



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 12, 2017
Re: Agenda for June 15, 2017 Utility Board Meeting

Dear Board Member:

This is to inform you of our Board Meeting to be held Thursday, June 15, 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 May 18, 2017
- IV. **FINANCIALS**
- V. **OLD BUSINESS**
 - A. Update on Projects – Pinkerton





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VII. NEW BUSINESS

- A. Transfers & Pay Requests - Department Managers
- B. Establishment of Solid Waste Depreciation Account- Pinkerton
- C. Fixed Asset Capitalization Program Update- Binkerd
- D. Candlewood Storm Extension Bid Approval-Pinkerton
- E. Solid Waste Truck Replacement- Pinkerton

VIII. MANAGER'S REPORTS

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

IX. BOARD MEMBERS' COMMENTS

X. CHAIRMAN'S REMARKS

XI. NEXT MEETING

Thursday, July 6, 2017

Robert Logan, Chairman
Marion Utility Service Board

cc: News Media
City Administration/Council
Department Heads





SERVICE BOARD

BOARD MINUTES OF THE JUNE 15, 2017 MEETING

The Marion Utility Service Board held their a meeting on Thursday, June 15, 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; Adam Binkerd; Bill Dorsey; and Von Jackson. Kristen Barney, Doug Carl, and Herschel Lewis were absent.

Also present at the meeting were: Chuck Binkerd, Director; Pat Pinkerton, Assistant Director for Engineering and Solid Waste; Mike Conner, Attorney; Shana Martin, Accounting Specialist; Misty Humphries, Secretary; and Tyler Juranovich, Chronicle-Tribune.

APPROVAL OF MINUTES

Mr. Adam Binkerd moved, seconded by Mr. Jackson, to approve the minutes of the May 18, 2017 meeting. All board members present voted aye. Motion carried unanimously.

FINANCIALS

Mr. Chuck Binkerd interjected that there were some changes to the financials. He explained that State Board of Accounts wanted a petty cash fund to be reflected on the financials. Mr. Chuck Binkerd said that a depreciation account was also added for the Solid Waste Utility. The final changed included the addition of the H2O Community cash funds. H2O Community is the organization that the Utility works with The Salvation Army on for charitable donations that are used to assist those in need with paying their utility bill. The funds are derived from charitable and employee donations only. Although the funds are not utility funds, State Board of Accounts thought the H2O Community funds should be shown on the financials. The line is shown as non-utility funds as the Utility is just a pass through entity for the donations. Mr. Conner recommended approval of the added items. Mr. Dorsey moved, seconded by Mr. Adam Binkerd, to approve the aforementioned changes to the financials. All board members present voted aye. Motion carried unanimously. Mr. Adam Binkerd noted that there was not a petty cash fund in the Solid Waste Utility. Mr. Chuck Binkerd stated that Mr. Adam Binkerd was correct as a Solid Waste petty cash fund has not been established.

Ms. Martin reported that there was a gain in the Wastewater, Stormwater, and Solid Waste Utilities. There was a slight loss in the Water Utility due to an increase in construction and depreciation claims. There were no abnormal transactions to report. Mr. Logan noted that the petty cash accounts show no activity and asked if those were just balance accounts. Ms. Martin said that is correct and the petty cash accounts were not actual cash accounts but balance accounts. Mr. Logan said we probably do it on an imprest basis meaning that there is either \$1,300 in cash or supporting documents and with each claim run the balance is brought back to the \$1,300. Ms. Martin said that was correct. Mr. Chuck Binkerd explained that the Water and Wastewater petty cash funds also include the cash drawers in billing. Ms. Martin added that it includes additional change as well and a better title might be cash on hand. Ms. Martin also explained that the H2O Community account was added in order to make sure that our funds match the City's. Mr. Chuck Binkerd said the Solid Waste Utility depreciation account is there and is established. He said the account needed funding as well. A percentage of the income and allocate it towards the accounts. Mr. Chuck Binkerd recommended allocating 10% of the Solid Waste revenue to the depreciation account, 74.5% to the operations account, and 15.5% to the capital lease fund. Mr. Adam Binkerd moved, seconded by Mr. Dorsey, to approve the financials and to allocate 10% of the Solid Waste income to the depreciation account from the operations account. All board members present voted aye. Motion carried unanimously.

UPDATE ON PROJECTS

Mr. Pinkerton reported that Insituform was in town and was getting ready to leave town. They were finishing up the 9th Street lining project. United Survey is getting ready to arrive to line some sewers in the Boots Creek drainage area. He expects them to be in within the next four weeks. Mr. Logan said it was good to hear that projects are going well and the weather has been great for those projects.

TRANSFERS & PAY REQUESTS

Mr. Chuck Binkerd presented the board with a Cash Account Transfer of Funds form. He reminded the board that they had established a minimum balance policy. In looking at the revenues, there is a need to transfer some funds to comply with the new policy. The first transfer presented was a transfer of \$60,000 from the construction account to the operating account in Water. This will bring the operating balance to \$551,280.69 as of the end of May. The second transfer presented was a transfer of \$81,000 from the depreciation account to the operating account in Wastewater bringing the balance to \$500,410.91 as of the end of May. The Stormwater Utility has more cash in the operating account than needs to be there. The balance should be \$162,000. Mr. Chuck Binkerd asked to transfer \$208,000 from the operating account into the depreciation account which would help to fund the purchase of a new street sweeper or other equipment needed in the near future. The Solid Waste Utility's depreciation account was just created and had not been funded in the past. The minimum balance should be \$204,000. Mr. Chuck Binkerd recommended transferring \$225,000 from the operating account to the

depreciation account. Mr. Adam Binkerd asked if the seed money for the depreciation account would stay level at 10% or not. Mr. Chuck Binkerd said it would grow. However, a new trash truck would cost \$300,000+. There is a need to do something with the compactor at the transfer station. Mr. Chuck Binkerd said as those funds accumulate in the depreciation account, we will be better able to plan to meet those needs in the near future.

Mr. Pinkerton presented the first pay request to Insituform Technologies in the amount of \$29,823.65 for the 9th Street project with an additional \$3,300 to be held in retainage. Mr. Chuck Binkerd presented the pay requests for the F.O.G. Station. The first and second pay request came together because of how the board meetings have been scheduled. The first request is \$24,345.97 and the second request is \$25,800. The first & second pay requests for S&K Equipment were presented next. The first pay request was \$450,000 and the second was \$80,000. The next pay request presented was in the amount of \$273,555 for the purchase of the hydro excavator. A pay request to CDM Smith was presented in the amount of \$5,150. It was the first pay request for the water model update. A pay request for monitoring/inspecting the water tower project in the amount of \$10,952.53 and payable to Tank Industry Consultants was presented. The last pay request presented was to Xylem in the amount of \$16,999.50 for the aeration upgrades for the south Wastewater plant. Mr. Chuck Binkerd reminded the board that all items were budgeted. Mr. Adam Binkerd asked if the F.O.G. Station and blower projects were complete. Mr. Chuck Binkerd said no, they were just getting started. Mr. Adam Binkerd moved, seconded by Mr. Dorsey, to approve the pay requests and transfers as presented. All board members present voted aye. Motion carried unanimously.

ESTABLISHMENT OF SOLID WASTE DEPRECIATION ACCOUNT

Mr. Logan stated that this item was presented earlier and moved to the next item.

FIXED ASSET CAPITALIZATION PROGRAM UPDATE

Mr. Chuck Binkerd explained that the Fixed Asset Capitalization Program was first developed in December, 2010. He explained that State Board of Accounts is looking at board policies and some items need updated. Mainly, the issue is with the terms of depreciation, how many years assets will be depreciated over, and the method of depreciation used. There are a few changes made. For example on Page 5 section 4 referenced a biannual inventory. The language has been changed to an annual inventory. Section 5 now includes language stating that the Director will review the updated inventory annually and certify its accuracy. Page 4 section 3 talks about asset transfers and dispositions. Originally the document said that a capital asset notification form would be completed. The new language states that an Asset Informational Worksheet will be completed. Mr. Chuck Binkerd said that these are very minor changes, but they are keeping with what is being done. Mr. Jackson asked what information was recorded on the Asset Informational Worksheet. Mrs. Humphries explained that the Asset Informational Worksheet was housed on the public drive and was accessible to all administrative staff. When a capital asset is purchased or disposed of, the administrative staff records the asset, the

purchase or selling price, and the date. This is done throughout the year to ensure accurate records and to ease year end reporting. On Page 6, the first paragraph is changed from language referencing a specific database to approved method. The depreciation method was changed to 2% for infrastructure and all other capital assets be depreciated using the straight-line depreciation. The third paragraph states a gain or loss for capital assets relating to items depreciated by the straight line method will be recorded. Upon reviewing the list of different capital assets and its associated useful life, Mr. Logan asked if a useful life of 10 years for office equipment such as computers was realistic. Mr. Chuck Binkerd said that the category office equipment covers a lot of items. He is not opposed to changing the useful life from 10 years to 5 years for office equipment and computer hardware. Mr. Adam Binkerd asked if there were specific criteria for determining whether an asset was infrastructure or not. Mr. Chuck Binkerd said Ms. Martin and the auditor came up with the rationale for determining whether an item was infrastructure or not. Mr. Chuck Binkerd said he would follow up with Mr. Adam Binkerd. Mr. Adam Binkerd moved, seconded by Mr. Dorsey, to approve the Fixed Asset Capitalization Program updates subject to the changes discussed. All board members present voted aye. Motion carried unanimously.

CANDLEWOOD STORM EXTENSION BID APPROVAL

Mr. Pinkerton stated that the Candlewood is a short project he would like to complete as the City is going to pave in the area and Mr. Pinkerton would prefer to put the storm sewer in before they pave. This project consists of 308 feet of 8" SDR 35 PVC. Candlewood is located on Quarry Road just north of Andrew Manor. Mr. Pinkerton said that Keith Sullivan was the low quote at \$20,770.95; Dick Bragg quoted \$22,047.84; and Dave's Excavating quoted \$27,485.80. Mr. Dorsey moved, seconded by Mr. Jackson, to approve the low quote of \$20,770.95 submitted by Keith Sullivan. All board members present voted aye. Motion carried unanimously.

SOLID WASTE TRUCK REPLACEMENT

Mr. Pinkerton said he would not have a recommendation for the board on this tonight but did want to make them aware of some issues. He explained that for over a year there had been some reliability issues on the two solid waste trucks- the new Labrie auto body Auto Car chassis and the automated side loaders. The problems have been related to hydraulics. They were under warranty until just recently. Staff has had to deal with down time but additional expenses have not been incurred. Mr. Pinkerton said that management has been working with Best Equipment on this issue. Labrie has offered to replace the hydraulics. However, Labrie can't tell us what went wrong in the first place which causes him to wonder if Labrie will be fixing the problem or prolonging it. Mr. Pinkerton said if we wait too much longer, the trade in value on the trucks will be lost. Best Equipment has provided a quote on two brand new Labrie bodies on Freightliner chassis. Mr. Pinkerton said that Labrie is a good body and he was not scared of that, and the Labrie on the Freightliner chassis would be a better proven combination. The difference would be that the truck would be bigger and would not be rear eject. The trucks would tip in order to dump. It seems as though the rear eject models have faced issues whereas the tip models have not. The quote on the difference of changing out both bodies is \$170,000. Mr. Pinkerton said the Utility

would be better off because the trucks are 31 cubic feet instead of 26 feet. Best Equipment brought a truck up today for all of the drivers to test out and drive around. There was some concern with the size and the ability to go down some of the narrower streets initially, but the test drive proved there were no issues. Mr. Pinkerton continued by stating that the good news is that Labrie and Best stand behind their trucks and are willing to work with us. Mr. Logan said the board would be trading in the trucks and getting two new 2018 trucks on Freightliner chassis for \$170,000. Mr. Adam Binkerd asked what the cost would be to have the hydraulics replaced. Mr. Pinkerton said none. Mr. Chuck Binkerd added that there would be other costs associated with that option such as rental trucks because the Labrie trucks would have to be sent to Canada to be refitted. Mr. Chuck Binkerd said this is an issue where the homework was done up front. The trucks were ordered as a special order so it was different from the norm. Later it was realized the floor could be lowered and will allow the tip trucks to dump without issue. Mr. Adam Binkerd asked where the money would come from. Mr. Chuck Binkerd said he was in contact with Star Financial Bank, the leaseholder, and would have more information on that at the next board meeting.

MANAGERS' REPORTS

P. Pinkerton, Assistant Director for Engineering & Solid Waste

Mr. Pinkerton said that the guys have been through the entire City the first time with the street sweepers. On average, there is more tonnage is coming in. He said crews are seeing 5-7 tons per day. There was one day, where 63 tons was hauled to the landfill. Last year, 30-35 tons per day were hauled. Mr. Pinkerton also reported that IDEM was in to do the 5 year CSO audit earlier today. They toured the plant, looked at the seven CSOs, and went through the plan. Mr. Pinkerton said a letter would be received in a few weeks suggesting a few changes but nothing major. Mr. Dorsey asked what items were found. Mr. Pinkerton they looked for signage. He commented that there will have to be some two faced signs up as the signs have to be able to be read from the river not just when you walk up to the river. Mr. Pinkerton said he was okay with that comment if it was the only change needed.

C. Binkerd, Utility Director

Mr. Chuck Binkerd presented the board with some pictures of the water tower. The pictures depicted how the graphics will be laid out on the tank. He reported that the project was going well and was scheduled to be completed before the end of July. The sand blasting is all done and it is just a matter of painting now. Mr. Chuck Binkerd told the board that they might see people out cleaning and maintaining fire hydrants in the near future. He explained that a piece of equipment was purchased that goes over the nut and scrubs it. This will remove some layers of old paint so the new paint will stick. All of the hydrants will be painted yellow. Currently, the different colors of paint indicate differently sized lines. The hydrants will be tagged to aid with changed in training and fading memories. Mr. Chuck Binkerd closed by reporting on Community Day which was held last Saturday. There were approximately 250-300 people who took part. There was great food and a lot people that took part in the day. Pictures are on the website and Facebook. The park was nice and people enjoyed themselves. Mr. Chuck Binkerd thanked the board for providing that event for our community. Out of 71 employees, there were about

30 or a little over 30 employees volunteer their time. Mr. Chuck Binkerd said he appreciates those who look at this as an opportunity to serve and not just a job.

BOARD MEMBER COMMENTS

There were no board comments.

CHAIRMAN'S REMARKS

Mr. Logan said he saw The Herald Bulletin's headline about Community Day. He looked at the article and it was well written. Mr. Logan said it is always nice to have great publicity.

The next meeting is scheduled for July 6th which is the week of the 4th of July holiday. Mr. Chuck Binkerd said there are some conflicts coming up and wondered if it was possible to have a meeting on the 6th. Mr. Logan proposed a meeting the Thursday before the 4th which is June 29th. Mr. Dorsey moved, seconded by Mr. Adam Binkerd, to meet on Thursday, June 29th instead of Thursday, July 6th. All board members present voted aye. Motion carried unanimously.

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

Meeting adjourned at 6:25 p.m.

Robert Logan, Chairman
Marion Utilities Service Board

ATTEST

Misty Humphries
Its Secretary