



Marion Utilities

1540 N Washington St.
Marion, IN 46952
www.marionutilities.com

Service Board

Memo To: All Utility Board Members
From: Bob Logan, Chairman
Date: June 26, 2017
Re: Agenda for June 29, 2017 Utility Board Meeting

Dear Board Member:

This is to inform you of our Board Meeting to be held Thursday, June 29, 2017 at 5:30 p.m. in the conference room of the Marion Utilities Administration Building at 1540 North Washington Street, Marion, Indiana.

The following will be the agenda:

- I. **ROLL CALL**
- II. **INTRODUCTION OF GUESTS**
- III. **APPROVAL OF MINUTES**
 - A. Regular meeting of June 15, 2017
- IV. **OLD BUSINESS**
 - A. Update on Projects – Pinkerton
 - B. Solid Waste Truck Replacement- Pinkerton





Marion Utilities

1540 N Washington St.
Marion, IN 46952
www.marionutilities.com

VII. NEW BUSINESS

- A. Transfers & Pay Requests - Department Managers
- B. SRF Loan Repayment- Pinkerton
- C. High School Water Tank Change Order- Shrader

VIII. MANAGER'S REPORTS

- A. Assistant Director for Engineering & Solid Waste- P. Pinkerton
- B. Assistant Director for Operations- R. Shrader
- C. Utility Director- C. Binkerd

IX. BOARD MEMBERS' COMMENTS

X. CHAIRMAN'S REMARKS

XI. NEXT MEETING

Thursday, July 20, 2017

Robert Logan, Chairman
Marion Utility Service Board

cc: News Media
City Administration/Council
Department Heads





SERVICE BOARD

BOARD MINUTES OF THE JUNE 29, 2017 MEETING

The Marion Utility Service Board held their a meeting on Thursday, June 29, 2017, at 5:30 p.m. in the conference room of the Marion Utilities Administration Building at 1540 North Washington Street, Marion, Indiana.

Those board members present were: Bob Logan, Chairman; Kristy Barney; Adam Binkerd; Doug Carl; Von Jackson; and Herschel Lewis. Bill Dorsey was absent.

Also present at the meeting were: Chuck Binkerd, Director; Pat Pinkerton, Assistant Director for Engineering and Solid Waste; Robin Shrader, Assistant Director for Operations; Mike Conner, Attorney; Misty Humphries, Secretary; and Navar Watson, Chronicle-Tribune.

APPROVAL OF MINUTES

Mr. Adam Binkerd moved, seconded by Mr. Carl, to approve the minutes of the June 15, 2017 meeting. All board members present voted aye. Motion carried unanimously.

UPDATE ON PROJECTS

Mr. Pinkerton reported that Insituform is still working to complete work in the 9th Street area. They plan to have work completed by the 20th. United Surveying will be working on a cured-in-place project in west Marion during the month of August. Mr. Pinkerton reminded the board that Dave's Excavating was awarded the 4th Street storm sewer extension project, but they had not given Mr. Pinkerton a start date. He said it would be within the next 30 days.

SOLID WASTE TRUCK REPLACEMENT

Mr. Pinkerton said that he spoke about a solid waste truck replacement at the last board meeting. HE has spoken with Best Equipment and other dealers to discuss the best option. Mr. Pinkerton summarized that Best is offering to take the two Labrie AutoCars in on trade and provide us with Autocars on freightliner chassis. Our price is \$170,000, but Best would probably come down a bit. Mr. Pinkerton said he had also spoken with other dealers like New Way which is a competitor of Best's. After talking with New Way, Mr. Pinkerton said it would be wise to take the Best's offer as dealers are just not

interested in 2016 trucks. Mr. Logan asked if the new trucks would be 2017s or 2018s. Mr. Chuck Binkerd answered 2018. Mr. Adam Binkerd asked if the trucks were the ones the employees recently tested and drove in the tight areas. Mr. Pinkerton said yes. He explained that there is some difference in the arm placement, but it shouldn't be a big deal. Mr. Pinkerton also added that one of the 2016s is down now, and this is the quickest way to get new trucks here. Mr. Carl asked when the new trucks would be delivered. Mr. Pinkerton said the middle of August or early September.

Mr. Chuck Binkerd said there is a 10 year lease in place on the trucks. In order to make this transaction happen, a new or ancillary agreement with Star would have to be negotiated. In essence, there would be two lease agreements. The amount of the two existing trucks would be removed from the existing lease. This would bring the current payment down from \$230,000 to \$163,213.27. A new lease would be entered into with Star for \$170,000. The purchase price of the new trucks is \$595,000. Best is offering \$410,000 but would probably give us \$420,000 for the current trucks. The deficit of \$170,000 would enfold into the lease bringing the total to \$758,588.07. On a 10 year term the rate would be 4.55%. The current rate is 3.24%. Mr. Chuck Binkerd said this would be the worst case scenario. The new lease payment would be \$95,140.87. The original lease payment would be \$163,213.27. The total annual lease payment would increase from \$230,000 to \$258,354.14. Mr. Chuck Binkerd said as he and Mr. Logan were talking, an option is to absorb the \$170,000 which could be done, but it would place the solid waste utility in a bind. Another option would be to borrow the \$170,000 from the Wastewater Utility which does have the funds. This would mean the additional \$170,000 would not have to be added to the lease. Mr. Chuck Binkerd said he wasn't sure how the board wanted to move forward since he didn't have the final numbers, but there is a need to move forward on the purchase as the trucks are 45 days out. He asked if the board would grant him the authority to negotiate the lease with some restrictions in place. Mr. Carl said the existing lease would be reduced but how. Mr. Chuck Binkerd said the \$590,000 would end up being borrowed again. Mr. Adam Binkerd said either way on \$170,000 would be borrowed from Wastewater resulting in savings only from interest. Mr. Carl asked what the repayment terms on the loan from Wastewater would be. Mr. Chuck Binkerd said it would be a 12 month loan and the board would decide on whether to charge interest or not. Mr. Logan said he would not see why the board would charge interest since the funds would be going from one pocket to another. Mr. Logan would suggest transferring the money, dropping the interest, and saving the interest. The savings will total approximately \$42,000 according to Mr. Adam Binkerd. Mr. Chuck Binkerd said the financial status of the Solid Waste Utility is strong. The cash balance is growing, and the Solid Waste Utility should be able to pay that off within a year. Mr. Chuck Binkerd clarified that statutorily one utility can borrow money from another for only a year. Mr. Lewis clarified that the \$170,000 will come from Wastewater as a loan with no interest and Solid Waste would incur the lease. Mr. Chuck Binkerd said that was correct. Mr. Carl asked if Star would let us substitute the collateral on the original lease. Mr. Chuck Binkerd said no, as Star has said we are too far into the lease. Mr. Lewis moved, seconded by Mr. Adam Binkerd, to purchase two new trucks, to trade in the old trucks, and to enter into a new lease agreement with Star Financial with limits of 10 years at a maximum interest rate

of 4.55% for an additional amount not to exceed \$175,000. All board members present voted aye. Motion carried unanimously.

TRANSFERS & PAY REQUESTS

Mrs. Shrader presented pay request number three to Classic Protective Coatings in the amount of \$373,445. The balance which includes retainage is \$278,349.25. Mr. Logan said the progress was evident. Mr. Carl stated that the logos were being painted yesterday. Mr. Lewis moved, seconded by Mr. Adam Binkerd, to approve the pay request as presented. All board members present voted aye. Motion carried unanimously.

SRF LOAN REPAYMENT

Mr. Pinkerton stated that the SRF can be paid off. The next payment is due on July 1st for the amount of \$384,384.84. The remaining payoff amount will then be \$384,385 plus interest in the amount of \$11,147. Mr. Pinkerton said there was enough money in the Stormwater bond and interest account and the bond reserve account to pay off the remaining \$768,769.84. Mr. Pinkerton said this would save the Utility from paying the \$11,147 in interest. Mr. Pinkerton said he would like to use the bond reserve money to pay off the SRF loan, and allocate the 20% of revenue that has been allocated to the bond reserve account to the equipment reserve account. The 20% would help to build the balance for purchase of equipment in 2018. Mr. Carl asked if there was a pre-payment issue or penalty. Mr. Pinkerton said no. Mr. Lewis moved, seconded by Ms. Barney, to approve the repayment of the SRF loan in full. All board members present voted aye. Motion carried unanimously.

HIGH SCHOOL WATER TANK CHANGE ORDER

Mrs. Shrader said that the work at the high school tank is almost complete. Mrs. Shrader said that she has been very pleased with the vendor. They are a class act. Mrs. Shrader stated that she does have a change order though. The original budget was \$864,100 and included extra funds included for unforeseen repairs so there is a little more money available. However, extra logos were added and resulted in the need for the change order. The City of Marion logo was \$14,120; the Utilities logos were \$9,630, for two Utilities logos; the Marion Community Schools giant was \$5,880; and Indiana Wesleyan's logo was \$6,580. Mrs. Shrader said the total cost of the logos less the extra funds already included resulted in an increase of \$16,245. The vendor has also asked for extension of 10 days due to the weather which is understandable. The date of substantial completion is July 14, 2017. The new total is \$880,345 which is well under the \$1.2 million that was budgeted. Mr. Carl asked if the board was paying for the logos. Mr. Chuck Binkerd said that Marion Community Schools' and Indiana Wesleyan University's logos will not be paid by the board. Mrs. Shrader clarified that the Utilities will pay for all of the logos upfront and then will be reimbursed by Indiana Wesleyan and a private donor for the other logos. Mrs. Shrader also added that the change order includes some electrical work as well as work for chipping and painting. She stated that the actual costs of the logos were shared. Mr. Lewis moved, seconded by Mr. Jackson, to approve the change order. All board members present voted aye. Motion carried unanimously.

MANAGERS' REPORTS

P. Pinkerton, Assistant Director for Engineering & Solid Waste

Mr. Pinkerton had nothing further to report.

R. Shrader, Assistant Director for Operations

Mrs. Shrader reminded the board that two blowers were purchased for the blower project because of the low price. This project is a self- install so we are only paying for the equipment costs. There are some piping needs and it is a custom job because it is a European design. The additional cost is \$58,977 and was not accounted for. The F.O.G. station was significantly lower than the budgeted amount as well and an \$80,000 grant was received as well. The excess funds are just shy of \$187,000 from the F.O.G. station and can cover the costs. Mr. Chuck Binkerd added that both the blower and F.O.G. station projects are in the same budget line. Mrs. Shrader said that the electrical upgrades were budgeted. There were three quotes for the electrical upgrades. J&J quoted \$44,666; Huston Electric quoted \$83,200; and Rex Collins quoted \$52,552. Mrs. Shrader said she would like to move forward with J&J and for the funds to come out of the \$187,000. Mr. Logan noted that there was lots of disparity between Huston Electric's and J&J's quotes. He asked if apples to apples were compared. Mrs. Shrader said she consulted with an electrical engineer from J.W. Simms, and we are comparing apples to apples. Mr. Chuck Binkerd said that management was comfortable with J&J's quotes. Ms. Barney moved, seconded by Mr. Lewis, to approve the quote of J&J. All board members present voted aye. Motion carried unanimously. Mrs. Shrader concluded by stating that the project was a little ahead of schedule. The blowers are set in place and are waiting on the last pieces to be set in place. Mr. Jackson asked if there were going to be any issues since the blowers were of a European design. Mrs. Shrader said that there aren't any other foreseen issues. She also explained that the need electrical work is due to the price of wiring itself along with special equipment that is needed to pull the wire over a distance. Mrs. Shrader said that the utilities don't have the equipment to complete the pulling. She also reported that the F.O.G. receiving station work continues. The drive will soon be finished and things will be ready to go.

C. Binkerd, Utility Director

Mr. Chuck Binkerd reported that State Board of Accounts is finished with the audit. State Board is sending each board member an invitation to the exit conference on Monday. There have been some confirmations of attendance at the exit conference. Mr. Chuck Binkerd thanked the board for their response. Ms. Barney asked if she needed to prepare anything to bring. Mr. Binkerd answered no. Mr. Conner stated that he also received a letter from State Board of Accounts and has responded.

BOARD MEMBER COMMENTS

There were no board comments.

CHAIRMAN'S REMARKS

Mr. Logan thanked everyone for their attendance especially since this was not a normally scheduled meeting. He also wished everyone a happy and safe Fourth of July holiday.

The next meeting is scheduled for July 20th at 5:30 p.m. in the conference room at the Administration Building.

There being no further business before the board, Mr. Lewis moved, seconded by Mr. Jackson, that the meeting be adjourned. All board members present voted aye. Motion carried unanimously.

Meeting adjourned at 6:05 p.m.

Robert Logan, Chairman
Marion Utilities Service Board

ATTEST

Misty Humphries
Its Secretary