

MEETING OF THE SEWER BOARD OF THE CIVIL CITY OF NEW ALBANY, INDIANA, WILL BE HELD IN THE THIRD FLOOR ASSEMBLY ROOM OF THE CITY-COUNTY BUILDING ON THURSDAY, January 28, 2010 AT 9:00 A.M.

PRESENT: Mr. Harbison, Mr. Wilkinson, Mr. Brinkworth, Mr. Dixon, Mr. Marinaro, Mr. Sartell, Mr. Crawford Ms. Welsh, Mr. Fifer and Ms. Milburn

CALL TO ORDER:

Mr. Harbison called the meeting to order at 9:07 a.m.

Mr. Harbison stated that the first order of business would be to approve the contract for Mr. Fifer as the Sewer Board attorney

Mr. Wilkinson moved to approve Mr. Fifer as the board attorney, Mr. Brinkworth second all voted in favor

PLEDGE OF ALLEGIANCE:

APPROVAL OR CORRECTION OF THE FOLLOWING MINUTES:

Mr. Brinkworth moved to approve the January 14th regular meeting minutes, Mr. Wilkinson second all voted in favor

BIDS:

COMMUNICATIONS - PUBLIC:

COMMUNICATIONS - CITY OFFICIALS

Mr. Marinaro stated that he handed out a performance acknowledgement agreement and explained that it was part of EMC's contract to fulfill this obligation and if they did they got a bonus of \$100,000.00. He stated that they are not asking for that bonus at this time but they wanted it to be presented to the board for acknowledgement that it was completed and explained that they should receive this money in the future. He stated that he had a ban waiver request for Chester Cover Apartments and he wanted to get the board's approval and Rogers's signature on the letter.

Mr. Brinkworth asked what the amount was and if they have a plan on it.

Mr. Marinaro stated that it is 4,650 gallon and explained that they have already allocated the credits but this is just the first step to obtain them from IDEM,

SEWER ADJUSTMENTS:

Ms Welsh presented the following adjustments:

Precision Property Management in the amount of \$1,789.20 for a main water line leak underground. She explained that it affected four billing periods but they have the proper repair documentation and they have gone back to normal usage.

Mr. Brinkworth moved to approve, Mr. Wilkinson second, all voted in favor

Mark Eagle in the amount \$1,491.28. She explained that they were on the summer

watering program so that adjustment is considerably less than what it could be.

Mr. Brinkworth stated that he is concerned that he has a plastic pipe and this could happen again and possibly every winter and while it isn't costing them anything maybe they could include in the adjustment letter that they won't entertain this type of adjustment again until the issues is addressed

Ms. Welsh stated that they have established that he has one adjustment this year and if he has another one they will not entertain it.

Mr. Brinkworth moved to approve with the stipulation that he fix the problem, Mr. Wilkinson second, all voted in favor

Ms. Welsh stated that she wanted to bring to their attention and get their agreement on some terms for the summer watering program. She stated that last year they had summer watering for six months and they would like to take it back to May or June through August because they lost a lot of revenue. She stated that the only issue they would have is in May when a lot of people fill their pools and if they start in May they won't have to manually do all of those adjustments.

Mr. Brinkworth asked what the reading dates were

Ms. Welsh explained that they are cut off towards the end of the month but it depends on when IN-AWC reads the meters.

Mr. Brinkworth stated that if they say May they are picking up part of April and cutting off before the end of August so they would need to clarify that.

There was a lengthy discussion with regard to when the water is billed and what months the summer water program would include.

Mr. Brinkworth moved to cut back the summer watering to use June – September billings, Mr. Wilkinson second, all voted in favor

Ms. Welsh stated that they are continuing to filing liens but because of the 90 day requirement the amount has increased since the last time to \$613,726.55. She explained that they were looking at Boycemail print their bills instead of doing them in house but they are no longer thinking of that as an option and they will continue to print in house unless the City comes to some arrangement with L&D Mailmaster, which Mr. Malysz is currently negotiating. She explained that she included a let from Stemwood explaining that there was an error on their part with the numbers that were reported to EMC and that has been brought to the attention of Mr. Sikes and the adjustment as been made.

NEW BUSINESS:

John Scott, Crowe Horwath stated that they were hired to put together a rate study and look at the money that is coming in and the money that is needed to operate the city sewers. He went through the preliminary rate report with the board including the historical cash flow for the city, debt and cash balances that the city currently has, as well as bond ordinances that need to be abided by, said report is on file with the City Clerk's office. He stated that the bottom line is that they need more money coming into the city to operate and they are in a pretty serious situation and they are out of options because they can't go to the bond market or drop EDIT pledges He recommended passing this on to the City Council for review and to move forward to put this into an ordinance.

Mr. Brinkworth asked if they could collect their EDIT funds for 2010 to put a band aid on the funds that they aren't collection to get that off of their plate and then pay on all the other people with the income that they get.

Mr. Scott stated that he doesn't know if the funds are available to do this but they can. He explained that the first thing they need to do is make a transfer to the bond and interest fund to get the sinking funds where they are supposed to be.

Mr. Brinkworth asked if the rates that they are using for individuals were the whole income from the sewer users.

Mr. Scott stated that it was and it is detailed on page 27 of the report and this is an increase across the board.

Mr. Brinkworth stated that they are going to have to take a serious look at all their capital improvement projects before they move forward and while they can't cut them completely out they need to catch up and get a rate increase going.

Mr. Scott explained that he would agree with that because the first wave of dollars that come in would need to go towards the operating funds and there would have to be a recovery period from the state that they are in. He stated that at least there is a solution to the problem but because of the financial situation the solutions were narrowed down pretty quickly.

Mr. Wilkinson stated that the carryover from 2008 was a negative start and without looking back it is evident that just covering the operations and bonds the money is gone and they don't have a choice but to increase rates. He stated that the concern that everyone is going to have is of course the increase and the hardship it will put on the citizens.

Mr. Scott stated that when they talked to SRF they were told that their hardship cases would be to say that someone using over 4,000 gallons per month would be paying over \$65/month. With their estimations 4,000 gallons would be at \$43/month so they don't even meet the hardship criteria for SRF and wouldn't be able to get any grants. He stated that on the outside city they are getting closer to the \$65 but they are still not at that amount. He explained that is not to say that SRF won't help at all because they do understand the situation they are in but they also have a considerable amount of debt that is not SRF debt and if there are bond holders out there that find out about this they may call and start asking questions and taking action against the city.

Mr. Wilkinson stated that the previous method of phasing in an increase did not work and then the requests for the increase were cut way back. He explained that they don't have room to phase in and they will have to do the 70% increase.

Mr. Scott stated that they are going to have to show the bond market that they are fixing the problem or they may start calling in these bonds and the same thing with the debt service fund which could be called in. He explained that they will also have to show SRF that they are moving forward as well and if SRF came up with some help it would be a gift because they are not in their hardship range and at this point and he doesn't see that happening.

Mr. Brinkworth stated that they need to have a work session with the City Council and asked if Mr. Scott would be available to attend that.

Mr. Fifer asked if the rate increase as proposed was fully implemented as soon as possible what would that mean for restructuring the debt in today's market.

Mr. Scott explained that their 2006 bonds are at 3.95% across the board and they will not get any better than that and this is SRF debt. He stated that the 2006 bonds go from 4% up to 5% and again they won't get anything better than that number. He explained that the same is true for 2003. He stated that they could not hope to do any better on any of these so they would want to keep what they have and move forward and not reissue or restructure. He stated that they would have no possibility of getting new bonds issues right now and explained that they last time they had a Triple B rating which is one step above a junk bond and they have not done anything since that time to be upgrade. He stated that have about \$5M of debts service that is backed by what they would consider to be bad assured bonds and they would have to get about \$5M to put into their debt services before SRF would approve them to go out and issue new bonds.

OLD BUSINESS:

Item #1 - Clark Dietz Update

Item #2 - Donahue Update

Mr. Elling stated that everything is completed on 15th with the acceptance of one spot repair so that project will be closing out. He explained that the asphalt wedge was installed along the tracks but there was some miscommunication with the contractor and the paving was done and he is asking for consideration for the change order and explained that this is one of the better contractors that he has worked with. He stated that Pace has \$500,000.00 of outstanding bills and he would ask for the board's consideration on this balance. He went over change order #3 in the amount of \$7680 and the pay request. (Paul the recorder cut you off here so please feel free to make changes)

Mr. Brinkworth stated that he has a second option which is to pay him the lower amount of \$5500.00 now and consider the balance of it as they go along.

Mr. Brinkworth moved to approve the \$5500 change order with consideration to pay the balance at a future date, Mr. Wilkinson second, all voted in favor.

CLAIMS

Mr. Marinaro presented the following claims for the board's approval:

VENDOR	INVOICE DATE	ITEM	INVOICE	COST (\$)
IDEM	1/8/2010	IDEM NPDES Charges for WWTP	115120	11,500
Aqua Utilities Services	12/31/2009	Emerg. San. Sewer Repair 1501 E.	592	24,941.85
Donohue & Associates	1/19/2010	15th St San & Storm Rehab Project	11673-0	17,459.91
TSI		BASIN 5 SANITARY SEWER REPAIR	COMPLET E	254,633.91
Dan Cristiani	1/12/2010	BASIN 35 INTERCEPTOR PHASE II and III	5184 9	4,000.00 530,268.10
Pace Contractors		15th STREET SANITARY SEWER REPAIRS PHASE I & II	1563	43,965.65 835,347.35

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SUB TOTAL	90,367.41	1,620,249.36
		1,667,215.0

Mr. Brinkworth moved to approve, Mr. Wilkinson second, all voted in favor

ADJOURN:

There being no further business before the board, the meeting adjourned at 10:11 a.m.

Roger Harbison, President

Mindy Milburn, Deputy City Clerk