

**UTILITIES SERVICE BOARD MEETING**  
**May 28, 2019**

***Utilities Service Board meetings are recorded electronically and are available during regular business hours in the office of the Director of Utilities.***

Board President Roberts called the regular meeting of the Utilities Service Board to order at 5:00 p.m. The meeting was held in the Utilities Service Board room at the City of Bloomington Utilities Service Center 600 East Miller Drive, Bloomington, Indiana.

Board members present: Julie Roberts, Jim Sherman, Jason Banach, Amanda Burnham, Jean Capler, Jeff Ehman, and Sam Frank.

Staff present: Vic Kelson, Laura Pettit, Holly McLaughlin, James Hall, Phil Peden, Tom Axsom, Brad Schroeder, Michelle Waldon, Nolan Hendon, Brandon Prince, Rebekah Fiedler, and Mike Hicks.

**MINUTES**

***Board Vice President Sherman moved and board member Capler seconded the motion to approve the minutes of the May 13th meeting. Motion carried, 7 ayes.***

**CLAIMS**

***Sherman moved and Capler seconded the motion to approve standard claims as follows:***

Vendor invoices submitted included \$145,156.38 from the Water Utility, \$257,529.70 from the Wastewater Utility, and \$20,543.53 from the Stormwater Utility. Total Claims approved: **\$423,229.61**.  
***Motion carried, 7 ayes.***

One board member inquired about the recent fleet additions, and if CBU will continue to make these purchases in the future. Superintendent Kelson responded by suggesting there will be more vehicles purchases annually for the next few upcoming years. CBU is currently reviewing the replacement list, including some heavy equipment. He noted that the switch to smart meter readers will free up some vehicles that have typically been used by employees to read meters.

***Sherman moved and Capler seconded the motion to approve ACH claims as follows:***

Utility invoices submitted included an SRF loan, issued by the Bank of New York in the amount of **\$200,236.53**.  
***Motion carried, 7 ayes.***

***Sherman moved and Capler seconded the motion to approve the utility claims as follows:***

Utility invoices submitted included \$1,218.29 from the Water Utility, \$2,561.85 from the Wastewater Utility, and \$0.00 from the Stormwater Utility. Total Claims approved: **\$3,780.14**.  
***Motion carried, 7 ayes.***

President Roberts asked why the monetary figures were small compared to previous bills. One board member noted that there were no invoices from Duke. Assistant Director of Finance Pettit suggested those figures will appear in the next billing cycle.

***Sherman moved and Capler seconded the motion to approve the wire transfers, fees, and payroll in the amount of \$362,309.28.***  
***Motion carried, 7 ayes.***

***Sherman moved and Capler seconded the motion to approve customer refunds as follows:*** Refunds submitted included \$567.35 from the Water Utility, \$1,459.05 from the Wastewater Utility, \$0.00 from the Stormwater Utility, and \$0.00 from Sanitation. Total Claims approved: **\$2,026.40**  
***Motion carried, 7 ayes.***

Capler inquired about the first invoice of \$400.00. A 2" hydrant meter was lost and therefore, CBU is keeping the deposit. Finance Manager Waldon stated that CBU has to write a check payable to CBU to account for the claim, hence the reason why CBU is the vendor.

#### **APPROVAL OF CONSENT AGENDA**

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

- Affordable Fence - **\$850.00** - Repair Griffy gate
- Affordable Fence- **\$1,995.00**- Repair Service Center Gate

President Roberts asked if the gates are being crashed into, or if they are simply getting old. Kelson suggested they were aging out. For example, the motor in the gate at the service center failed so it will be replaced.

As none were removed from consent agenda by the Board, agreements approved.

#### **REQUEST FOR APPROVAL OF AGREEMENT WITH MITCHELL & STARK FOR BLUCHER POOLE AERATION BASIN IMPROVEMENTS**

***Sherman moved and Capler seconded the motion to approve the agreement.***  
***Motion carried, 7 ayes.***

CBU Environmental Projects Coordinator Fiedler readdressed the Blucher Poole aeration basin improvements. Last USB meeting, Fielder presented the Mitchell & Stark Construction Company bid of **\$317,175,000.00** which was the lowest bid submitted.

#### **REQUEST FOR APPROVAL OF FIRST AMENDMENT TO ORIGINAL AGREEMENT WITH GRAY MATTER SYSTEMS, LLC FOR ENGINEERING SERVICES.**

***Sherman moved and Capler seconded the motion to approve change as follows:*** The amendment increases the cost of \$70,480 by \$19,800 for a total agreement cost not to exceed **\$90,280.00.**

***Motion carried, 7 ayes.***

CBU Capital Projects Coordinator Hicks presented an amendment to the original agreement with Gray Matter Systems, LLC to improve the Supervisory Control and Data Acquisition (SCADA) system. The original SCADA system has been used at each of the three plants (Dillman WWTP, Blucher WWTP, and Monroe WTP) to monitor and control processes since the 1990s. The update would allow CBU to monitor data at the CBU Service Center rather than separately at the three locations. An iHistorian server will be used to collect and manage data as well as conduct reports and identify trends in real-time. The initial agreement scope of service is being altered due to changes or new findings identified since the proposal was first presented. The changes are as follows:

- 1) Hicks suggested current system software programs need to be updated before the new SCADA system can be implemented. Therefore, more resources were required for the software engineer officer to fully update the programs.
- 2) The amendment includes a proposal to combine two separate existing SCADA systems at the Dillman Road WTP. Specifically, there are two desktops operating as two unique servers that display different processes. Hicks suggested it would be a great opportunity for CBU to invest in combining these systems while Gray Matter Systems, LLC is at the plant.
- 3) The reporting systems at two of the sites are different. "Excel Reporter" has been proposed as a "no cost add-in" that will allow CBU to export and manage data through Excel. This will allow for further data analysis.

Q1: Board member Ehman noted that when the portal system was installed in 1998, CBU must not have anticipated the need for iHistorian software. He asked why the amendment included the addition of iHistorian, but the initial proposal did not. Specifically, he wanted to know if CBU suggested iHistorian be implemented, or if the contract company recommended it. Ehman also suggested he is under the impression that the addition of iHistorian is associated with the project to merge the two servers at Dillman WTP. Hicks clarified that iHistorian would be installed at every site, which was part of the original agreement. The two servers that will be combined are only at Dillman. Hicks will return with more information after he convenes with the software engineer.

Q2: One board member brought up the point that the software was not properly updated and that the need for software requirements was unknown. Kelson suggested the desktops at the service center are managed by ITS in City Hall. Further, the servers for the SCADA system are not typically equipped with Microsoft Office, but Microsoft Excel was deemed necessary, so CBU needed to separately purchase Excel for systems at plants. Hicks also suggested ITS had not maintained updates for the SCADA system until the last few years, which led to CBU falling behind on Microsoft licensing. CBU is expected to undergo proper software updates in the future.

Q3: Kelson also responded to the question of whether or not CBU keeps a software inventory by suggesting this information is kept by ITS and can be accessed by request.

Q4: What kind of security risks exist if CBU does not conduct updates? Hicks suggested that any risk CBU had in the past is being resolved with the software updates. Kelson reiterated that SCADA systems simply collect data from plants and store it there. They are not connected to the Internet or external networks. The server will be installed on a secure network, the transmission of data from plants to service center is encrypted, and the transmission is one directional. The servers will also be placed into rooms that are only accessible and maintained by ITS.

**REQUEST FOR APPROVAL OF AGREEMENT WITH ARCADIS FOR PROCESS OPTIMIZATION**  
***Sherman moved and Capler seconded the motion to approve agreement for \$67,700.00.***  
***Motion carried, 7 ayes.***

Assistant Director - Engineering Schroeder presented a contract from Arcadis Engineering for process optimization at the Monroe WTP. Arcadis recently worked with CBU to optimize filter performance. CBU has been working independently to determine how to "fine-tune" processes involving algae and solids as well as coagulation processes. CBU believes they can proceed better with more expertise. Arcadis will evaluate the use of algaecides and conduct a chlorine contact time study. These analyses will help CBU determine if permitting is needed and also assess the best time to add chlorine to the system.

## **REQUEST FOR APPROVAL OF AGREEMENT WITH CROWE FOR SEWAGE WORKS RATE ANALYSIS**

*Sherman moved and Capler seconded the motion to approve agreement for \$125,000.00. Motion carried, 7 ayes.*

Assistant Director - Finance Pettit presented a contract with Crowe to complete a sewer rate analysis and cost of service study. This contract will include findings and presentations to the USB and City Council. This is on the schedule for rate reviews, which CBU tries to do every four years. This was previously on the schedule in the Fall but was postponed until now.

Jennifer Wilson, representative from Crowe, suggested the full cost of service and rate review will include an evaluation of different customer classes. The process involves going through revenue reconciliation to ensure the flow is correct, and then to determine the appropriate cost to each customer class.

Wilson answered a question regarding the last time a cost of services study for the sewer was conducted. Wilson suggested it has been a while since CBU has conducted a cost of service study. The last rate increase was an "across the board" increase. Crowe has done a lot of these types of surveys, but it is more common to do a revenue requirement for an across the board rate increase. Vice President Sherman asked if the decision of what to do with the cost services study would be left up to the board. Kelson responded by saying "It would be up to the Board and then of course be ratified by Council thereafter. The sewer rate review would not have to go to the IURC."

Capler asked if the report could show that current rates are correct, or rates could increase or decrease for customers to cover the costs to provide sewer service. Wilson confirmed that any of those could occur. The first step is to perform a financial analysis and accumulate revenue requirements (operating expenses, current debt service, capital improvement plan and how the plan will be funded). Then these expenses will be compared to revenues to determine if the current rate is appropriate. Crowe will take the costs and allocate them across functional cost centers, compare that to how CBU charges each customer group and then determine if the rate structure needs to change. That said, it is possible for the rate to decrease. The goal will be to ensure CBU has enough information to make informed decisions in the future.

A major concern among board members is the change in rate. Wilson explained that it is frequent for inequities among customer classes to be identified because over time, characteristics of customers change. Wilson explained that utilities usually use long-term 5 year plans as the basis for cost of services studies. Because there are always capital projects to be completed or mandates to meet, an increase in rates is likely. However, the results of this analysis may determine that the rate structure does not need to be changed, per say, but redistributed such that there are no longer inequities among customer classes.

**OLD BUSINESS:** None.

**NEW BUSINESS:** None.

**SUBCOMMITTEE REPORTS:** None.

**STAFF REPORTS:** None.

**PETITIONS AND COMMUNICATIONS:**

Dave Derkasey represented the Eastside Neighborhood Association as he brought forward a complaint from himself and other residents regarding water usage. He showed the board and employees water use bills obtained over the last year that suggest water use reported to CBU has gone up without reason. He stated that electric and water usage is typically consistent unless individuals get a roommate, or something similar. Derkasey also showed the board six pages of comments from other citizens from a group named "Nextdoor Neighbor". Derkasey states that these individuals have contacted CBU directly regarding this issue without a solution. He contacted the Indiana Public Utilities Board and he was advised to speak to the USB. Derkasey is asking for a resolution by the next meeting.

Derkasey thought his water meter was not read every month after he noticed his meter cover had not been moved for "several months." He contacted CBU regarding this issue, and was told usage is estimated. Derkasey's concerns are 1) recent fair weather conditions should warrant an actual, not estimated, read and 2) the estimations are higher than the actual use. Kelson stated that meters are actually read in most cases and if usage is estimated, the bill will state that. This process happens in the CBU billing department. They will correct for under- or over-adjustments when the next actual reading takes place. One board member asked if anyone has reported a decrease. No one has, but according to the board member, if there is variation, then there may be fluctuations due to time of meter readings. One board member suggested CBU perform an audit to determine how often usage is estimated.

Kelson suggested he will personally look into Derkasey's situation as well as the other neighbors who shared complaints. President Roberts noted that smart meters will be implemented in the next 12 months and citizens will be able to check their own water use online.

**ADJOURNMENT:** Sherman moved to adjourn and the meeting was adjourned at 5:37 p.m.

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Julie Roberts, President

DATE