



BUDGET & FINANCE COMMITTEE

Friday, September 20, 2019 at 7:30 a.m.
Memorandum

Roll Call

Members Present: Committee Chair Jane Merrill, Members Michael McDonald and Carl Mills. Others in attendance were: Legal Counsel Anne Poindexter, Controller Cindy Sheeks, Plant Superintendent Scot Watkins, Administrative Assistant Maggie Crediford, and Consultant for Schafer Powder Coating Vince Stennett.

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

PUBLIC COMMENT

There was no one present from the public.

SCHAFER POWDER COATING FEE

Schafer Powder Coating is the Utility's only industrial customer. In June, the Budget and Finance Committee granted Schafer a 60-day extension for a determination of fines after two elevated zinc levels in an 18-month period were discovered. The extension was granted based on the expectation of results from ongoing tests, as laid out in the June meeting, be presented to TriCo within 48 hours of Schafer receiving test results. As of September 17, 2019, no data has been submitted to TriCo for review. Mr. Watkins recommended imposing a \$2,000 fine on Schafer Powder Coating for the two elevated zinc level violations in an 18-month period.

Vince Stennett, Environmental Consultant for Schafer Powder Coating, addressed the Committee. Mr. Stennett stated he had verbally been sharing the results Schafer had been receiving from Micro-Bac labs with TriCo as they were received. He acknowledged that he had not however provided TriCo with written test results until Thursday, September 19, 2019 (please see attached slides provided by Mr. Stennett to view Schafer's findings).

The Committee and Mrs. Poindexter listened to Mr. Stennett's presentation and discussed the options available to them when making a recommendation to the Board of Trustees regarding the proposed fine.

Mr. Mills made a motion to recommend the Board implement the proposed \$2000 fine to Schaefer Powder Coating but to hold the fine in abeyance for 12-months from the Board's approval date, and only collect the fine if there is another violation in that 12-month period with monthly samples being evaluated by both Schafer and TriCo. The motion was seconded by Mr. McDonald and the recommendation will be made to the Board of Trustees at their October 14, 2019 meeting.

POLICY UPDATES

Ms. Sheeks gave an overview of proposed updates to some of TriCo's current policies.

Travel Policy: The suggested update asks that ride services (Lyft, Uber, etc) be added as acceptable means of reimbursable travel methods. The proposal also updates meal reimbursement limits and includes Indiana and an out-of-state differential. Max in-state reimbursement would be \$50 per day (\$10 breakfast, \$15 lunch, \$25 dinner), max out-of-state to be \$65 (\$15 breakfast, \$20 lunch, \$30 dinner) per day. Meal reimbursement limits may be adjusted for high cost cities at the Utility Director's discretion.

Medical Insurance Waiver Policy: Will be updated to adjust payment dates to the closest payroll on January 1 and July 1 (from April 1 and October 1) and clarify the payment is an advance payment. A prorated payment of \$38.46 per week will be made to new employees waiving coverage.

Interim Check Signing Policy: Added language to broaden "interim" checks to include: Property or services purchased or leased from the United States government, its agencies, and all other political subdivisions, license or permit fees, insurance premiums, utility payments, internet and mobile phone charges, and fuel charges, maintenance agreements, service-agreements or lease payments, bond or coupon payments, payroll, federal, state or county taxes, land acquisition projects approved in the capital budget, refunds to Utility customers, vendors that offer discounts or charge late fees, employee reimbursements, class or training registration fees, hotel accommodations, and other vendors at the Director's discretion. No changes to signatures required.

Capital Policy and Procedure: Increase the cost of assets to be capitalized from \$2,000 to \$5,000 per request by the State Board of Accounts. No other changes.

Mr. Mills made a motion to approve the proposed policy updates. The motion was seconded by Mr. McDonald and approved unanimously.

ORDINANCE NO. 10-09-2017 REVISE/RENOTICE

Ms. Sheeks stated Ordinance 10-09-17 was passed on November 13, 2017 establishing connection fees for a low-pressure system along Spring Mill Lane and Spring Mill Road. The language in the Ordinance states, "Until paid, the Local Construction Cost shall increase at an annual rate of 2.5% commencing on January 1, 2020 as detailed in Exhibit A." Year 2020 was repeated on the original Exhibit A and the connection costs were not correctly calculated after 2021. The annual increase was shown less than it should have been and would benefit the customers if remains as stated. Ms. Merrill commented that it is essentially a scrivener's error but is part of an ordinance. Ms. Sheeks said the approved Ordinance can remain as is or it can be revised which would require a public hearing. Any change to the Ordinance will affect 10 homeowners as two have already connected. If the Ordinance is left as is, the maximum net impact is \$10,690 if all 10 homes wait 30 years to connect. This is highly unlikely.

Mr. Mills made a motion to leave Ordinance 10-09-17 as approved. Ms. Merrill seconded the motion and approved unanimously.

FINANCIAL STATEMENTS

Ms. Sheeks stated cash balances are going up, partly because capital spending has not been as much as scheduled. Ms. Sheeks said Mr. Merkle is expecting \$1.5 million in capital spending between now and the end of the year. As of August, the Utility has over \$10 million in the bank.

The meeting adjourned at 8:24 a.m.

Respectfully Submitted,



Cindy Sheeks
Controller

Summary of Investigation

(Follow-up Items Cont.)

- 38 Samples of in-coming waters from the City of Carmel were analyzed for Zinc during July/August...
 - results yielded 0.11ppm - 0.77ppm
 - (Permit Limit for Zn is 2.5ppm)
 - In total 58 samples collected of in-coming waters (June-Aug)
 - 12 samples were > 0.50ppm
- Schafer split and delivered all third-party lab samples collected during July/August with TriCo Regional Sewer Utility
 - Results yielded 0.048ppm-0.566ppm
 - Mixed results
- Schafer collected 152 in-house samples in July/Aug and analyzed for Zinc
 - Results yielded 0.10ppm – 0.88ppm
- 6/27 analytical split comparison
 - Micro-Bac Labs 0.35ppm
 - Element Labs 0.566ppm

Summary of Investigation

(Follow-up Items)

- Schafer immediately requested retains of elevated samples within 30-45 days of original sample collection date. Even though the samples were collected with a Nitric Acid preservative (six (6) month holding time)... Element Lab stated they did NOT retain the samples
 - Neither of the elevated samples were available to analyze/confirm results
 - Micro-Bac's policy is to retain all elevated samples AT LEAST 90-days
- Element Labs declined our request to audit the location/process in Ft. Wayne
- Element Labs provided their Quality Manual
 - Vague notations of sample retain policy... then reference to a specific SOP
- Element Labs stated it is NOT their policy to share internal SOPs
 - No confirmation of breaching retain policy

Conclusions

- After over 60-days of in-depth evaluations Schafer's position remains the same
 - 160 data points of in-house/third party testing does NOT show a trend/issue
 - Schafer has tried to do EVERYTHING possible to get an elevated Zinc result
 - Sample on all three (3) shifts
 - Sampled ALL process baths
 - Sampled during different parts
 - Prolong bath lives
 - No PM's
 - Excessive rust preservatives/oil and dirt on parts
 - Sample baths in worst case scenario
- The results appear to be:
 - Slug of Zinc from in-coming City Water
 - Cross contamination of sampling equipment
 - Lab Error
 - An anomaly

Summary of Cost

Hard Dollar Cost	(\$2,730.00)
• Analytical Testing	\$1,400.00
• Used Mass-Spec	\$1,000.00
• Testing Reagents	\$200.00
• pH Meter	\$130.00
Soft Dollar Cost	(\$3,750.00)
• Testing	\$5,000.00 (100hrs @ \$50.00)
• Management	\$3,750.00 (50hrs @ \$75.00)