



## Marion Utilities

1540 N Washington St.  
Marion, IN 46952  
[www.marionutilities.com](http://www.marionutilities.com)

## Service Board

### **BOARD MINUTES OF THE OCTOBER 13, 2022 MEETING**

The Marion Utility Service Board held their meeting on Thursday, October 13, 2022 at 5:30 p.m. in the L.E.A.D. Center, Building 101, at Marion Utilities, 1540 N. Washington Street, Marion, Indiana.

Roll was called and those board members present were: Bob Logan, Chairman; Doug Carl; Bill Dorsey; Al Green; Von Jackson; and Herschel Lewis. Mia Erickson participated via teleconference.

Also present at the meeting were: Chuck Binkerd, Director; Pat Pinkerton, Assistant Director for Engineering and Solid Waste; Robin Shrader, Assistant Director for Operations and Maintenance; Mike Conner, Attorney; Tiffany Snyder, Accounting/Billing Coordinator; Misty Humphries, Secretary; and Mrs. Jennifer Wilson, Crowe.

#### **CONSIDERATION OF AGENDA ADDITIONS OR DELETIONS**

There were no additions or deletions to the agenda.

#### **APPROVAL OF MINUTES**

Mr. Jackson moved, seconded by Mr. Carl, to approve the minutes of the September 29, 2022 meeting. All board members present voted aye. Motion carried unanimously.

#### **FINANCIALS**

Mrs. Snyder stated that August was really an average month. There was not a lot of change in either expenses or sales with the exception that the wastewater and water sales were more than average, but not a great deal. Storm Water and Solid Waste sales were with a \$1,000 change which was consistent. Mrs. Snyder stated that the expenses and net operating receipts were also average. Mr. Carl moved, seconded by Mr. Dorsey, to approve the August financials. All board members physically present voted aye. Motion carried unanimously.

#### **UPDATE ON PROJECTS**

Mr. Pinkerton reported that cleaning and prep work have begun on the cured-in-place projects. The Bradford and Lenfesty storm sewer had started. The contractors were headed north up Lenfesty now. There was an issue with a water main that caused adjustments to the foundations. Mr. Pinkerton hoped that it would be smooth sailing moving forward. Keith Sullivan worked with the Distribution, Engineering, and System Maintenance workgroups to put a clamp on the water main leak at 1300 N Baldwin. Because there weren't any line stops, the line was able to remain in service and costs were less than the \$68,000 worst case scenario price



tag. The costs were approximately \$15,000. The bad news was that it would be Tuesday before any concrete could be delivered.

### **WATER RATE INCREASE**

Mr. Binkerd said that everyone was well versed in the Water Rate Increase issue now. He introduced Jennifer Wilson from Crowe who was present to help walk through the process and explain the financial situation. Lastly, there were two Resolutions and Ordinances for review and recommendation to the Council. Mrs. Wilson that Crowe looked at the historical financial information from May 31, 2022 through year end 2021 and 2020. The operational revenue requirements were then calculated along with the debt service and bonding needs. Annual capital improvements as well as extensions and replacements were also reviewed and determined. Mrs. Wilson said the last rate increase was in 2005. The Water Utility was now at the point where it was unable to fund capital improvements. The main focus of the rate increase was to ensure there would be enough funding to operate as well as maintain the system. Mrs. Wilson explained the Income Statement Highlights and presented a graphical illustration. The blue line was the Total Operating Revenue. The yellow line was the Total Operating Expenses. In 2020, there was a little room between the two lines. The room between the two lines continually decreased from 2020 to 2022. The Water Utility was not making enough to keep up with the depreciation on the plant. Mrs. Wilson then detailed adjustments and expenses. Mrs. Wilson said that the operational expenses equal the operating revenues, and there was no money for capital.

Mr. Binkerd explained the Capital Improvements Plan. The most significant items were the water meter replacement project at \$4.4 million. The other large items were the elevated storage tanks which would take a couple of million dollars over several years. The water main replacement project was also listed as well as the lead and copper issue. Mr. Binkerd stated that water chemistry has been managed as such that there wasn't a large concentration of lead. However, because of the large number of lead and copper pipes in the system, the EPA was going to start requiring abatement of lead and copper.

Mrs. Wilson recommended that a third of projects be handled as a pay-as-you go program. The pay-as-you go program would build up the capital using a Five Phase approach. By Phase V, there would be \$1,580,000 brought in to reinvest into the system. To get started, there would be two bond issuances. By year five, annual programs should be able to be completed with the pay-as-you go program. As far as the bonds, the first year's payments would be for interest only. The second year and beyond would have some principal payments made as well. By the time Phase V was reached, there would be enough funding brought in to complete annual programs. Mrs. Wilson presented a summary of increases which showed increases for Phase I at a 16.0%; Phase II at 10.5%; Phase III at 9.4%; Phase IV at 8.6%; and Phase V at 8.0%.

Mr. Carl asked Mr. Binkerd if he would explain how the customer bills would increase. Mr. Binkerd referenced two charts found in the Water Rate Increase Ordinance detailing customer charges and fire protection charges. He stated that the tiered system that was followed when there was a lot of industry here would be done away with. A bill comparison was then shown. It illustrated the differences between a current bill, a bill in Phase I, and a bill in Phase V. In Phase I, the customer would see a 17% savings. By Phase V, the customer would have only an overall increase of 3%. For customers using 5 CCF, Phase I would result in a 22% increase. Phase V would result in a 55% increase. Mr. Carl added that the IURC process would

take approximately a year. Mr. Binkerd stated that Mr. Carl was correct. The rate increase would not get through the IURC process until September 2023.

Mr. Carl asked if the IURC approves something different, does it have to come back to the City Council for approval. Mr. Binkerd said that if the IURC approves something different, it would not have to come back before the City Council. Mr. Carl said historically everyone would have one large increase. However, the IURC is now opened to a phased in approach. Mr. Binkerd stated that was correct. He believes the IURC sees the state of the economy and now realizes that the customer base cannot take a large hit at once. Mr. Carl asked if statistics from other cities will be presented to the City Council as well. Mrs. Wilson said yes. She has compared 38 cities with a population of 25,000 or more. It won't be until Phase IV, that Marion makes it into the middle of the pack.

The Bond Ordinance shows a higher number of projects. It provides the most flexibility so that way a bond at 2% could be sought. Mr. Binkerd said that a larger bond would allow more projects to be poured into the community. Mr. Jackson said that he was pleased to see that all of the meter sizes were analyzed and presented throughout each phase. He believes this will help the customer base to better understand the reason for the rate increase.

Resolution 5-2022 was presented to the Board. Mr. Conner had looked at the Resolution, recommended Ordinance, and did not see anything out of line. Mr. Binkerd said that Resolution 5-2022 included Exhibit 1 which is the actual Ordinance that will be presented to City Council.

The other Resolution 6-2022 addressed the bond ordinance. The bond ordinances do state that it is for an amount not to exceed \$14 million. The Bond Ordinance that will be presented to the City Council was included as an Exhibit 6-2022.

Mr. Lewis moved, seconded by Mr. Carl, to approve Resolutions 5-2022 and 6-2022. All board members physically present voted aye. Motion carried unanimously.

### **TRANSFERS & PAY REQUESTS**

Mrs. Shrader presented pay request number 15 for the Long Term Control Plan to James Jackson in the amount of \$192,964 which represents 87.9% of contract completion. Mrs. Shrader said that the project was a little behind schedule, but she would discuss that more in her report. Mr. Lewis moved, seconded by Mr. Green, to approve the pay request. All board members physically present voted aye. Motion carried unanimously.

### **LONG TERM CONTROL PLAN CHANGE ORDER**

Mrs. Shrader presented a three part change order. She explained that Part One was due to some concrete poured back in the 1930s was found when the pavement in front of building 103 was torn up. This would have caused a problem if it was left in. The cost was \$4,486. Part Two occurred because as the concrete came out, some of the guys noticed that the ground began to pump and wave. A hole was dug and black soft clay was found. Extra stone was poured in layers along with two different layers of geo fabric. This cost was \$15,484. Part Three covered, a space that was left where there was a gas scrubber that has to be accessed annually. This area was concreted so future problems would not be caused. The price for Part Three was \$6,277. The total change order was \$26,247. Mrs. Shrader said the project was still within 1.1% of the total contract. Engineering said if the costs were within 10-15% then it was still a good

project. Mr. Logan said he was surprised that the change orders have not been more. Mr. Dorsey moved, seconded by Mr. Lewis, to approve the change order. All board members physically present voted aye. Motion carried unanimously.

### **1002 W JEFFRAS AVENUE REQUEST**

Mr. Binkerd presented a request for 1002 W Jeffras Avenue. The customer there experienced an issue which resulted in a bill of \$391. This customer was one that pays for 300 cubic feet but only uses 100 cubic feet. Mr. Binkerd said the bill was adjusted by \$65 under administrative policies. The customer is requesting an adjustment back to the normal bill amount. Mr. Binkerd said there was a similar incident in February, 2019 with a church where their spigot was left on, but they didn't know how. The bill was adjusted back to their average use. Mrs. Erickson asked if doing this twice would create a precedent. Mr. Binkerd said that he believed a precedent was set by doing it for the church in February, 2019. Mr. Binkerd said that this would be a one-time adjustment. Mr. Logan suggested that the Board make a one-time adjustment and make sure that was clear when reporting back. Mr. Lewis moved, seconded by Mr. Green, to approve the request. All board members physically present voted aye. Motion carried unanimously.

### **SENIOR LEADERSHIP REPORTS**

#### **P. Pinkerton, Assistant Director for Engineering & Solid Waste**

Mr. Pinkerton reported for the month of September, Solid Waste averaged 56 tons per day. However, looking at the yearly trends, this year was staying in line with last year. Mr. Pinkerton said perhaps things were starting to level off. Recycling was going well. There's a recycling challenge going on. Employees were trying to get 1,000 people to commit to recycling all of their cardboard over the holidays. Mr. Pinkerton said people could sign up on our website or by contacting Mrs. Humphries.

#### **R. Shrader, Assistant Director for Operations & Maintenance**

Mrs. Shrader stated that the paving across Washington Street had been delayed. There were some change orders, staffing issues, and prioritizing which caused the delay.

#### **C. Binkerd, Utility Director**

Mr. Binkerd reported that budget meeting requests would be coming soon. Mr. Binkerd also reported that Terry Lothamer and Angela Condon, the Utility insurance agents, were retiring. Michelle Bunker was taking over their book of business. Mrs. Bunker was from Insurance Management Group (IMG). Mr. Binkerd said there was great working relationship with Terry and Angela, and he was sure Michelle would take great care of the Utility as well.

### **BOARD MEMBERS' COMMENTS**

Mr. Carl asked when the house on Wabash would be torn down. Mr. Pinkerton said it should be any day. There was a delay due to AEP and CenterPoint disconnecting the electricity and gas.

### **CHAIRMAN'S REMARKS**

Mr. Logan thanked everyone that worked on the rate increase.

The next meeting was scheduled for 5:30 p.m. on Thursday, October 27, 2022.

There being no further business before the Board, Mr. Lewis moved, seconded by Mr. Jackson, to adjourn the meeting. All board members voted aye. Motion carried unanimously.

Meeting adjourned 6:25 p.m.

Robert Logan, Chairman  
Marion Utilities Service Board

ATTEST

A handwritten signature in black ink that reads "Misty D. Humphries". The signature is written in a cursive style and is placed on a light gray rectangular background.

Misty Humphries  
Its Secretary