



BUDGET & FINANCE COMMITTEE

Friday, October 29, 2021 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, Engineering Manager Wes Merkle and Administrative Assistant Maggie Crediford.

PUBLIC COMMENT

There was no one present from the public.

FINANCIAL STATEMENTS

Ms. Sheeks said commercial revenue has caught up to the 2021 budget projections. Residential and commercial revenues are now both where they should be for the year. Ms. Sheeks said the State of Indiana informed her that they will only be conducting audits of Regional Sewer Districts every four years instead of every two years.

2022 OPERATING BUDGET

Mr. Williams said the current budget reflects the 2022 wage adjustment discussion from the Personnel and Benefits Committee meeting. The P&B Committee will be recommending the Board approve a 5% range adjustment for the 2022 pay scale and the addition of a laborer position. The laborer position has been in the Salary Ordinance but had not been filled. Ms. Merrill asked what that position would do. Mr. Williams said cutting grass at lift stations, helping the collections and plant staff when someone is out, and general maintenance items around the plant.

The proposed budget reflects a 10% increase in health insurance costs. The renewal for the current plan came back with a 23% increase. The Affordable Care Act Option from Anthem came back with a .87% increase which would keep costs level but there is an increase in deductibles and prescriptions. Management is still waiting on quotes from other carriers who would not provide quotes without first seeing Anthem's renewal numbers.

Mr. McDonald asked if those increases would be a concern for employees and if the coverage would be the same as what they have now. Mr. Williams said he is also waiting on coverage details for the Affordable Care Act Option, Anthem's system has been down, and they have been unable to provide him with coverage details for the ACA option. Mr. Mills said he has been to the last two Personnel and Benefits Committee meetings to see where the Committee was headed with regard to salaries and health insurance, he took away from the meetings that one of the things the Committee is leaning towards is looking at a hybrid plan. Mr. Mills said even with the large increase with the current policy it would

be expensive, but doable. It will be interesting to see what comes back from the other carriers.

Mr. Merkle has identified \$95,000 in costs that will be added to the budget to address additional operational costs, but these costs will be more than made up by the decrease in the treatment costs paid to Carmel Utilities. Ms. Merrill had a couple of questions regarding projected increases in certain line items. Several items showed increases over 100%, Mr. Williams said those numbers are high because they are comparing the proposed budget to the amount spend so far in 2021. If you compare the 2021 budget to the proposed 2022 budget, most have a 0% change.

Mr. Williams said the current budget numbers do not reflect a user rate increase. When the plant expansion was approved, the financial plan showed two 5% increases. The last three years the Board have put off a 5% user rate increase because of the pandemic and the Utility's ability to still generate adequate revenue. Due to the increased costs in goods and services, management is recommending a 5% increase in user rates for 2022 midyear coinciding with balanced billing adjustments.

Mr. Merkle presented graphs reflecting an annual 3% increase in projected costs and bond payoff information. Mr. Williams asked the Committee to recommend the Board approve a midyear 5% user rate increase for 2022. Ms. Poindexter said the rate increase would need to be used to fund Reserve for Replacement with the items being replaced listed to show justification for the increase. Mr. Mills said the committee can recommend the Board consider a 5% rate increase at the December Board meeting once insurance numbers are received.

ADJOURNMENT

The meeting adjourned at 8:15 a.m.

Respectfully Submitted



Cindy Sheeks
Controller