



CAPITAL & CONSTRUCTION MEETING

Monday, May 6, 2019 at 4:30 p.m.
Memorandum

Members Present: Committee Chair Steve Pittman, members Marilyn Anderson and Eric Hand. Others in attendance were Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Engineering Manager Wes Merkle, District Engineer Ryan Hartman, Collections Superintendent Aaron Strong, Administrative Assistant Maggie Crediford, Citizens Westfield representative Ed Bukovac, Counsel for Citizens Energy Group Lauren Toppen, Attorney Keith Beall, Clark Byrum Sr., and Clark Byrum Jr.

Mr. Pittman arrived late, so Mr. Hand led the meeting until Mr. Pittman arrived. Mr. Hand called the meeting to order at 4:32 p.m. The Citizens Westfield Wholesale Request agenda item was moved to last on the agenda so Mr. Pittman could be present for that discussion.

Public Comment

There were no general public comments.

Dedications

Grand Brook Memory Care of Zionsville

Mr. Merkle stated the sewers are complete and ready for dedication. A short run of gravity sewer was constructed without meeting minimum slope. In lieu of reconstructing the sewer, the developer has agreed to make a monetary payment to TriCo to cover the additional maintenance costs TriCo expects to incur as a result of the reduced slope. Mr. Merkle asked the Committee to recommend the Board of Trustees accept the dedication of Grand Book Memory Care of Zionsville sanitary sewers, contingent upon the receipt of payment for additional maintenance costs, at the May 13, 2019 Board of Trustees meeting.

Mr. Hand asked for clarification on what additional cleaning is needed. Mr. Hartman said the policy is based on a two-year cleaning frequency for 20 years. Mr. Merkle said the payment from the developer will be \$1,500. Mr. Hand asked if staff has any liability or risk concerns regarding the installation or maintenance of the sewer. Mr. Merkle stated that staff is comfortable accepting the dedication.

The Committee will recommend the Board accept the dedication of Grand Book Memory Care of Zionsville sanitary sewers, contingent upon the receipt of payment for additional maintenance costs.

WRRF Flow Meter Installation

In April the Board approved the purchase of five replacement flow meters for the plant. Mr. Merkle said quote requests were sent to six contractors for installation of the five flow meters. Staff received quotes from three contractors. Mr. Merkel recommended accepting the quote from Maddox Industrial Group in the amount of \$27,225.

The Committee will recommend the Board award the Plant Flow Meter Installation contract to Maddox Industrial Group, Inc. in the amount of \$27,225.

#1909 Admin Office Improvements

Mr. Merkle explained bids for the project will be received later this week for the renovation of the administrative office, which has not been renovated in over 20 years. Staff is exploring other options as well, including leasing office space and revisiting past plans to consolidate offices at the plant. Staff will present updated information at the May 13, 2019 Board meeting.

Capital Project Updates

Mr. Merkle presented the following updates.

#1702 – Keystone/96th Sewer & Force Main Relocation

Remaining relocation work includes laying a new force main across Keystone Parkway at 96th Street, which will be completed when the intersection is closed for bridge construction, anticipated this summer.

#1705 – 99th Street Interceptor & Lift Station 6 Elimination (located between Keystone and Westfield/Rangeline Road)

A new developer is considering a project near 99th and Haverstick. An engineering firm was selected to provide sewer design services back in 2017. Design work will begin when design of the residential development project west of Haverstick Road proceeds.

#1802 – Haver Way Sewer Improvements (located southwest of Keystone and 96th Street)

Design is underway. Staff worked with the design engineer and businesses on Haver Way to lay out sewer improvements and a new lift station location. Staff met with five commercial property owners on Whitley Drive south of 96th Street who are interested in connecting to the sanitary sewer improvements.

#1901 – Lift Station 14 Parallel Force Main (located along Michigan Road from Austin Oaks to Ansley Park)

Staff acquired four out of six easements needed for this project. The other two easements are in condemnation. The project will be bid once all have been acquired, anticipated this summer, with construction to follow. Mrs. Poindexter stated a second hearing is set for the Artest easement where appraisers will be assigned to value the easement. Once that is done, TriCo can deposit the funds with the Court and get an order of possession. The McClain easement condemnation was filed and is set for a hearing.

#1902 – TriCo WRRF Expansion

Design work is 50 percent complete. Staff recently completed a plan review meeting with the engineer. The project is currently estimated to finish 10-20 percent below the \$15.2 million budget.

Some of the new equipment will require additional non-potable (plant effluent) water once in operation. Staff is separately conducting an investigation into several ongoing performance problems with this system. The additional demands on a poorly performing system may require upgraded pumps if corrections are unsuccessful.

Ms. Anderson asked Mr. Merkle to explain the non-potable water system. Mr. Merkle stated some equipment at the plant requires continuous or intermittent water consumption. TriCo has a network of water piping throughout the plant fed by a pair of pumps that take effluent from the post-aeration structure. Plant effluent water is usually better for plant processes and far less expensive than using city water.

Mr. Merkle stated that IDEM has preliminarily agreed to rerate the VLRs at the plant. A few years ago, TriCo's plant was de-rated because of high BOD loading at the plant. TriCo's BOD loading has trailed off over the last five years and other VLR plants around the state are rated for higher loading. Mr. Merkle said rerating the plant will give TriCo additional capacity, which will allow the plant operators to take the oxidation ditch component of treatment out of service indefinitely or until it would be needed for additional capacity. This could eliminate costly future replacement projects or future expansion needs.

#1906 – Eagle Creek Outfall Sewer Expansion (located between TriCo WRRF and Eagle Creek to the west)

Staff worked with property owners to secure all 15 easements needed for this project. Duke Energy offered to donate their easements. Plans and specifications are being finished and the design engineer has submitted for permits. Staff will proceed with bidding once permits are received – anticipated this summer.

#1908 – Larkspur, Oak Tree, Crossfields and Brandywine Sanitary Sewer Extension

Design is complete. Bidding and permitting will proceed simultaneously this month. Staff will send letters to homeowners in each neighborhood notifying them that the Board will consider proceeding with construction at their June 10 meeting. If awarded in June, construction will be complete late fall.

Mr. Pittman arrived at 4:47 p.m.

Citizens Westfield Wholesale Request

Mr. Williams reminded the committee of past discussions with Mr. Byrum and Citizens Westfield regarding service to the Byrum property. The Board had indicated about a year ago that if Citizens and Byrum could come to an agreement for service, the Board would consider providing wholesale treatment service. Citizens and Mr. Byrum have worked out an agreement to provide sewer service that is contingent on TriCo entering into a

wholesale service agreement with Citizens. Mr. Byrum's property is a 30-acre parcel on the north side of 146th Street which is in Citizens' service area. The proposed agreement states TriCo will provide up to 65 EDUs of capacity. Citizens would pay the Interceptor and EDU fees up front, and there would be no refund upon disconnection. Citizens is proposing to pay TriCo a monthly base charge of \$33.51 per home plus \$2.86 per 1,000 gallons.

Ms. Toppen stated Mr. Byrum approached Citizens Westfield about receiving sewer service. Citizens doesn't have facilities in the area to service his property and it would be expensive for Citizens to extend service to his property. Mr. Byrum asked Citizens to see if there is an alternative arrangement for service that can be made, which lead to the wholesale service request to TriCo. The term sheet put forward to TriCo is agreeable to both Citizens and Mr. Byrum.

Mr. Williams stated that Citizens based the proposed rates off of TriCo's fee schedule. TriCo would identify the manhole Citizens would connect to with their line. TriCo would not own the sewers on the Byrum parcel, the agreement would be for conveyance and treatment only. TriCo's customer would be Citizens Westfield. At some point in the future Citizens may extend service to that area and the parcel would be disconnected from TriCo's system. TriCo's Board has not been interested in entering into new wholesale service agreements in the past.

Mr. Pittman verified with Citizens and Byrum that both parties agree with the proposed wholesale agreement. Both parties confirmed they are. He asked if the request for 65 EDUs means Byrum is looking to put 65 homes on the property. Mr. Beall stated 65 EDUs are proposed as the highest and best use for the property. It could be less EDUs, but it is proposed for the most in hopes that if it is less the terms would not need to be renegotiated. Byrum cannot present a plan to the City of Westfield for approval until they have water and sewer capabilities. The City of Carmel has agreed to wholesale service with Citizens to provide city water to the parcel. Mr. Pittman confirmed, if TriCo agrees to the wholesale agreement then Byrum would present a zoning request to the City of Westfield.

Mr. Williams said, for Byrum to get a permit from IDEM to build, TriCo would need to provide them with an allocation letter stating how many EDUs are being provided to them downstream at TriCo's plant. Mr. Pittman asked for confirmation that TriCo has the capacity to allocate up to 65 EDUs to the property and if it would help justify the expansion currently proposed for TriCo's Wastewater Resource Recovery Facility. Mr. Merkle stated the numbers used to justify the need for expansion at the plant did not include this parcel and that those numbers only included what is within TriCo's existing service area. During past discussions regarding the Byrum parcel the request was for only a couple of EDUs, not 65. Mr. Pittman asked if the proposal for 65 EDUs versus the three or four originally proposed will bring up an issue of adjoining properties requesting service if this proposal is accepted.

Mr. Williams stated it could be a 5 or 10 year agreement for temporary service until Citizens extends sewers to the area. Mr. Williams stated that Westfield's planning director has not responded to requests for additional information regarding development in this area.

Mr. Pittman asked if a wholesale service agreement is reached for this parcel, and neighbors then requested service, would additional capacity be available. Mr. Merkle stated capacity at the plant and in the collection system are different things. A recent study indicated that TriCo may accept several hundred acres outside of its existing service area before the downstream infrastructure would need additional improvements.

Ms. Anderson stated when the proposal was originally considered it was for approximately three homes. Now that the proposal has expanded she is concerned that allocating so many more EDUs outside of our existing service area would risk our ability to serve our existing service area in the future.

Mr. Pittman asked Mrs. Poindexter if TriCo would be setting a precedent should this agreement get approved and other property owners make the same request. Mr. Williams clarified that if the property owner was in Citizens' service area, then Citizens would need to make a request for a wholesale agreement not the property owner. Mrs. Poindexter stated each request would be unique, granting this request would not set a precedent for future requests.

Mr. Pittman stated he would be comfortable with the agreement if there isn't a negative impact to TriCo's system. He doesn't want this request to require future upgrades to our system or risk denial of future service within our service area. Mr. Merkle stated this single parcel at 65 EDUs would not create such an impact to TriCo's system.

Ms. Anderson reiterated that she is concerned with allocating capacity on a temporary basis. Mr. Merkle then asked Mr. Bukovac what would trigger Citizens to extend service to this area and if there was a timeline for extending service and disconnecting from TriCo. Mr. Burkovac replied that the developers extend service at the developer's expense when they are ready to build. But he offered no specific details about Citizens' master plan.

Mr. Hand said when the original proposal came before the Board it was for a few homes. It made sense from the standpoint that the Byrum family had no other option for service. This proposal has morphed into a development. Mr. Hand feels TriCo's capacity should be prioritized towards its existing service area to the extent the Utility is assured it can meet existing needs in the service area before entering into a wholesale agreement outside of the current service area.

Mr. Hand is concerned that customers will pay the Citizens Westfield current rate which is approximately \$85 per month. Citizens would be paying TriCo approximately \$35 per month and profiting around \$50 a month without doing any of the work. Mr. Byrum profits by being able to develop his property, Citizens benefits by collecting the difference

between their monthly rate and the monthly rate they pay to TriCo. He questioned how the agreement is beneficial to TriCo.

Mrs. Poindexter stated the proposed agreement was based on TriCo's residential user rates. TriCo doesn't have wholesale rates, if the Board will agree to provide the service, Mr. Williams should work with a rate consultant to develop an actual wholesale rate.

Mr. Hand stated this agreement structure eliminates the incentive for Citizens to expand service into that area. Mr. Hand has concerns about how long they would be connected to the system and how that would impact TriCo's capacity in the future.

Mr. Pittman asked Mr. Merkle if he has any concerns with physically servicing this area. Mr. Merkle said there are currently a lot of moving targets for the Engineering Department. The wholesale and temporary service aspects of this proposal carry a lot of risk that need to be thoroughly evaluated. This proposal limits what TriCo could do elsewhere, if for instance TriCo is asked to serve more property along Michigan Road or further into Union Township. TriCo would be allocating reserve capacity which carries risk. Mr. Merkle said staff would prefer the project not be low pressure sewers because it could be served by gravity sewers.

Mr. Bukovac stated low pressure is preferable to Citizens because of the lower capital costs and a low-pressure system would be easier to disconnect when Citizens is able to provide service to the parcel. However, he will look into a gravity sewer alternative and report back. Mr. Bukovac will also contact Carmel Utilities to discuss water service under the current plan that includes 65 EDUs.

Mr. Pittman suggested revisiting this proposal at the June 3, 2019 C&C meeting. He noted that it would be best for the committee members to try and reach a consensus before presenting this matter to the full Board. Ms. Anderson and Mr. Hand agreed.

The meeting adjourned at 5:43 p.m.

Respectfully Submitted,



Wes Merkle
Engineering Manager