

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

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, March 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, D. Kern, J. Chance, B. Tillett, L. Starkey, J. Clark, S. Hines, B. Zartman, J. Beisiegel, and J. Languell-City Council Liaison.

**1.) APPROVAL OF BOARD MINUTES OF FEBRUARY 21, 2018:**

*Mr. Ward moved to accept the minutes of February 21, Board meeting. Mr. Burnell seconded the motion. The motion carried.*

**2.) PAYMENT OF CLAIMS:**

*Ms. Costin 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, March 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 #15 AND #16 AND OFFICE OF COMMUNITY RURAL AFFAIRS (OCRA) CLAIM VOUCHER #2 FOR THE PERU WATER UPGRADES:**

The Board considered the following disbursement requests #15 & #16 and the OCRA Claim Voucher #2 for the Peru Water Upgrades.

Disbursement #15, Deichman Excavating, the primary contractor, for \$150,584 for the Peru Water Upgrades.

Disbursement #16, Wessler Engineering, design engineers for the State Revolving Fund (SRF) projects, for \$4,530 for the Peru Water Upgrades.

OCRA Claim Voucher #2, for \$3,300 for the Peru Water Upgrades.

To date, the SRF Disbursement requests total \$865,543 leaving a balance of \$6,933,927 of the original loan amount of \$7,799,000. The OCRA Grant has a balance of \$540,900.

*Mr. Burnell made a motion to approve disbursement requests #15 and #16 and the OCRA Claim Voucher #2 for the Peru Water Upgrades. Mr. Ward seconded the motion. The motion carried.*

**B.) CONSIDERATION OF PROFESSIONAL ENGAGEMENT PROPOSAL WITH  
H. J. UмбаUGH FOR THE GRISSOM WATER RATE COST OF SERVICE STUDY:**

Mr. Chance said he received a professional services agreement from H. J. Umbaugh for the Grissom Water Division. The last time a water rate study for Grissom was performed was in 2002. It is felt that a new Cost of Service Study is required to ascertain what rate is needed to cover costs to operate, maintain, repair and upgrade the water supply/treatment system at Grissom. We were deeded the infrastructure by the GRA and the United States Air Force and have not had finances available to do improvements. The pump equipment is outdated radio technology and does not start up, as it should. It is one of the many projects that we need to do at Grissom. It is felt that improvements will cost \$1 - \$1.5 million. If we borrow \$1.5 million, we are looking at a 2.5% increase. The debt service over a 20-year period will be about \$65,000 annually or if we did not want to incur debt, we could spread the project out over 10 years and raise the rates accordingly. Because our operational costs have increased, we will experience a negative net margin by the end of the year. Last year we had a slightly negative net margin. The implementation of the Automated Metering Infrastructure (AMI) will help us a little at Grissom but our water losses average annually between 17-18%. Mr. Chance recommended we use H. J. Umbaugh because of their industry expertise and knowledge would allow the rate increase to be able to withstand public scrutiny especially with regard to the Department of Correction (DOC). Dependent upon the details the cost will be an hourly basis and is estimated it should be in the \$40,000 range. Mrs. Starkey indicated that if we do as much as we can on our part that it should help to mitigate the cost. We have been in contact with Amy Miller with Cornerstone Grants (she helped us in securing our OCRA Grant) and she has said that there are other options available for small water utilities which we plan to aggressively pursue. If our rates support the debt, our score is good, and our position is at the top of the priority list with the SRF, then we will be given a high priority consideration for a loan. Umbaugh will use 2017 information as a test year. We will inform Wessler what is required and as part of their Preliminary Engineering Report (PER) they will assess the condition of the existing water facilities at Grissom and calculate what the cost of replacement will be. If passed we will engage with Umbaugh to begin work on the study immediately and work with Amy Miller and the SRF to discover all other available options for financing. Mr. Chance informed the Board that rate information is currently available on the website.

*Mr. Burnell made the motion to approve the Professional Engagement Proposal with H. J. Umbaugh with Firm's fees for services as set forth in the aforementioned agreement. Ms. Costin seconded the motion and the motion carried. Mrs. Edwards abstained from voting since she was not present for the review/discussion. The vote was 4 in favor and 1 abstention. The motion carried.*

7.) **CITY ADMINISTRATION UPDATE:** None

8.) **CITY ATTORNEY’S UPDATE:**

Attorney Dustin Kern reported that the Reahard lawsuit is still pending and a foreclosure action on a customer utility bill since we are named as a defendant and have an interest in the property.

9.) **MANAGER’S REPORT:**

**QUARTERLY BREAKFAST:**

Join us for the 2<sup>nd</sup> Quarterly Breakfast Wednesday, March 14, 2018, at the Dutch Café at 7:30 a.m.

**YEAR-END FINANCIALS:**

Mr. Chance noted that if the Board members had questions about the year-end financials please feel free to contact him.

**UTILITY SECURITY:**

Mr. Chance stated we are working on ways to upgrade our security measures. We have purchased new countertops for the payment office and we are investigating options available in regards to raising the counter height and providing higher stools for customer service reps. We are also looking into smaller glass partitions that will separate customers from our employees in order to protect them against a disgruntled customer reaching across and attempting to cause harm. We want to maintain a high level of service to the ratepayers while providing an appropriate security for our employees. We have included money in the capital budget for security gates and doors and we plan to purchase keycard entry for the office doors and the Peru water filtration plant since they are on the same campus. We plan to replace the back gate to the line department this year, a decision was made to close the gate and post a sign stating numbers and contact persons to call for deliveries. We upgraded cameras last year at the administration office with hi-definition. We are thinking about installing a monitor facing outwardly so that customers walking in the building to make payments will be aware of the fact they are being videoed. Police Chief Mike Meeks has talked to the customer service reps and has explained the steps with how to deal with angry customers; we have implemented quarterly emergency training in our safety program.

**ADVANCED METERS:**

Mr. Chance presented to the Board one of the new electric advanced meters bearing the Peru utility logo. He gave a short summary of how an advanced meter functions with the smart point and how the sensor transmits data back to the office. He noted that if someone inadvertently damages the smart point on a water meter, we would pay for it the first time, after that it will be the responsibility of the party who broke it.

**MARCH 7, 2018 – Cont’d.**

*There being no further business to bring before the Board, Mr. Ward made a motion to adjourn. Ms. Costin seconded the motion. The meeting adjourned.*

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Geoff Ward, Secretary Peru Utilities Service Board