



JOINT BUDGET & FINANCE COMMITTEE AND BOARD OF TRUSTEES MEETING

Friday, May 26, 2023, at 7:30 a.m.

Memorandum

Ms. Merrill called the meeting to order at 7:30 a.m.

Members Present: Committee Chair Jane Merrill, members Michael McDonald and Carl Mills. Others in attendance were Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Controller Cindy Sheeks and Engineering Manager Wes Merkle.

PUBLIC COMMENT

There was no one present from the public.

FINANCIAL STATEMENTS

Ms. Sheeks said there was a dip in commercial revenue due to adjustments from the prior months' "estimated reads". The City of Carmel is in the process of changing to new meters and was not able to provide water reads for two months. The total this month reflects all the corrections that were needed once the actual numbers were obtained from Carmel.

BALANCED BILLING AND METER READS FROM CARMEL

Ms. Sheeks said Carmel has moved away from using the Impreza software system. TriCo recently switched to the Impreza system on recommendation from Carmel. Carmel installed 5G towers and has gone to an instant water read system for every account. Impreza was not equipped to handle that data, so Carmel switched software platforms. When switching to the new system Carmel had to switch out all the water meters in the city so they can be read over the 5G network. Meter reads are not currently available in the format TriCo needs to calculate the balanced billing amount which is the monthly average of consumption from November to April. The best Carmel is offering is to give TriCo a three-month read from November, December and possibly January. Staff is proposing to leave the balanced billing the same for this year, and Carmel should be able to give accurate reads for the 2024 balanced billing calculation. Mr. McDonald asked if that means TriCo will continue to bill based on 2022 water reads. Ms. Sheeks said yes. Ms. Merrill asked if customers would be notified. Ms. Sheeks said that Customer Service hasn't gotten that far yet. Mr. McDonald asked what is being done about new customers. Ms. Sheeks said new customers are automatically set to 5000 gallons a month for billing which is the district average. Carmel can screen shot bills and send to TriCo so once a homeowner is in their home for three months TriCo can get those screen shots from Carmel and come up with a monthly average for billing if the customer requests it before balanced billing takes place.

Ms. Sheeks said Carmel is going to be using software called Neptune. They did a quick demonstration for TriCo, and they may ask for some buy in from TriCo on the platform or ask for a monthly access charge so TriCo can go in and get our own reads. TriCo would

then have a license to pull the information needed rather than receiving it from Carmel. Carmel is not far enough along in their process to know what that looks like for TriCo or what the cost would be. Currently Carmel charges TriCo a fee for monthly commercial water reads and biannual residential reads.

Mr. Mills asked what would be gained by moving along and noticing customers. Ms. Sheeks said a note could be added to bills stating that due to meter changes there will be no balanced billing adjustment this year. Ms. Sheeks said customers always have the option of calling in and asking for a review if they think something is off with their bills. Mrs. Poindexter said that a notice in the bills would be adequate notice to customers of the issue.

BOARD MEMBER PAY PER IC 13-26-4-7

Mr. Williams said the State passed the law that takes effect July 1, 2023, and increases the limit of Board member pay for Regional Sewer Districts up to a maximum of \$150 per day. Mr. Williams said if the pay is going to be increased the Board will need to make a policy or resolution. Mr. Mills said he believes the fee should be raised. Mrs. Poindexter said if the Committee would like the increase to take effect on July 1, 2023, it needs to be on the June Board meeting agenda and voted on at the June Board meeting. Mrs. Poindexter recommended that the Committee recommend moving the Board member pay to \$150 a day. She said the amount of effort and work the Board puts in justifies the increase. The Committee will recommend the Board of Trustees increase Board member pay to \$150 per day starting on July 1, 2023.

2023 SBOA AUDIT UPDATE

Mr. Williams said Staff received notice on Monday that the State Board of Accounts has contracted with Crowe to do a five-year audit from 2018 through 2022. The last audit was handled totally online. Crowe requested documents and TriCo uploaded them electronically. The staff is assuming it will be a similar process again. Mr. Mills asked if one of the committee members is required to be at the SBOA audit exit interview. Mr. Williams said that Mr. Mills will have to be there as the Board President.

WRRF MASTER PLAN UPDATE

Mr. Merkle stated that with the completion of the plant expansion project, staff is confident TriCo can treat build out capacity of our current service area. The question becomes what additional opportunities TriCo needs to consider, such as working with HSE in their Union Township CTA. Mr. Merkle and Mr. Williams have an upcoming meeting with them to discuss options.

Mr. Merkle recommends a master plan update to know what the opportunities TriCo could consider. Mr. McDonald asked if TriCo has looked into water dialysis, and if it would work for the Utility. Mr. Merkle said would need to be researched and considered if there is ever further expansion. Mr. McDonald asked if Mr. Merkle is talking about a big expense associated with updating the Master Plan. Mr. Merkle said he needs to discuss potential costs with interested firms, but suspects a study would probably cost between \$50,000 and \$75,000. It is not included in either the Operating or Capital Budgets for 2023. Mr. McDonald said the Utility just completed a \$22 million project, and with operating costs

like electricity rising is this the best time to be looking into this. Mr. McDonald said he is not inclined to support doing a study at this time. Mrs. Poindexter said knowledge is power. A study is not an obligation to do anything. It is a tool to make the most knowledgeable decisions if opportunities arise. Staff and the Board would have the information they need to see which would be the most beneficial pathway for TriCo. Mrs. Poindexter asked if engagement with the engineer could include making part of their compensation contingent on coming up with independent ideas not just validating ideas staff comes up with on their own.

Mr. Merkle said he and Mr. Watkins have ideas on how to move forward, and they are looking for new options as well as expertise to say which options are the most practical or have a proven track record at other locations that have expanded to the level needed. Mr. McDonald said he isn't opposed to a future study; he questions doing one right now. He asked if the previous study could be reviewed and updated now that the expansion project is complete versus doing a whole new study. Mr. Merkle said the current footprint of the plant is all that was included in the past studies. Mr. Merkle said when considering treatment options and negotiations with HSE for Union Township, another study is needed to see what could be added to treat what they send TriCo, or a hard stop capacity limit needs to be set. Mr. Merkle said the study would also allow the Utility to set an EDU fee that would accurately cover future costs. The study would look at what is practical, what are the costs, what is the phasing, and what the limitations are for assisting other utilities without negatively impacting TriCo's current rate payers.

Mr. Merkle said there is \$70,000 available in the operating budget for consulting and engineering. Mr. Mills said timing is everything and he would like to be in front of the conversation rather than playing catch up if an opportunity presents itself.

Mr. Williams said this proposal will also be discussed with the C&C Committee; staff doesn't know the scope or the fees yet because they haven't spoken to any consultants directly. The scope and costs could be brought back later for consideration.

WRRF POWER

Mr. Merkle said power bills have been creeping up continuously and substantially. In the previous 12 months TriCo's power costs are up 36% over the previous 12-month period. The Utility is consuming 9% more kilowatt hours. Mr. Merkle researched TriCo's power consumption and compared with other facilities. TriCo is one of the more efficient plants. Mr. Merkle has been discussing power generation and storage opportunities with Carmel-based Solential Energy, with a goal of substantially reduce energy costs. Energy storage involves peak shaving, which keeps the plant running at a consistent level and reducing demand charges. An energy storage project was ruled out as it would not produce a return on investment. Solar panels, however, may offer a good return. Part of a solar array can double as a canopy for company vehicles, Covered parking was considered several years ago but cut due to cost. Staff is investigating the options and further discussion would be brought before B&F and C&C if a plan looked feasible.

OTHER BUSINESS

Mr. McDonald asked if the Utility has a fiduciary responsibility to monitor retirement funds for employees. Mr. Mills said not for the retirement plan handled by the State of Indiana. Mr. Williams said he does have some responsibility as the Utility Director to monitor the discontinued Lincoln accounts that has a few former employees still enrolled. But everything else is handled by the State of Indiana. Mrs. Poindexter said B&F should review those few accounts at some point.

ADJOURNMENT

The meeting adjourned at 8:30 a.m.

Respectfully Submitted

A handwritten signature in cursive script that reads "Cindy Sheeks".

Cindy Sheeks,
Controller