the IA were adjusted was in 2019, and that CBU is currently within the 5 year cycle. In 2024, the percentages will be adjusted again, so there is a chance that there will be more fluctuations in the amount owed in 2024. Kelson noted that two areas that jumped out on the table are in HR, where CBU is assigned 30% of their budget. CBU is the largest Union shop in the City, and that creates more paperwork. ITS is another area where we expect to see high costs, because CBU uses a lot of technology compared to other

departments. Stewart questioned why the expenses for HR more than doubled for the 2023 year. Havey advised that is one of the questions that will be asked of the Controller ahead of the next USB meeting. Sherman noted that the table shows there is consistency in the charges that make sense over time. The table also demonstrates that the charges are based on usage, which is good news because there should be a significant relationship between what CBU is using and what the organization is paying for. Kelson agreed and stated that he is comfortable recommending approval of the IA for 2020 and 2021. Havey agreed. Kelson also noted another question that Board member Ehman had at a previous meeting regarding the nature of the payments for solar panels. Kelson advised that CBU did not contract with the City to sell electricity produced using solar panels, instead CBU contracted with the City to purchase solar panels. The amount that CBU is paying is simply for the cost of the solar panels. CBU works with the City to keep the panels in good operating shape. The City has taken steps to improve the service, but CBU needs to stay vigilant, just as any other City department does. Kelson noted another question was, what if we expected a certain amount of electricity with a certain amount of savings and that goal was not met. The panels were purchased as part of a Guaranteed Savings Contract that extends for twenty years, and at the end of the contract, there is a true-up period, so if CBU did not receive the expected benefit, the contractor will reimburse CBU at that time. Sherman noted that this answered Ehman's question regarding periods in which certain arrays were non-functional, and thus not meeting up to the contract, and that will come back at the end of the contract. Kelson confirmed. Parmenter noted that the expenses noted in the table increases about 5% annually, and questioned if CBU's budget also increased by 5% annually. Kelson noted that is a complicated question. For example, payroll for the previous year increased by 5%, but the total budget reflects other things, such as debt service. Overall it is comparable. Parmenter noted that this is why she feels this IA process should be discussed before the new year and not after. If the other departments budget for an estimated amount from CBU and CBU negotiates for a lower amount, how would that impact their budget. Kelson advised that the other departments budget's come from the general fund, and what these percentages do is provide the Controller with an estimate for how much headroom there is in the general fund when they do the overall City budget. Burnham questioned where the 'in lieu of taxes' number fell on the table. Havey advised that the 'in lieu of taxes' figure should be included on top of the numbers on the table. Kelson advised that that amount was never in question given that it is generated from the list of assets that CBU provides, so it was not included in the table to simplify the information. Burnham thanked Havey and Kelson for their work and providing answers to the Board's questions throughout this process. Burnham noted that catching up the IAs by the end of the year was a goal of the Board, and thanked Staff for helping to achieve that goal.

Parmenter moved, and Sherman seconded the motion to approve the Interdepartmental Agreements for 2020. Motion carried, five ayes.

REQUEST APPROVAL OF 2021 INTERDEPARTMENTAL AGREEMENT BETWEEN THE CITY OF BLOOMINGTON CIVIL CITY AND THE CITY OF BLOOMINGTON UTILITIES DEPARTMENT

Parmenter moved, and Sherman seconded the motion to approve the Interdepartmental Agreements for 2021. Motion carried, five ayes.

REQUEST APPROVAL OF RESOLUTION 2023-20 FOR BID ACCEPTANCE AND CONTRACT AWARD OF THE CLEAR CREEK RECONSTRUCTION - DUNN TO INDIANA AVENUE

Assistant Director - Engineering - Peden presented. Peden advised that Milestone Contracting, Inc. was the lowest responsible and responsive bidder, and this contractor completed the previous work on the project, and CBU is happy with their previous work, so Peden would recommend approval. White questioned the timeline for the project. Peden advised that they have 250 days for substantial completion of work after the contract is signed. Assuming the contract is approved at the following USB meeting on November 20th, then the end of July would be substantial completion, with final completion in October.

Parmenter moved, and Sherman seconded the motion to approve Resolution 2023-20. Motion carried, five ayes.

REQUEST APPROVAL OF AMENDMENT NO.1 WITH BLACK & VEATCH CORPORATION

Capital Project Manager - Hudson presented the amendment with Black & Veatch. Hudson advised that this amendment is for work that was done regarding specifications for the East Tank Improvement project.

Parmenter moved, and Sherman seconded the motion to approve Change Order No.1 with Black & Veatch Corporation. Motion carried, five ayes.

REQUEST FOR APPROVAL OF CHANGE ORDER NO.1 WITH WORLDWIDE INDUSTRIES CORPORATION

Hudson presented the change order with Worldwide Industries Corporation. Hudson advised that this is also related to the East Tank Improvement project but is related to the contractor performing the work. This change order will give back \$13,194.85 to CBU as part of the contingency that was not used.

Parmenter moved, and Sherman seconded the motion to approve Change Order No.1 with Worldwide Industries Corporation. Motion carried, five ayes.

REQUEST FOR APPROVAL OF RESOLUTION 2023-24 TO RECOMMEND ADOPTION OF TITLE 13 STORMWATER ORDINANCE

Municipal Separate Storm Sewer System (MS4) Coordinator - Carter and Assistant City Attorney - Wheeler presented the resolution. Carter noted that CBU hoped to not make any further changes prior to the ordinance being submitted to City Council, and CBU will keep the Board apprised as conversations with City Council advance. Kelson wished to note all the departments that were met with since the previous USB meeting. Carter advised that CBU had meetings with City Engineering, Planning, Parks and Recreation, and Housing and Neighborhood Development. Kelson noted that CBU also received a few comments from

members of the public. Wheeler presented the seven changes that were made to the ordinance since the USB last received a draft copy on November 3, 2023:

- s 13.01.020, §(a)(6) - “to ensure the appropriate” was added. It previously read “the design” and was updated to read, “to ensure the appropriate design”
- s 13.01.020, §(a)(7) - “to ensure the appropriate” was again added for the same purpose as in partt 6.
- s 13.06.010, §(b)(1) - the word “strip” was added to match the construction site general permit
- s 13.06.010, §(b)(2) - after the word four, the arabic numeral 4 was added in parentheses, along with an adjustment of language that now reads “or fewer lot developments”. This language was again updated to match the language in the general permit.
- s 13.08.020, §(b) - The addition of NOT for ‘Notice of Termination’ is used for the first time. It reads “a Notice of Termination (NOT)”
- s 13.09.020, §(b)(5)(d)(i)(b) - addition of language “unless an extension is granted by the Director.” This language came from a public suggestion that there should be some workaround for an extension on the permits. This will provide some discretion to the Director, and once rules are developed, they will outline what exactly will be required to seek an extension of these permits from the Director.
- s 13.09.050, §(f)(5) the word “promptly” was deleted. A comment from the public questioned what was meant by the word promptly, rather than attempt to define it, the word was removed.

Wheeler advised that if the USB did not have further questions, Staff would recommend the Board make a recommendation to City Council for approval of this resolution of a new Title to the Bloomington Municipal Code, known as Stormwater under Title 13. Burnham noted that there were still formatting issues with the document. Wheeler noted that City Attorney Stephen Lucas will update the formatting prior to presenting it to the City Council. Burnham wished to thank Staff for their effort in drafting this document. Ex Officio Robinson thanked CBU Staff on behalf of City of Bloomington Planning for working together on this document. Wheeler also wished to thank the other departments and the public for their comments and ideas that helped create a document.

Parmenter moved, and Sherman seconded the motion to approve Resolution 2023-24. Motion carried, five ayes.

REQUEST APPROVAL OF RESOLUTION 2023-25 TO RECOMMEND AMENDMENTS TO TITLE 10

Wheeler presented the resolution, noting that it simply amends Title 10 by removing all the language that references stormwater, which will now be covered under Title 13.

***Parmenter moved, and Sherman seconded the motion to approve Resolution 2023-25.
Motion carried, five ayes.***

REQUEST APPROVAL OF CONTRACT WITH CRIDER & CRIDER, INC. FOR SERVICE RELATED TO THE WINSTON THOMAS DEMOLITION PROJECT

Peden presented the agreement for the demolition of remaining structures at the Winston Thomas Property, noting the Crider & Crider, Inc. was the lowest bidder at \$1,989,710.00. Peden noted that around \$800,000.00 is estimated to be recouped through an allowance in the contract that is not expected to be a part of the contract. Burnham questioned if there were ways to determine what departments had been dumping on the property and determine if there was a way for them to contribute to the cost of removal of surplus materials. Peden advised that the surplus items have been deemed worthless and the contractor will be disposing of it and he had not followed up with any other departments. Kelson advised that the surplus items that are scrap metal, CBU will recover the money from those items, and the remainder will be crushed and used for fill material at the site.

Parmenter moved, and Sherman seconded the motion to approve the contract with Crider & Crider, Inc. Motion carried, five ayes.

OLD BUSINESS: None

NEW BUSINESS: None

STAFF REPORTS:

Kelson noted the following:

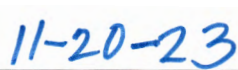
- Michelle McGregor joined CBU as the new Accounts Receivable Manager
- Kalei Bollinger was appointed Assistant Superintendent at the Dillman Wastewater Plant
- Zach Burnworth was appointed Assistant Superintendent at the Blucher Poole Wastewater Plant
- Matt Dabertin was promoted to the position of Environmental Program Coordinator - Engineering
- The resolutions passed during the meeting will be going to City Council the following week for final approval
- A report regarding financial viability for the Waste to Energy Project is expected before the end of the month.

PETITIONS AND COMMUNICATIONS: None

ADJOURNMENT: Burnham adjourned the meeting at 5:54 pm



Amanda Burnham, President



Date