

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
JUNE 21, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, June 21, 2017. Mr. Akers called the meeting to order at 4:00 p.m. pursuant to notice as required by law. The following Board members were present: S. Akers, M. Costin, G. Ward, and J. Edwards. Others present: J. Pandy, B. Tillett, L. Starkey, J. Beisiegel, J. Chance, L. Starkey, B. Zartman, M. Walsh, K. Shives, N. Spence, D. Woessner, N. Orpurt, J. Languell- City Council Liaison, and A. Lombardi, Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF JUNE 7, 2017:

Mr. Ward moved that the minutes of June 7, 2017, be approved. Mrs. Costin seconded the motion. The motion passed unanimously.

2.) PAYMENT OF CLAIMS:

Ms. Costin moved to approve the claims as presented. Mr. Ward seconded the motion and the motion passed.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, July 5, 2017, at 4:00 p.m. in the Utility Service Boardroom.

4.) OLD BUSINESS: None

5.) NEW BUSINESS:

A.) APPROVAL OF EMPLOYEE HANDBOOK:

Mr. Pandy summed up the policy and procedure sections of the Employee Handbook noting that previously the senior staff had reviewed the policies and gave their approval. It is a living document and will be continually edited and updated.

Mrs. Edwards moved to approve the Employee Handbook. Mr. Ward seconded the motion. The motion passed.

B.) REQUEST FOR PROPOSALS (RFP's) FOR GRANT ADMINISTRATION SERVICES FOR THE WATER UTILITY IMPROVEMENTS PROJECTS:

Mr. Pandy stated that as part of the Indiana Office of Community and Rural Affairs Grant (OCRA) we have to comply with a Request for Proposal (RFP) for a grant administrator. It is necessary that we hire a grant administrator since we are seeking Federal grant dollars and have to adhere to 14 Federal requirements. A grant administrator will manage the grant to ensure we are in compliance, with all the rules. The proposals are due June 26 and will be presented to the Board for consideration at the July 5 meeting.

Ms. Costin moved to approve a Request for Proposals to hire a Grant Administrator for the Office of Community and Rural Affairs Grant (OCRA). Mrs. Edwards seconded the motion and the motion passed.

Mr. Pandy summarized the new procedures for the receipt, handling, opening, and award of bids/contracts, after the Board opens and accepts a bid, staff would evaluate the bid and make a recommendation to the Board of their findings. Our attorney has advised us to open bids at a public meeting. At the opening event, we will examine the bids to determine if they are compliant with the instructions of the solicitation documents. Mr. Pandy stated that most utilities open the bids at the deadline received in order to create a tabulation sheet for the Board’s review. Ms. Costin inquired if it was procedurally correct to open a bid prior to the meeting. After discussion, it was decided that bids would be opened during Board meetings.

C.) BOARD CONSIDERATION OF IMPA MASTER SERVICES AGREEMENT:

Mr. Pandy reported that IMPA Service Corp. is a not-for-profit corporation doing business as ISC, Inc. Some of the services that ISC offers are engineering and line crews, along with Rate Engineers who can assist with rate studies. Mr. Pandy said IMPA is progressive in offering these services and that smaller communities use ISC’s line crews to perform their day-to-day work. Mr. Pandy felt it was sensible to have a Master Services Agreement with IMPA Service Corp. in case we would need their assistance.

Mrs. Edwards moved to accept the Master Services Agreement with ISC, Inc., Mr. Ward seconded the motion. Motion passed.

D.) APPROVAL OF BID RECOMMENDATION FOR ROOF REPLACEMENT FOR BUILDING #219 AT GRISSOM:

Three bids were received from the following contractors for the replacement of the roof on Building 219 at Grissom:

Complete Commercial Roofing	\$ 139,500.00
Consolidated Contracting, LLC	\$ 75,200.00
Royalty Roofing	\$ 73,091.00

Mr. Pandy said that the Division of Water Management had reviewed the three bids received for the replacement roof and that we have budgeted \$90,000 for this project. Royalty Roofing is the lowest bidder at \$73,091.00, which is less than the other bids. Mr. Pandy asked the Peru Utility Service Board to grant permission to award the bid to Royalty Roofing for \$73,091.00 for the roof replacement for Building 219 at Grissom.

Ms. Costin made the motion to recommend the bid be awarded to Royalty Roofing for replacement of the roof on Building 219 at Grissom for \$73,091.00. Mrs. Edwards seconded the motion. Motion passed.

E.) RECOMMENDATIONS ON ADVANCED METERING INFRASTRUCTURE (AMI) BY TECHNOLOGY & COMMUNICATIONS COMMITTEE:

Mr. Pandey said that the Technology & Communications Committee had been working on Advanced Metering Infrastructure (AMI) for the past year and were present to explain the need for smart meters and to answer any questions.

Mrs. Opurt, Chairman of the Technology & Communications Committee said that the committee had worked diligently researching 6 vendors who support Advanced Metering Infrastructure (AMI) both electric and water. The committee had met with five of the six vendors for alternative technologies and costs. The three vendors that had submitted competitive offerings were chosen: Itron/U. Systems, Sensus/EJP, and Silver Springs, the committee recommends Sensus. She noted that Advanced Metering Infrastructure (AMI) provides a payload of information and the more one looks at Advanced Metering Infrastructure, the more it seems its uses for the future are unlimited. She introduced the individual committee members as follows: J. Chance, Cory Ewer, Todd Eckelbarger, Kevin Shives, Nate Spence, Mike Walsh, Dave Woessner, and Brett Zartman.

Mr. Spence said it is necessary to upgrade our electric and water meters because the current meters are 60-70 years old and are running slow; the meters are the cash register of the company. Because of this, we are possibly losing \$550,000 annually in revenue. None of the current digital meters can work with an Advanced Metering Infrastructure System (AMI). He said it is necessary to update our meters to digital meters because they are more accurate and contain no moving parts that slow down with age. The committee has chosen a proven system that will offer many advantages, including remote disconnect/reconnect, better outage detection, “blink” troubleshooting, meter tampering detection, and eventually the ability for customers to view their own usage details. He displayed electric meters currently in use noting that they have gears and bearings and eventually slow down. He summarized some of the benefits associated with Advanced Metering Infrastructure (AMI) deployment: to better serve our customers, will help us improve the reliability, efficiency, and quality of our service system, along with customer service and financial benefits. Mr. Spence said one of his concerns with the other companies is that their networks require 90 pieces of equipment that have to be maintained/installed across our system; Sensus only requires 3 pieces of network equipment mounted on water towers.

Mr. Chance displayed a Badger and Neptune water meter noting there are 4,000 Badger meters currently in use in the system and are 20 years old. In 2004, we replaced 1,800 Badger meters with Neptune meters. When we remove the Badger meters to test them, according to the law we now have to recycle them. The Neptune meters have been testing at a 17% failure rate. With no moving parts, lead-free iPERL meters maintain their accuracy over a 20-year lifetime. The Advanced Meter Infrastructure (AMI) will collect consumption, diagnostic, and data from the water meter devices and transfer the data back to our database for billing, troubleshooting, and analyzing. This technology will save us the expense of periodic trips to each physical location to read a meter. Another advantage is that billing can be based on

actual consumption rather than on estimates based on the past or predicted consumption. This timely information coupled with analysis can help both Peru Utilities and our customers to better control the use of water consumption.

Mr. Shives reported that our customers want accurate readings at the same time each month and they do not want to have to contain their pets to make access for the meter readers or keep their gates opened/unlocked. Our concerns are about the safety of our meter readers along with the accuracy of the reads each month. Our meter readers and installers encounter irate customers and other safety risks. Because we have only two full-time meter readers and three part-time meter readers (who only read 2-3 times per week) we have to estimate bills at times. The new system has checks for water leaks between meter reads so that we can be proactive and notify customers so that the problem can be fixed sooner. High water and electric usages daily can be seen and explained to the customer. Mr. Shives pointed out the new meters will provide us with usage data that will be used to accurately build rates based on the responsibility of the class of customer that contributes to the cost. This makes the rates fair and one class of customer does not subsidize any other class.

Mr. Walsh summarized the details of the five additional add-ons that Sensus offers that hold a benefit for customers and Peru Utilities:

- Conservation Voltage Reduction (CVR) – Would allow us to monitor our voltage and automatically adjust it instead of the manual way it is being done now.
- Outage Management System – Would give us automation that will allow us to find outages quicker, reduce truck rolls from false reports and create a data bank of information.
- SCADA Exchange – Would interface with existing SCADA systems easily
- Load Aggregation – Sorting of our customers and the loads used by residential, commercial and Industrial or any combination of the three.
- Transformer Utilization – Give real time data for possible transformers failures, undersized transformers, and accumulation of transformers system wide that need changed.

Mr. Woessner explained that AMI provides the communication network that works to make Distribution Automation possible.

Mr. Zartman summarized FlexNet. It is the technology backbone of the Sensus System allowing two-way communication with all the devices in the field. There will be three antennas and three base stations located on the water towers at Mexico Road, Parkview Heights and the Grissom Million Gallon tank. Information/data will communicate through the antennas and backhaul to the main office. If one base station quits working, the other will provide redundancy. Utility Metering Solutions (UMS) will contract to perform the installation of all field devices. Utility Metering Solutions (UMS) will electronically import data from the old meters into our billing system alleviating the chance of lost reads or customer data. The committee chose to

have Sensus host the server offsite, to allow for better reliability, less equipment cost and the possibility of downtime.

Mr. Chance summarized the AMI Cost Comparison and reported that Sensus/EJP is the lowest cost, including installation for a total amount of \$4,428,056.25. Utility Metering Solutions, LCC (UMS) will design, build, integrate, maintain and finance the AMI system at an interest rate of 3.25% for 10 years. Mr. Pandy supported the Committee’s recommendation. Sensus will perform the install and supports financing the cost over ten years, which makes it easier for the customers.

Ms. Costin made a motion to recommend Sensus/EJP for Automatic Metering Infrastructure for the cost of \$4,428,056.25 which includes installation and to enter into agreements with Utility Metering Solutions for design, build integration, maintenance, and financing of the Advanced Metering Infrastructure (AMI) System for installation (3.25% for 10 years) beginning in 2017 and implementation in 2018. Mrs. Edwards seconded the motion. Ms. Costin, Mrs. Edwards, and Mr. Akers voted in favor. Mr. Ward left the meeting prior to the vote. The motion passed.

6.) CITY ADMINISTRATION UPDATE: None

7.) CITY ATTORNEY’S UPDATE: None

8.) MANAGER’S REPORT:

A.) STRATEGIC PLANNING (SWOT ANALYSIS):

Mr. Pandy said that 15 staff members attended the meeting and have recommended good ideas for Peru Utilities future goals. Mr. Pandy reported the SWOT Analysis findings to the Board as follows:

<u>Electric</u>	<u>Water</u>	<u>Office</u>
AMI Technology	AMI/Technology	AMI
Rate Structure	Infrastructure Age (WW Wetlands)	Campus
Friction in Line Dept.	Teamwork/Staffing	Technology
Age/Height of Line Shop/Campus	Vandalism/Terror	Work Flow Org.
Public Education/Training	Other Wastes (outlying growth)	Flex Time
Switches	Rates +	Union vs Non-Union
Succession Plan	IDEM Regulations	Safety – Meter Readers
		Angry Customers

9.) ADJOURNMENT:

There being no further business to bring before the Board, Ms. Costin made a motion to adjourn. Mrs. Edwards seconded the motion. The meeting adjourned by unanimous consent.

Geoff Ward, Secretary Peru Utilities Service Board