



CAPITAL & CONSTRUCTION COMMITTEE

Monday May 7, 2018 at 4:30 P.M.

Memorandum-Revised

Present: Chair Steve Pittman, Committee Members Eric Hand and Marilyn Anderson, Board Member Mike Shaver. Others in attendance were, Utility Director Drew Williams, District Engineer Ryan Hartman, Legal Counsel Anne Poindexter, Superintendent Aaron Strong, Administrative Assistant Maggie Crediford. Public present included Clark Byrum.

Mr. Pittman called the meeting to order at 4:37 p.m.

PUBLIC COMMENT

There were no public comments.

BYRUM PARCEL SERVICE REQUEST

Mr. Williams explained that Clark Byrum's attorney had reached out to Mrs. Poindexter to see if CTRWD would reconsider a wholesale agreement with Citizens to service Mr. Byrum's property.

Mr. Pittman recused himself from the discussion.

Mr. Byrum addressed the committee and explained that for two years he has been trying to get sewer and water service to his property. The capital costs associated with being serviced by Citizens are around \$2.5 million. If he could obtain water service from the City of Carmel and sewer service from CTRWD the costs would be much less, around \$250,000. Mr. Byrum filed a consumer complaint in the fall of 2016 with the IURC. Effectively the IURC refused to make a ruling on the complaint stating that he has three options for service, which include; a septic system, service from Citizens, or for Citizens to enter into a wholesale agreement with CTRWD and Carmel Utilities. Mr. Byrum asked if anyone from Citizens has contacted anyone at CTRWD to discuss a wholesale agreement.

Mr. Williams stated that he had reached out to Citizens via email and was told that they would investigate and get back to him, no one from Citizens has reached out to him or Mrs. Poindexter to discuss an agreement since the IURC ruling.

Mr. Hand and Ms. Anderson expressed that the Board has had concerns about the size and scope of the service area mentioned by Citizens in the past. It was more than just the Byrum parcel. To decide on a proposal for a wholesale agreement the Board would need to know exactly what CTRWD would be servicing. There would be a difference in the level of service for one home on a 30-acre parcel versus that parcel

being subdivided into many homes needing service. Mrs. Anderson expressed hesitation about negotiating wholesale service agreements with other utilities and expressed that these types of agreements are not always easy to work out and need to be renegotiated after the term ends.

Mrs. Poindexter stated that the Board has three options. The first is the Board they can say that they have already considered the agreement and their position remains unchanged and the Board is not interested in a wholesale agreement. Second, the Board could direct Mrs. Poindexter to reach out to Citizens Legal Counsel and let them know the Board would consider a new proposal from Citizens and wait for them to contact the Board with specific terms. Third, the Board could do nothing and wait to be contacted by Citizens.

Mr. Hand stated that if the Board waits to hear from Citizens they will need to present a wholesale agreement with specific terms up front. It is a large territory which could create capacity issues. A wholesale agreement for a small parcel would be one thing, but for several square miles, the Board would need to know the scope of the project to be able to consider an agreement.

Mr. Byrum stated that he has filed a de-annexation petition with the City of Westfield. He has not heard back from them regarding his petition. The property was annexed in 2007, services were never provided to him, and Westfield sold its utility to Citizens. He is asking to be released from the annexation since services have not been provided to him. He believes that it will end up in court.

Mr. Shaver recommended that Mr. Byrum negotiate a provision in the right-of-way agreement that will allow him to get utilities across the street if that is that approach that is taken. He may use it, or he may not, but it would allow him to get utilities from Carmel or Clay Regional Waste. Mr. Byrum asked Mr. Williams and Mr. Hartman if he could be provided with a survey of the area where the CTRWD sewers could connect his property. Mr. Williams said they would provide him with that.

Mr. Hand asked Mr. Byrum what the City of Carmel's position is on providing a wholesale agreement with Citizens for providing water service to the parcel. Mr. Byrum said that John Duffy at Carmel Utilities was agreeable to a wholesale agreement for water service.

Mr. Shaver stated that he is concerned about the difference in price between what CTRWD charges for sewer service and what Citizens charges. The way the fee schedules are set up now Citizens would be making money off the difference in fees. He is uncomfortable with that.

Mr. Byrum said that he is trying to decide what to do with the property and having access to sewer and water would make a big difference in what is done. Mr. Hand said that that Board would need to know the scope of the project and the amount of flow that would be generated to be able to consider a wholesale agreement. Mr. Byrum

said that he will let his attorney know that Citizens has not reached out to anyone at CTRWD to discuss a new agreement.

Ms. Anderson stated that she was comfortable with Ms. Poindexter contacting the Citizens' attorney regarding what they are requesting. Mr. Hand agreed.

RATE ORDINANCE

Mr. Williams stated that staff is recommending an EDU rate increase from \$1818 to \$1909. The Interceptor Fee would remain unchanged. Staff is also recommending combining all the fee ordinances into one ordinance so that customers can see all the fees in one place.

Mr. Pittman asked if staff is proposing a 5% per year increase in EDU fees and why.

Mr. Williams explained that previously when fee increases were discussed the Board wasn't comfortable making one large jump in fees to cover the projects needed to bring the plant to capacity for future build out. If the fees are increased 5% a year the projects could be funded, and it would be less painful to developers and new customers. The ultimate need is for the EDU fees to be \$2366. Previously the Board felt that was too big of a jump to implement at one time.

Mr. Pittman asked what the position of the Budget and Finance Committee is on the 5% per year increase.

Mr. Williams said that they are in favor of the incremental increases versus one large increase. When Mr. Mills was appointed to the Board he thought the District should increase its fees by 25% to cover the upcoming expenses that will be incurred with the plant build out and capital projects.

Mr. Hand asked if current customers will benefit from the future build out at the plant.

Mr. Williams stated that user fees are not used for capacity improvements but are used for operational equipment like the new Odor Control Unit.

Mr. Hand stated that he would feel more comfortable raising user rates to the exact percent needed each year to cover costs. For example, if costs in 2018 can be funded by a 4.75% increase then increase funds by that exact amount rather than rounding up to 5%. If projects need to be funded by a 5.2% increase in later years, then increase fees then by 5.2%.

Mr. Shaver agreed with Mr. Hand that he would like to see fees increased by the exact percent needed each year.

Mr. Pittman said that as a developer, rather than having one large increase, he agrees raising EDU fees 5% each year is reasonable and not out of line with others in the markets.

Mrs. Poindexter pointed out that if the District raises fees by more than 5% in a given year they would need to give individual customers written notice. With the EDU fee there would be questions on who would get noticed. All developers in the area? None of the developers? The EDU fee does not apply to current customers.

Ms. Anderson said if you tie EDU fees to projects (capital projects & the plant build out), one year you might have a 1.7% increase and one year you might have a 5.3% increase, it is cleaner to take the total projects and average them over the number of years needed to complete them. She feels that it is better to keep the increases to 5% or below.

Mrs. Poindexter pointed out that from a customer standpoint it would be nice to be able to find all the District's fees in one ordinance rather than having to look in multiple places.

Mr. Hand stated that he is in favor of all the fees being together, his concern is with a 5% yearly fee increase looking arbitrary to customers.

Ms. Anderson pointed out that in the past when there have not been projects that needed funding the District has given rate decreases to its customers. If there are years where the District doesn't need the 5% increase they have the option of discussing that at that time.

Mr. Shaver stated that he must justify rate increases to the people who appointed him, he said he would like to know what the 5% increase is paying for.

Mr. Williams stated that Mr. Shaver suggested at the Budget and Finance Meeting that the Rate Ordinance increases be included in the Budget discussions moving forward. It can be voted on with the budget in the fall but implemented in the summer to keep customers on their balanced billing cycles without incurring two changes a year. He said the Budget and Finance Committee was comfortable with this suggestion and thought it made sense to address both issues together. He stated that it has been the Districts goal to service current customers and expand service without incurring any debt. The 5% a year increase allows for the necessary expansions to take place while allowing the District to continue operating debt free.

Mr. Hand made a motion to recommend that the Board increase EDU fees by 5% to \$1909. The motion was seconded by Ms. Anderson and approved unanimously.

#1702 96TH/KEYSTONE SEWER RELOCATION CONTRACT AWARD

Mr. Williams stated that bids are due in for this project Thursday, May 10, 2018. Staff will present those to the Board on Monday, May 14, 2018.

Mr. Hartman stated that the City of Carmel is still working on easement acquisitions on the south side of 96th street. CTRWD's easement is on the west side of the project and work can move forward in that area. Mr. Hartman stated that the bids are due to be opened at 1:00 p.m. on Thursday, they would then need to be sent to Carmel for review. The Board can do a conditional approval of the bid on Monday pending approval from the City of Carmel.

Mr. Hand asked if the District would be made whole if there are any change orders that occur after the easements are acquired on the south side of 96th Street.

Mr. Williams stated that if the District is relocating the sewers to a new easement and if required to move again the City of Carmel would be responsible.

#1902 WWTP EXPANSION UPDATE

Mr. Williams said that Mr. Merkle is working with Strand on the scope of the project. With the current growth rate, it is anticipated that the plant will be at full capacity in 2022. Mr. Merkle will be meeting with Strand to discuss recommendations for more details on the expansion. He would like to have a contract by September of this year. Staff is pulling information to present to the Board with ideas to decrease flows sent to Carmel and to become less dependent on them. It is not feasible to decrease any of the flow sent to Carmel from Lift Station 1. However, flow could be redirected from Lift Station 2 to our plant instead of Carmel's. Staff is looking at what the payback period would be and will present the Board with all options when that research is complete.

Mr. Shaver asked if Mr. Williams would provide the Board with a complete analysis about what happens under different circumstances and the cost analysis of building out more capacity at the District's plant versus continuing to send the flow to Carmel.

Mr. Williams said that the Staff will have a cost analysis study completed for the committee before the September Board Meeting.

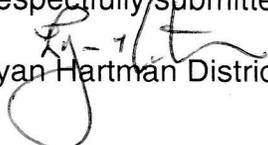
CAPITAL PROJECT UPDATES

#1707 Neighborhood Sewer Projects - Pipe installation for Autumn Woods and Spring Mill Place/Heights is complete. Pipe installation along 116th Street is 90% complete.

The quotes for the Jackson's Grant Sections 2 & 6 Oversized Sewers came in higher than what Staff is comfortable with. Mr. Merkle will be meeting with the developer about getting more quotes or negotiating the quote that was obtained from Harvey. Staff will explore more options before entering into an agreement.

The meeting adjourned at 6:06 p.m.

Respectfully submitted,


Ryan Hartman District Engineer