

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
FEBRUARY 7, 2018**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, February 7, 2018. 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, M. Burnell and J. Edwards. Others present, J. Chance, B. Tillett, L. Starkey, J. Beisiegel, B. Zartman and C. Eggers – Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF JANUARY 17, 2018:

Ms. Costin moved to accept the minutes of January 17, 2018, Board meeting. Mr. Ward seconded the motion. The motion carried.

2.) PAYMENT OF CLAIMS:

Mrs. Edwards moved to approve the claims as presented. Mr. Ward seconded the motion and the motion carried.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, February 21, 2018, at 4:00 p.m. in the Utility Service Boardroom.

4.) PUBLIC COMMENT: None

5.) OLD BUSINESS: None

6.) NEW BUSINESS:

A.) APPROVAL OF DISBURSEMENT REQUESTS FOR PERU WATER UPGRADES:

Mr. Chance requested approval of the 2018 SRF Loan Disbursement Request No. 13 to NS Services for \$1,695. He stated that this is the archeological investigation report and results for the high school property.

Mr. Chance requested approval of the 2018 SRF Loan Disbursement Request No. 14 to Wessler Engineering for \$2,800. He stated that this is for construction management and services for 12/1/17 – 12/31/17.

Mrs. Edwards made the motion that 2018 SRF Disbursement Requests No. 13 and No. 14 be approved. Mr. Ward seconded the motion. The motion carried.

B.) APPROVAL OF BAD DEBT WRITE-OFFS JULY 1, 2017 - SEPTEMBER 30, 2017:

The bad debt write-offs July 1, 2017 – September 30, 2017, were reviewed and Mr. Chance requested permission to write-off the delinquent accounts.

	Peru	Grissom	Total
Electric	\$15,855.32	\$ -	\$15,855.32
Water	3,165.87	1,735.18	4,901.05
Wastewater	545.40	48.00	593.40
Storm Water	66.40	-	66.40
Trash	199.20	-	199.20
Total	\$19,832.19	\$ 1,783.18	\$21,615.37

Regarding bad debts, the company policy is to deny services to any customer who has an outstanding debt; the customer has to pay their debt in full before services are established. When customers return for service, the money owed is collected.

Mrs. Edwards made a motion to grant permission to write-off the delinquent accounts July 1, 2017 – September 30, 2017, for \$21,615.37, and was seconded by Mr. Burnell. The motion carried.

C.) APPROVAL OF SALE OF EXCESS OFFICE FURNITURE AND MISC. ITEMS:

Mr. Chance asked for Board approval to sell excess office furniture and other obsolete items.

Ms. Costin made a motion to approve the sale of the excess office furniture and misc. items. Mr. Ward seconded the motion. The motion carried.

D.) APPROVAL OF VMWARE INFRASTRUCTURE UPGRADE:

Mr. Chance requested Board approval of the purchase of VMware Infrastructure equipment needed to upgrade the virtual server environment to a reliable virtual network and proper and complete backups. He referenced a contract from Intrasect, along with a Capital Expenditure Request for a total project cost of \$89,802.29. Mr. Zartman gave an in-depth presentation of the particulars of the VMware infrastructure and why it is needed.

Mrs. Edwards made a motion to approve the purchase of VMware Infrastructure equipment from Intrasect for a not to exceed the amount of \$89,802.29. Ms. Costin seconded the motion. The motion carried.

E.) APPROVAL OF POLICY 1-2018, FOR TEMPORARY LIGHT AND RESTRICTED DUTY ASSIGNMENTS:

Mr. Chance requested Board approval of Employee Policy #1-2018, Temporary Light, and Restricted Duty Assignments. At this time, we have no formal policy of

this nature. The policy pertains to temporary light duty and restricted assignments and states that the company at its sole discretion may offer temporary light duty assignments for employees with temporary work-related restrictions due to on the job or off the job injury. Mr. Chance felt it was necessary, as it will help to reduce worker’s compensation costs and other related costs and to assist employees who are recuperating in their return to work. Mr. Chance had Attorney Dustin Kern review the policy who felt it suitable. Mr. Ward believed that it should be restricted to work injuries only. Mr. Chance explained that the current proposal related to all type of injuries, however, Peru Utilities would retain the right to make the decision and a doctor excuse is required to return to full duty. Mrs. Edwards felt that the proposed policy was okay as is. The Board agreed that a policy is needed; however, they asked that Policy 1-2018 be tabled until Attorney Dustin Kern can compare it to the City’s policy and then both policies be reviewed by the Board at the next meeting. After review of both policies, the Board will consider the matter.

Ms. Costin made a motion to table Policy 1-2018 until Attorney Dustin Kern can compare it to the City’s policy. Mr. Ward seconded the motion. The motion carried.

F.) APPROVAL OF PURCHASE OF TWO-WAY RADIO COMMUNICATION EQUIPMENT:

Mr. Chance requested Board approval for the purchase of new two-way radio communication equipment. The current system is 28 years old and a recent audit of the radio system by our Technical Services Department has shown an immediate need for replacement of some of the equipment. It is also a safety issue. J & K Communications has quoted us a 450 MHZ digital repeater, communication converter, antenna with 3 mobile and 4 handheld set-ups for a total of \$29,494.14. If we purchase analog technology, the cost will be even more because it is old technology. A digital system signal can travel a greater distance and is a far better system. Mr. Chance felt there is no point in spending money on a system that is old technology and that the FCC does not support. We currently have \$10,000 in the 2018 budget for new radios. Because of the immediate need, if approved, we can forego the State Road 19 South overhead rebuild from the 2018 Capital Budget and use those funds towards this portion of the project. The rest of the equipment will be purchased over a two-year period.

Mr. Burnell made a motion to approve the purchase of digital two-way radio communication equipment for the total of \$29,494.14. Mrs. Edwards seconded the motion and the motion carried.

G.) APPROVAL OF 2ND QUARTER 2018 ELECTRIC RATES-TRACKER ADJUSTMENT:

Mr. Chance asked for acceptance of the 2nd Quarter 2018 Electric Rates-Tracker Adjustment. For the 2nd quarter 2018, the tracker decreased an average of (\$0.000364) cents per kWh over all of our electric customer rates. The average customer using 750 kWh of electricity will see their bill decrease by about \$1.65. The second Quarter 2018 Electric Rates Tracker Adjustment filing will be on the City Council’s March agenda for their consideration.

A motion was made by Mr. Ward to accept the second Quarter 2018 Electric Rates – Tracker Adjustment and seconded by Ms. Costin. The motion carried.

H.) APPROVAL OF ANNUAL CPI PERU WATER RATES TRACKER ADJUSTMENT:

Mr. Chance requested acceptance of the annual CPI Peru Water Rates Tracker adjustment. He explained that City Ordinance 28-2016, allows us to recalculate the Peru water rate annually based on a formula recommendation endorsed by the Indiana Utility Regulatory Commission (IURC). If accepted Peru water rates will increase by 2.6% per the formula, effective April 1, 2018. The average customer who uses 3,000 gallons of water will see an increase of \$0.39 in their monthly bill. This periodic increase helps to avoid larger increases later on all at once. Annually, the Peru Water Rates Tracker will be adjusted.

Mr. Ward made a motion to accept the Peru Water Rates Tracker adjustment, effective April 1, 2018. Mrs. Edwards seconded the motion. The motion carried.

The 2018 Peru Water Rates Tracker Adjustment filing will be on the City Council’s March agenda for their consideration. Mr. Chance explained that a tracker is needed and will be implemented for wastewater rates for both Peru and Grissom. As it stands now, a wastewater tracker will not be implemented for another four-five years.

7.) CITY ADMINISTRATION UPDATE: None

8.) CITY ATTORNEY’S UPDATE: None

9.) MANAGER’S REPORT:

2018 RETIREMENTS:

Mr. Chance reported that Mrs. Starkey has given notice she will retire May 1, 2018. We have a Succession Plan in place. Last week Curt Bankston retired and the Board had approved the designation of two lead linemen for the time being to replace his position. Mike Walsh and Dave Woessner will take over extra responsibilities during this time of transition. Mr. Chance said that he plans to take his time in recruiting a new Transmission/Distribution Superintendent. Other recent retirees this year: Nan Orpurt, Kevin Shives, and Linda Lester. Max Glassburn is going to retire May 25. Mr. Chance noted what within the next three years fifteen employees will become eligible for retirement.

JOB POSTING TRANSMISSION/DISTRIBUTION:

Mr. Chance noted that the Transmission/Distribution Superintendent position was posted internally and was published in the Peru Tribune. The open position is posted on the following industry sites: American Public Power Association (APPA), Tennessee Valley Public Power Association (TVPPA), Indiana Municipal Power Agency (IMPA) and the website Indeed. Mr. Chance stated that going forward we plan to focus on knowledge sharing, data sharing along with cross training.

TENNESSE VALLEY PUBLIC POWER AUTHORITY ANNUAL MEMBERSHIP:

Our Linemen Apprenticeship Program is with Tennessee Valley Public Power Authority (TVPPA). Since we currently do not hold a membership with TVPPA, it was felt the best interest would be to become a member in order to save money on training programs and study modules that relate to our Apprenticeship Program. Presently, we are in the application process with an annual fee of \$500. The skills labs offered by TVPPA for apprentice linemen costs \$5,200 and we are paying \$7,000 per apprentice over four years. Membership with TVPPA will save us \$4,000 over the length of the four-year apprenticeship program for our current apprentices. We feel it is a good deal that is worthy of our attention. We plan continual training for employees. Currently, three employees are attending a construction observation class for all of our projects and Matt Svantner is attending fiber splicing classes in Seattle. We are planning advanced linework training 10 years and up to keep our lineman sharp. Todd Eckelbarger recently transferred to Meter Technician within the Technical Services Department.

PERU UTILITIES WORKMAN'S COMPENSATION RATING:

Mr. Chance stated that our Workman's Comp. renewal rate is ranked low, which keeps our premium down. Our Indiana group rating is a 1 risk factor, which calls for a premium of \$54,872.00, but because Peru Utilities safety record is so good we earned a risk rating of .69. This reduced our premium by \$17,000. Our employee engagement in safety has been successful.

CUSTOMER THANK YOU:

We received an e-mail from a customer thanking Apprentice Lineman Shawn Dunnagan for his honesty and integrity for returning a drone he found while performing utility work. The owner spoke highly of Mr. Dunnagan and Peru Utilities. Mr. Chance stated that Peru Utilities also appreciated this display of Shawn Dunnagan's kindness and integrity.

4th QUARTER ACCOMPLISHMENT SUMMARY:

Mr. Chance shared some of the highlights of the 4th Quarter Accomplishment Summary with the Board as follows:

Division of Water Management

- Replaced 200 feet of lead
- Conducted and passed lead and copper water testing for IDEM
- Jetted 3,500 feet of sewer line
- Completed engineering and design on \$8.5 million SRF projects, bid and awarded projects
- Designed and bid 2 wastewater pipe lining projects
- Hired a 2nd class maintenance employee, Jack Windsor
- Promoted Nick Parkman to Stormwater Coordinator

Technical Services Department

- Finalized AMI system meter counts and system configuration, ordered \$4.5 million worth of equipment
- Hired new Network System Technician, Matthew Svantner
- Created database for electric mapping for the Bivvy program as an overlay on the developing GIS system for engineering and OMS
- Tested, cleaned, and repaired 77 electric meters

Transmission and Distribution Department

- Replaced or installed 26 poles
- Replaced 75 cutouts in the system
- Replaced or repaired 41 underground and overhead residential services
- Replaced or repaired 105 street and security lights
- Completed 5 line extensions
- Retirement of Nan Orpurt

Safety

- Evaluated entire safety program to identify organizational strengths and weakness in compliance and overall safety
- Adjusted duties of each department and designed the safety program to better fit the need of our organization
- Safety Manager managed power plant demolition daily
- Began overhaul and update of Safety Data Sheet Program for the entire organization to bring into OSHA compliance

Administration

- Hired new GM to replace Joe Pandy
- Completed Electric tracker calculations, changed method of calculation from previous administration back to industry standard
- Hired new part-time Customer Service Clerk, Jennifer Green
- Promoted Linda Browning from part-time to full-time CSR
- Promoted Leah McGuire to Customer Service and Key Accounts Manager to train and replace Kevin Shives
- Hired Lisa Eckelbarger as full-time CSR to replace retiring Linda Lester
- Developed and wrote an official internal hiring policy for better transparency when hiring or promoting
- Completed 2018 budget, submitted it to the PUSB for approval
- Simultaneously completed an SRF financing, OCRA grant, and an AMI lease, which included multiple and time-consuming negotiations with the Indiana Finance Authority, Indiana SRF, Signature Bank, Stifel, Umbaugh and Associates, ICE Miller, Dustin Kern, PUSB, and Peru Common Council.

10.) 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.

Geoff Ward, Secretary Peru Utilities Service Board