

THE SEWER BOARD MEETING OF THE CIVIL CITY OF NEW ALBANY, INDIANA, WILL BE HELD IN THE THIRD FLOOR ASSEMBLY ROOM OF THE CITY-COUNTY BUILDING ON THURSDAY, SEPTEMBER 8, 2016 AT 9:15 A.M.

PRESENT: Ed Wilkinson, member, Nathan Grimes, member and Mayor Gahan, president.

ALSO PRESENT: April Dickey, Linda Moeller, Rob Sartell, Shane Gibson, Scott Blair, Larry Summers and Vicki Glotzbach

CALL TO ORDER:

Mayor Gahan called the meeting to order at 9:15 a.m.

PLEDGE OF ALLEGIANCE:

APPROVAL OR CORRECTION OF THE FOLLOWING MINUTES:

Mr. Wilkinson moved to approve the August 25, 2016 Regular Meeting Minutes with corrections, Mr. Grimes second, all voted in favor.

BIDS/CONTRACTS:

COMMUNICATIONS - PUBLIC:

Mr. Casey DeYoung stated that he would like to present a variance request for Kroger on State Street to allow three PSCs to utilize the six inch private sewer. He presented an email and drawings that he reviewed with the board. He explained that Kroger is expanding and he is proposing that half of the store be served off of Green Valley Road and the other half be served on State Street through a private manhole at the State Street entrance. He also explained that the new fuel kiosk will have a restroom and the old one didn't so that will be served by a PSC going to that private manhole as well. He said the concern is that there is a four inch line running from Penn Station to the private manhole and from the manhole there is a six inch line that goes out to connect to the city's sewer system. He also said that in order for that private sewer to be used by multiple users it is supposed to be eight inches unless a variance is granted by this board to allow the use of these three property service connections through the one six inch line. He stated that the capacity of a six inch line is well over what they will be utilizing. He said that an average Kroger uses about 5,000 gallons per day and with the marketplace it will be a little more than that but conservatively it will be 5,000 gallons per day.

Mr. Sartell stated that per our ordinance anytime you have multiple users tapping into a manhole and going to a main, it has to be an eight inch line from that manhole going into the next manhole. He also stated that the flows are fine and shouldn't be a problem but Mr. DeYoung has to have a variance from the board in order to move forward.

Mr. Wilkinson asked if it has been running off of a six inch line for a number of years.

Mr. Sartell stated that is correct.

Mr. Wilkinson explained that it is on private property and wanted to make sure that he understands that it is not the city's responsibility for maintenance should a problem arise and that it will be at his expense.

Mr. DeYoung said that was stated in the email that he received from Mr. Scott

Wilkinson.

Mr. Wilkinson stated that the flow and volume is not an issue at all.

Mr. Grimes asked if the only flow they will have is from the fuel kiosk restroom.

Mr. DeYoung stated there will also be a little bit of flow from Kroger but it is insignificant compared to the capacity of a six inch line.

Mr. Sartell stated that it has not been a maintenance issue in the past so he doesn't anticipate any problems moving forward.

Mr. Wilkinson moved to approve the variance request by Kroger subject to the understanding that it is on their property and would be their maintenance issue, Mr. Grimes second, all voted in favor.

COMMUNICATIONS - CITY OFFICIALS:

Mr. Scott Blair stated that he has been on the city council for the last five years and follows the financials for the sewer closely and he has noticed a negative trend in the past few years that he feels needs to be addressed. He then passed out a high level financial history of the sewer utility that he put together for the board to review. He explained that when you look back from 2011 to June 30th of this year you can see a significant decline in revenues. He said that last year we were at \$14.25M in revenues and in 2014 we were at \$15.2M and what is especially discerning to him is the decrease in fees. He stated that when you look at 2015 versus 2014 we took in \$900,000.00 less in fees in 2015 than we did in 2014. He also stated that if you analyze what we have done through June of this year, we are down \$1.1M in fees and he thinks it is an early warning sign that needs to be addressed and reverse it. He said that the first thing we need to understand is why we are taking in less fees than previously. He then stated that other piece of it is expenses which are unfortunately going the wrong way and when you look at 2015 we had \$15.5M in expenses. He realizes that some of that is capital projects but expenses continue to go up and obviously it is not a good trend if you see revenue coming down and expenses going up. He said that last year we had \$1.3M less in revenues versus expenses. He said that if you look at the swing from 2014 to 2015 in cash flow that is a \$3M swing in one year in cash flow. He also said that in the cash balance line you can see that at the end of December 2014, we had \$9.7M in our cash account and as of June of this year it is down to \$7.5M. He saw in the report that Mr. Wilkinson presented to the city council that there was an estimate of \$7M for projects planned and asked if we are going to have the funding to do the projects without going out and bringing more people onto our sewer system or doing a rate increase and so forth. He said that we don't understand the financial situation and need to take corrective action now to make sure we will be sustainable in the future. He said that when you look at the budgeted amounts and what we have actually spent, there are some huge variances there such as telephone expenses that were \$139,000.00 more than budgeted. He said that we need to understand why revenue is going down, why we are spending more in certain line items, create a realistic budget and adhere to it, create a five year projection and calculate an operating expense run ratio. He added that right now we have operating expenses and capital expenses mixed together and they need to be separated to know how much we truly have left for capital expenses. He then said that Mr. McCormick indicated to him that Mayor Gahan wanted him to go through his administration to get financial information so he requested to work with the CPA to get information to better understand the sewer financials.

Mayor Gahan asked if he is present on behalf of the city council or his bank.

Mr. Blair replied on behalf of Scott Blair, city council member.

Mayor Gahan asked if was representing his bank.

Mr. Blair replied no.

Mayor Gahan said that he just wanted to make sure that we are clear on that. He then said that the administration will get the information that he needs and thanked him for coming in.

Mr. Blair asked what the timeframe would be.

Mr. Gibson stated that he is fine with working with Mr. Blair and Mr. McCormick in that fashion.

Mayor Gahan stated that he doesn't know why he would think otherwise.

SEWER ADJUSTMENTS:

Mrs. Dickey presented an adjustment request for Elizabeth Herbert in the amount of \$1,865.33 for a leak that occurred at the meter connection on the customer's side. She explained that the water went into the yard and the leak was repaired by Robert Beard. Supporting documents are attached.

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

FINANCIAL REPORT:

Mr. Wilkinson explained that we had a good month on revenue because several new projects are starting and we had almost \$150,000.00 in tap in fees. He said that cash flow is running very close to budgeted numbers. He also said that we finished up two major construction jobs that were carried over from last year and two new jobs are starting. He added that it was a good month cash flow wise and construction projects are all currently funded from bank reserves.

NEW BUSINESS:

1. Rob Sartell re: Supplemental Agreement No. 3 with United Consulting

Mr. Sartell stated that this resulted from MAC failing to meet their adjusted schedule which forced some expenses onto the project for maintenance and inspection. He said it is for an additional \$44,000.00.

Mr. Grimes asked if MAC took twice as long to do the job.

Mr. Sartell stated that they asked for an extension which he gave them and that extension ended on April 3rd and they didn't get done until almost the end of May.

Mr. Gibson stated that he put them on notice.

Mr. Grimes asked if there were overall construction problems with the job.

Mr. Gibson stated that they had coordination issues more than anything that caused delays.

Mr. Wilkinson stated that they had a couple of occasions where they took off from our site to work on other jobs.

Mr. Grimes stated that it was their issues then and not ours.

Mr. Gibson replied yes and stated that he put them on notice because of our concern that we've got an extra bill and that the contract permits us to seek appropriate damages. He said that he sent a letter to them and he received a letter from their attorney who is going to reach back out to him within the next couple of weeks.

Mr. Sartell stated that he is still waiting on affidavits.

Mr. Wilkinson asked if this is a request for authorization for the \$44,000.00 change in the contract.

Mr. Sartell replied yes.

Mr. Grimes stated that he doesn't see that we have a choice.

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

2. Don Williams re: Request adjustments on property at 723 Lincoln Street

Ms. Margaret Emery stated that she worked with Mr. Williams to analyze a situation that happened on a property that he owns. She explained that the property was next door to his residence and he had purchased it for his stepson. She said that there was a water leak and the stepson had paid the large water bills but let the wastewater bills accumulate until they became attached to the property which was unbeknownst to Mr. Williams. She stated that this property had been sold at a sheriff's sale and she came into his business to look at his financial structure and saw this one particular issue and encouraged him to get the property back and to try to file the sewage adjustment because it was a valid leak. She did an analysis from January, 2010 to October, 2013 and the sewage bill accumulated to \$7,123.00 with penalties of approximately \$656.00. She said that when she looked at what the regular bill was she determined that he had overpaid about \$5,900.00 which was attached to the property taxes. She said that he has paid all of the fees up so she encouraged him to try to do the adjustment. She also said that they sent all of the information in on September 3, 2015.

Mr. Don Williams explained that the leak was not able to be seen because the property next door was grown up and had been that way for three or four years. He said that the water leaked onto that property and couldn't be seen.

Mr. Gibson stated that they just set a policy of six months for adjustments.

Ms. Emery stated that the circumstances were that Mr. William's wife was severely ill and passed during this period and he also had severe back issues and had to take off work to have surgery. She added that he paid all of the fees and penalties and she feels that it would be appropriate for the city to grant the adjustment. She also added that Mr. Williams was not receiving the bills because he was the landlord.

Mr. Wilkinson asked if this property is a rental now.

Mr. Williams replied no.

Mr. Wilkinson explained that there is a process in place that the owner can be notified if a bill has not been paid so that issue is addressed.

Ms. Emery asked if that is something new.

Mr. Wilkinson replied no. He then explained that there are lots of sheriff's sale properties that are extremely advantageous price wise and the purpose of that is to get properties back into an earning capacity but you have to check all of the filings against them. He also explained that they do have requests that put them into pretty tight spots and some unfortunate spots but they do have a timeframe for filing a request and he feels that they are going to have to stick to that timeframe.

Ms. Emery asked if the filing timeframe is six months.

Mr. Wilkinson replied yes.

Mr. Williams stated that he was in the sewer billing office several times and was never told that.

Mrs. Dickey stated that they were working on the policy at the time and she brought the request to the board for them to review but ultimately it didn't meet the criteria.

Ms. Emery stated that they were never told that it couldn't be done. She added that it is just such a large sum plus the fact that on the sheriff's sale there quite a lot of fees.

Mr. Gibson stated that all this board controls are the sewer liens and once it goes to sheriff's sale it goes through a whole process of fees that are attached.

Ms. Emery said that she was just saying that to get the property there were a lot of expenses to be paid.

Mr. Grimes stated that this is two years old since it was filed and that's why the policy was put in place because this is not the only old adjustment request they have received.

Ms. Emery stated that these were paid bills for a service that wasn't used and she feels there is a legal issue because six months is a short timeframe. She suggested that the board try to lengthen that because sometimes by the time you realize what is happening it is too late.

OLD BUSINESS:

1. Wes Christmas re: Clark Dietz Update

Mr. Christmas stated that Grant Line Road Lift Station Project is beginning this month and he received notification that they are mobilizing some equipment and doing some staging work this week with the intent to begin work next week. He said he is in the process of forwarding Mr. Sartell a renewal application for the plant's NPDES permit which is a requirement to discharge. He also said that he has a draft on his desk to review and get ready to send out for the completion of the capacity certification for Ragains Apartments. He added that they paid their fees and he has completed it but he just needs to review it and then send it off to EPA.

UTILITY REPORT:

Mr. Sartell stated that Fifth Street and Elm Street should be wrapping up in the next day or two. He said that it was a good call to get that brick sewer lined because it started collapsing last week.

CLAIMS:

Mrs. Moeller presented the following claims for the period of 08/25/16 to 09/07/16 in the amount of \$828,587.83:

Vendor Name	Amount	Departm
OFFICE SUPPLY COMPANY, INC	116.12	SEW
FLOYD COUNTY RECORDER	550.00	SEW
FLOYD COUNTY RECORDER	550.00	SEW
FLOYD COUNTY RECORDER	550.00	SEW
FLOYD COUNTY RECORDER	550.00	SEW
FLOYD COUNTY RECORDER	550.00	SEW
FLOYD COUNTY RECORDER	550.00	SEW
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FLOYD COUNTY RECORDER	600.00	SEW
FLOYD COUNTY RECORDER	600.00	SEW
FLOYD COUNTY RECORDER	600.00	SEW
FLOYD COUNTY RECORDER	600.00	SEW
L&D MAILMASTERS, INC.	1,350.13	SEW
L&D MAILMASTERS, INC.	712.26	SEW
CROWN SERVICES INC	120.00	SEW

CROWN SERVICES INC	165.00	SEW
CAUDILL, DAVID	70.50	SEW
SNYDER, ERIN	788.80	SEW
Total	15,869.66	
ACE HARDWARE	6.00	WWTP
ACE HARDWARE	7.07	WWTP
ACE HARDWARE	7.70	WWTP
ACE HARDWARE	17.00	WWTP
ACE HARDWARE	11.10	WWTP
ACE HARDWARE	18.00	WWTP
ACE HARDWARE	22.00	WWTP
ACE HARDWARE	18.10	WWTP
ACE HARDWARE	5.28	WWTP
ACE HARDWARE	21.20	WWTP
ACE HARDWARE	31.30	WWTP
ACE HARDWARE	32.11	WWTP
ACE HARDWARE	116.02	WWTP
ACE HARDWARE	6.17	WWTP
ACE HARDWARE	17.77	WWTP
KLEIN BROTHERS SAFE & LOCK	1,132.77	WWTP
BLACK DIAMOND	65.00	WWTP
BLACK DIAMOND	15.00	WWTP
RETAILERS SUPPLY	100.00	WWTP
LEE SUPPLY CORP.	217.07	WWTP
SAF-TI-CO., INC.	362.50	WWTP
QUILL	32.00	WWTP
QUILL	62.07	WWTP
QUILL	127.78	WWTP

QUILL	04 02	WWTP
CINTAS #302	55 22	WWTP
CINTAS #302	200 74	WWTP
CINTAS #302	200 74	WWTP
CLARK-DIETZ	7 286 00	WWTP
CLARK-DIETZ	4 225 00	WWTP
CLARK-DIETZ	11,995.00	WWTP
PEYTON'S BARRICADE & SIGN CO	217 00	WWTP
EARTH FIRST	143 26	WWTP
EARTH FIRST	642 17	WWTP
EARTH FIRST	156 67	WWTP
RED WINGS SHOE STORE	100 00	WWTP
UHL TRUCK SALES	241 22	WWTP
CUES INC.	126 11	WWTP
DEAN, TERRY	45 00	WWTP
DEAN, TERRY	26 00	WWTP
GRAINGER	1 125 40	WWTP
GRAINGER	1 700 28	WWTP
USA BLUE BOOK	420 45	WWTP
USA BLUE BOOK	628 00	WWTP
SIMPLEXGRINNELL LP	50 00	WWTP
S & M PRECAST	222 80	WWTP
S & M PRECAST	410 20	WWTP
S & M PRECAST	741 50	WWTP
BIOCHEM, INC.	2 862 22	WWTP
STANTEC CONSULTING SERVICES	2 282 22	WWTP
SOUTH'S CLEANING SERVICE	1 000 00	WWTP
SOUTH'S CLEANING SERVICE	1 000 00	WWTP
EYE-TRONICS	2 028 20	WWTP

EYE-TRONICS	172.10	WWTP
EYE-TRONICS	222.15	WWTP
EYE-TRONICS	7,721.21	WWTP
OFFICE DEPOT	85.10	WWTP
OFFICE DEPOT	21.00	WWTP
HOME DEPOT	21.78	WWTP
HOME DEPOT	105.21	WWTP
HOME DEPOT	16.16	WWTP
HOME DEPOT	113.76	WWTP
PRO4MANCE CONTRACTING SERVICES	2,511.20	WWTP
ERNST CONCRETE	222.00	WWTP
ERNST CONCRETE	267.00	WWTP
TEMPLE & TEMPLE EXCAVATING	111,091.50	WWTP
JACOBI OIL SERVICE, INC.	262.10	WWTP
NCL OF WISCONSIN INC	1,112.18	WWTP
NCL OF WISCONSIN INC	101.17	WWTP
NCL OF WISCONSIN INC	100.68	WWTP
NCL OF WISCONSIN INC	517.15	WWTP
NCL OF WISCONSIN INC	51.27	WWTP
NCL OF WISCONSIN INC	616.78	WWTP
NCL OF WISCONSIN INC	180.86	WWTP
RELINE AMERICA, INC	1,181.12	WWTP
GSM FILTRATION INC	1,616.17	WWTP
MOTION INDUSTRIES	50.20	WWTP
IDEXX DISTRIBUTION, INC	128.67	WWTP
SARTELL, ROBERT	00.00	WWTP
SARTELL, ROBERT	128.22	WWTP
SARTELL, ROBERT	106.00	WWTP
CHLORINATION CO. INC	1,262.01	WWTP

M & D AUTO BODY REPAIR	2,621.77	WWTP
APPLEGATE FIFER PULLIAM- WIRE	102.00	WWTP
BIG G SUPPLY	252.02	WWTP
ELEMENT MATERIALS TECHNOLOGY	56.70	WWTP
ELEMENT MATERIALS TECHNOLOGY	150.70	WWTP
ELEMENT MATERIALS TECHNOLOGY	221.22	WWTP
ELEMENT MATERIALS TECHNOLOGY	102.10	WWTP
ELEMENT MATERIALS TECHNOLOGY	170.20	WWTP
NAPA OF NEW ALBANY	103.06	WWTP
NAPA OF NEW ALBANY	22.76	WWTP
PENN VALLEY PUMP INC	1,217.25	WWTP
RS LINING SYSTEM LLC	2,606.00	WWTP
RS LINING SYSTEM LLC	00.10	WWTP
TEMPLE & TEMPLE *ESCROW*	12,343.50	WWTP
HERITAGE PETROLEUM, LLC	76.20	WWTP
Total	203,203.98	

INDIANA AMERICAN WATER	20.06	Thursday Utilities
INDIANA AMERICAN WATER	20.06	Thursday Utilities
INDIANA AMERICAN WATER	36.95	Thursday Utilities
INDIANA AMERICAN WATER	20.06	Thursday Utilities
INDIANA AMERICAN WATER	20.06	Thursday Utilities
INDIANA AMERICAN WATER	75.22	Thursday Utilities
NEW ALBANY MUNICIPAL UTILITIES	4.17	Thursday Utilities

NEW ALBANY MUNICIPAL UTILITIES	4.17	Thursday Utilities
NEW ALBANY MUNICIPAL UTILITIES	4.17	Thursday Utilities
NEW ALBANY MUNICIPAL UTILITIES	4.17	Thursday Utilities
GIBSON LAW OFFICE, LLC	865.38	Thursday Utilities
HARRISON CO. REMC	185	Thursday Utilities
VECTREN ENERGY DELIVERY	50.74	Thursday Utilities
VECTREN ENERGY DELIVERY	21.53	Thursday Utilities
VECTREN ENERGY DELIVERY	24.96	Thursday Utilities
VECTREN ENERGY DELIVERY	117.8	Thursday Utilities
VECTREN ENERGY DELIVERY	58.27	Thursday Utilities
VECTREN ENERGY DELIVERY	134.63	Thursday Utilities
AT&T	285.02	Thursday Utilities
AT&T	274.64	Thursday Utilities
DUKE ENERGY	25.02	Thursday Utilities
DUKE ENERGY	2628.87	Thursday Utilities
DUKE ENERGY	42,847.31	Thursday Utilities

DUKE ENERGY	249.29	Thursday Utilities
DUKE ENERGY	580.43	Thursday Utilities
DUKE ENERGY	530.10	Thursday Utilities
DUKE ENERGY	13.34	Thursday Utilities
DUKE ENERGY	1072.06	Thursday Utilities
DUKE ENERGY	80.41	Thursday Utilities
DUKE ENERGY	19.63	Thursday Utilities
DUKE ENERGY	15.32	Thursday Utilities
DUKE ENERGY	76.61	Thursday Utilities
TIME WARNER CABLE	600.00	Thursday Utilities
CARD SERVICES	157.22	Thursday Utilities
INDIANA AMERICAN WATER	129.70	Thursday Utilities
INDIANA AMERICAN WATER	36.95	Thursday Utilities
INDIANA AMERICAN WATER	36.95	Thursday Utilities
INDIANA AMERICAN WATER	12.74	Thursday Utilities
GIBSON LAW OFFICE, LLC	865.38	Thursday Utilities

STORMWATER\DRAINAGE FUND	70,486.95	Thursday Utilities
CITY OF NEW ALBANY	6,250.00	Thursday Utilities
CITY OF NEW ALBANY	37,500.00	Thursday Utilities
BANK OF NEW YORK TRUST CO.	21,953.50	Thursday Utilities
BANK OF NEW YORK TRUST CO.	420,098.00	Thursday Utilities
HARRISON CO. REMC	80.84	Thursday Utilities
AT&T	647.88	Thursday Utilities
DUKE ENERGY	20.98	Thursday Utilities
DUKE ENERGY	53.85	Thursday Utilities
DUKE ENERGY	101.03	Thursday Utilities
AT&T	116.77	Thursday Utilities

Total 609,514.19

Grand Total 828,587.83

Mr. Wilkinson moved to approve the above claims, Mr. Grimes second, all voted in favor.

ADJOURN:

There being no further business before the board, the meeting adjourned at 9:50 a.m.

Mayor Gahan, President

Vicki Glotzbach, City Clerk