



BUDGET & FINANCE COMMITTEE

Friday, January 25, 2019, at 7:30 a.m.

Memorandum

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 Administrative Assistant Maggie Crediford.

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

Public Comment

There was no one present from the public.

Fund Balances

Ms. Sheeks presented fund balance projections from November. The Year-to-Date Summary shows projections were close to actual spending. There is a difference in Reserve for Replacement Fund. \$83,000 was projected for expenses and \$10,000 was spent. Ms. Sheeks and Mr. Williams will verify managers are submitting purchases to the correct fund and expenses are correctly posted. The Plant Expansion Project revenue projection was \$973,000; however, actual revenue was just over \$1 million. Capital Expenses were \$667,000 while \$159,000 was projected. Ms. Sheeks believes the difference between the projection and actual comes from the Plant Expansion Project and the Outfall Sewer Project which came in over budget when IDEM denied the Utility's proposal, leading to substantial unexpected costs to complete the project. Interceptor Fee cash revenue projections were \$528,000 and actual fees collected were \$590,000; however, \$550,000 was infused from the Plant Expansion Project Fund by way of a temporary internal loan needed to satisfy the State Board of Account's request not to have any funds reflecting a negative balance at year-end. The Cash Balance projected to be \$8.9 million, while the actual cash balance at the end of 2018 was \$8.6 million.

Mr. Williams stated at the January Board meeting Mr. Hand questioned the increase in Collection Expenses. The monthly total was high, but year-to-date expenses were on track. It is hard to estimate when projects will be completed, leading to costs being higher in some months and lower in others.

Ms. Sheeks stated Commercial revenue projections were \$200,000 off, Residential projections were closer. In 2019 staff is projecting Commercial revenue to be down. Carmel Utilities is seeing the same downward trend in their Commercial revenue. Overall revenue is expected to be flat. There is no rate increase proposed in 2019.

Ms. Sheeks summarized revenue generated was close to the projected numbers and the expenditures were within one percent of the budget for 2018. Capital spending for the year was less than predicted. \$2.9 million was budgeted, \$2 million was spent. The Gross Wage category includes part-time and over-time employees. \$1.4 million was spent while \$1.45 million was budgeted. Mr. Williams stated he would look at the difference between the

projection and actual money spent in the Gross Wage category. Two changes in staffing led to lower paid employees being hired into spots previously occupied by higher waged employees.

Summer help and overtime hours are included in the Gross Wage category. Collections Staff said call-ins have been down compared to past years. However, Mr. Williams explained that call-ins fluctuate with the weather. This past week the on-call person was called in every day. In one case, power was lost at a lift station for two hours. Mr. Mills questioned how a lift station would lose power and asked which lift station it was. Mr. Williams noted some lift stations have mounted generators while with smaller lift stations mobile generators are brought on-site in the event of a power outage.

Mr. McDonald asked what it would cost to have generators on-site at all the lift stations. Mr. Williams stated the cost could be as high as \$100,000 per lift station, plus annual maintenance costs. The Utility has four portable generators. The generators have been tested. A chart was created to show employees which generators work at each lift station in the event of an outage. Mr. McDonald asked what would happen in the event of a regional outage. Mr. Williams said it be a challenge. Mr. Williams stated no other utility in the area has 100% backup for lift stations. Mr. McDonald suggested from a Risk-Based Analysis, it might be prudent to investigate purchasing more portable generators. Mr. Mills would like staff to investigate the cost associated with adding additional generators; smaller lift stations may not need a \$100,000 generator. Mr. Williams will have the collection superintendent investigate the cost of additional generators.

Financial Statements

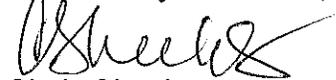
Mr. Mills directed Ms. Sheeks to look at Cash Investments. He asked about the current basis points the Utility is receiving from Citizens. He suggested moving money to Merchants, where basis points are higher than Citizens. Ms. Sheeks stated the money is at Citizens to allow quick access to funds and it is on her list to ask Citizens about their basis points. Mr. Mills stated his bank is seeing a slowdown in the housing market. He forwarded TriCo's Balance Sheet from 2018 to a portfolio manager. He will bring the Utility's borrowing potential to the next meeting.

IT Security Update

Mr. McDonald stated he would like to meet with Rook Securities to discuss how things are going with IT security. He has a list of questions he would like to ask them. Mr. Williams stated he will try to set up a meeting with Rook.

The Meeting adjourned at 8:05 am.

Respectfully Submitted,



Cindy Sheeks
Controller