

**LEBANON UTILITY SERVICE BOARD**  
**Lebanon, Indiana**

November 18, 2015

Utility Conference Center

4:00

P.M. Present:

Board:

Dan Lamar, Chairman

Allen Woods, Vice Chairman

Neil Taylor, Member

Gary Ladd, Member

Staff:

Bob Waples

Jay McCoskey

Matt Hutton

Mike Whitman

David VanWye

Legal Counsel: Jeff Jacob

1. Chairman Dan Lamar called the November 18, 2015 meeting of the Lebanon Utility Service Board to order at 4:00 P.M. ; Secretary Jim Urban was absent from this meeting. Confirmation of appropriate notification was acknowledged.

Chairman Lamar mentioned that an executive session was held at 2:30 this same date. Confirmation of appropriate notification was acknowledged. No action was taken or decisions made in this session. Chairman Lamar also mentioned that the Board held a working session at 3:00 P.M. this same date.

2. Pledge of Allegiance to the American Flag was observed.

3. Chairman Lamar requested comments or changes to the November 4, 2015 minutes. Member Gary Ladd made a motion to approve the minutes. Member Neil Taylor seconded the motion. Motion carried.

4. Assistant Engineer Dave VanWye presented year to date Electric Operations Reliability Metrics. A system being utilized to track outages, interruptions etc. to providing detailed information.

5. Project Manager Mike Whitman provided the Board with a brief update on the Electric Operations Building.

6. Electric Operations Project Manager Mike Whitman presented Change Order #1 for the Electric Operations Building and requested Board approval of Change Order #1. Vice Chairman Allen Woods made a motion to approve change order #1 for the Electric Operations Building in the amount of \$107,435 allowing General Manager McCoskey to sign the change order once the General Manager and Attorney approve form. Member Neil Taylor seconded. Member Gary Ladd abstained. Motion approved.

7. Metering and Billing Supervisor Matt Hutton requested approval for the electric work order software upgrade which was budgeted for 2015. Vice Chairman Allen Woods make a motion to approve the contract with GeoSpatial Innovations, Inc. for the Electric Work Order Software Upgrade in the amount of \$38,800 allowing the General manager McCoskey to sign the agreement once the General Manager and Attorney approve form. Member Neil Taylor seconded. Motion approved.

8. Water and Wastewater superintendent Bob Waples presented quotes to the Board for Sanitary Manhole Lining. Member Gary Ladd made a motion to accept the bid from MCSP, Inc. in a not to exceed \$14,700 to line 22 sanitary manholes in the Edgewood Subdivision and allowing General Manager McCoskey to sign the agreement contingent upon Jeff Jacob approving the agreement language. Member Neil Taylor seconded. Motion was approved.

## 9. GM Comments

On November 10, 2015 I appeared before City Council to formally seek a 32% waste water increase: Point of reference that request followed informal meetings with City Council members and the Mayor, a public meeting presentation by LU staff and a joint public meeting of the City Council and the LU Board by Scott Miller of Umbaugh and Associates to present the rate analysis. The information from the informal meetings, the public meeting and from Umbaugh was also shared with all the candidates for city offices.

### High Level Summary of the Above

- No waste water (WW) increase since 2005
- Inflation since that time 25%
- CPI for utilities has increase 65% nationally
- Decreased staffing for WW by 25% over that period and last year cut or put off capital spending \$1M to stave off the need for an increase
- Since 2011 revenue from WW operations have not covered expenses causing the utility to use cash reserves

### Other Impacts

- 2003 loan from Water to WW of \$3M for the Northside Sanitary Sewer System. \$1.4M balance remains on that loan.
- 2010 Payment in Lieu of Taxes or PILOT increased from \$40k a year to over \$214k in 2015; \$780k increase over five years. \$780k we did not have to reinvest in the system to address aging infrastructure, ever increasing environmental requirements, etc.
- PILOT is allowed by the State and sets a formula for entities like Lebanon Utilities to pay to the City the equivalent of what a private business would pay for land and improvements as well as equipment. For entities like us, this is a better alternative than what most municipal utilities face where the City takes any excess funds over and above normal operating costs to subsidize the City government.
- \$4.7M capital improvements through 2022

### Alternatives Considered (see handouts)

We had looked at seven options that would have increased rates as high as 49%. We proposed the option of 32% or a little over \$11 per month for the average residential customer.

With the 2016 Budget already submitted to the State they could not take the reduction in PILOT fees but do want to consider in 2017.

### Steps

- A public hearing and a second reading November 23rd. If approved after November 23rd all customers will be notified of the increase to take affect January 1, 2016.
- The Council has a Resolution passed by this Board stating that every year by the end of March we will give financial update on each utility based on the previous year's financials so in the future the Council, the public and everyone concerned will have an understanding where each utility stands and what the future prospects might be for increases.

The greatest way people can mitigate this increase is to reduce their water usage as waste is calculated based on water usage. Visit our website and look under the Tab Green Tips to get tips on reducing your water usage.

Vice Chairman Allen Woods made the motion to pay the claims. Member Neil Taylor seconded. Motion was approved.

11. Hearing of no further business to be brought before the Board a motion was made to adjourn the meeting by Member Neil Taylor. The motion was seconded by Member Gary Ladd. Motion carried.

The meeting was adjourned at 5:00 pm.

The next Utility Board meeting will be December 9<sup>th</sup> at 4:00pm.

APPROVED THIS 9th DAY OF December, 2015

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CHAIRMAN OF THE BOARD

ATTEST:

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CLERK OF THE BOARD