

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
JULY 11, 2018**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, July 11, 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, J. Edwards and M. Burnell. Others present, J. Chance, B. Tillett, B. Hall, J. Beisiegel, B. Zartman, and J. Clark.

**1.) APPROVAL OF BOARD MINUTES OF JUNE 20, 2018:**

*Mr. Burnell moved to accept the minutes of June 20, Board meeting. Mr. Ward seconded the motion. The motion carried.*

**2.) PAYMENT OF CLAIMS:**

*Ms. Costin moved to approve the claims as presented. Mrs. Edwards seconded the motion and the motion carried.*

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held Wednesday, July 25, 2018, at 4:00 p.m. in the Utility Service Boardroom.

**AMEND AGENDA:**

A resolution is needed to authorize Mr. Chance as General Manager as SRF Loan Program Signatory. Mr. Chance asked that the agenda be amended and add item 6-D, SRF Loan Program Signatory Authorization Resolution.

*A motion was made by Mr. Ward to amend the Agenda and add item 6-D, "Consider approving SRF Loan Program Signatory Authorization Resolution". Mr. Burnell seconded the motion and the motion carried.*

**4.) PUBLIC COMMENT: None**

**5.) OLD BUSINESS: None**

**6.) NEW BUSINESS:**

**A.) APPROVAL OF BAD DEBT WRITE-OFFS JANUARY 1, 2018 THROUGH MARCH 31, 2018:**

The bad debt write-offs January 1, 2018 – March 31, 2018, were reviewed and Mr. Chance requested permission to write-off the delinquent accounts.

	<b>Peru</b>	<b>Grissom</b>	<b>Total</b>
Electric	\$16,673.60		\$16,673.60
Water	5,019.16	1,272.63	6,291.49
Wastewater	2,011.68		2,011.68
Stormwater	32.80		32.80
Trash	110.40		110.40
<b>Total</b>	<b>\$23,847.64</b>	<b>\$ 1,272.63</b>	<b>\$25,119.97</b>

YTD 2018 Bad Debt/Write off Recoveries as of 3/31/18 is \$8,652.23, 0.001 of Gross Revenue and Year 2017 Total Bad Debt/Write off Recoveries were \$23,612.84, 0.79% of Gross Revenue.

*Mrs. Edwards made a motion to grant permission to write-off the delinquent accounts January through March 2018, for \$25,119.97. Mr. Burnell seconded the motion and the motion carried.*

**B.) APPROVAL OF CHANGE ORDER #1 TO DEICHMAN EXCAVATING FOR THE ADDITION OF A WATER MAIN:**

Deichman Excavating is the general contractor for the Water Main Replacements. Mr. Chance reported that Change Order No. 1 is for the addition of a water main replacement required due to unforeseen conditions on George Street, and additional work contractor spent locating a water main that was incorrectly located. This Change Order will be an increase of \$12,675. This increased the original contract price from \$4,736,980 to \$4,749,655.

Description, Purpose & Justification of Change:

<b>CHANGE</b>	<b>DESCRIPTION</b>	<b>ADD</b>
Item No. 1	<b>Water Main Line M Revisions</b> During the installation of the water main line, it was discovered an existing 8-inch water main thought to be located along George Street did not exist. The design drawings call for a line to connect to this non-existent 8-inch water main. Additionally, it was found that 6 residences, west of new line are served from a 1.5-inch waterline, which is now being replaced with a new 6-inch water main, which will be paid for using existing unit price bid prices.	\$8,187.00
Item No. 2	<b>Locating Existing Water Line</b> During the installation of a new water main line, the existing water main could not be located to complete a tie-over. City records indicated the existing water main was located on the south side of the road, which main was abandoned. The active water main is located on the north side of the road. Deichman excavating is requesting additional compensation for time and equipment used to locate the active main.	\$4,488.00

Mr. Akers inquired about the Daniel Street water main installation. Mr. Chance stated Deichman delayed work a week because the 3-phase line that feeds the baseball lighting was damaged during installation. The matter is between Deichman

Excavating and Peru Community Schools. Deichman is waiting for the school system to locate yet another electrical line that discovered before they continue the installation. Ms. Costin inquired if fire hydrants were in good working condition. Mr. Beisiegel reported all 500 fire hydrants have been flow tested and of that number, ten have issues, which will be corrected within the month.

*Mrs. Edwards made a motion to approve Change Order No. 1 to Deichman Excavating for \$12,675.00. Ms. Costin seconded the motion and the motion carried.*

**C.) APPROVAL OF CHANGE ORDER #1 TO KOKOSING INDUSTRIAL, INC. FOR ADDITIONAL STRUCTURAL REPAIR ITEMS FOR THE WATER PLANT UPGRADE:**

Kokosing is the general contractor for the Water Systems Improvements. Mr. Chance reported that Change Order No. 1 is for the inclusion of additional structural repair items as identified during construction and changes in project scope as identified during construction. This Change Order will be an increase of \$6,442.00. This increases the original contract price from \$2,732,670.00 to \$2,739,112.00.

<b>CHANGE</b>	<b>DESCRIPTION</b>	<b>ADD</b>	<b>DEDUCT</b>
Item No. 1	<b>West Side WTP Window Glazing Modifications</b> Due to the demolition of the power plant adjacent to the WTP sunlight enters WTP from west side windows. These work items modify glazing on the new windows on the west side of the WTP to add tint. The intent is to reduce the amount of light entering the plant, hitting the open gravity filters.	\$1,350.00	
Item No. 2	<b>Booster Station ATS/Well 1 Gen. Modifications</b> Circuit breaker removed from the new ATS at the North Booster Station.		\$1,115.00
Item No. 3	<b>Deletion of Coating Work</b> The ceiling of the pipe gallery is in good condition and does not require a coating.		\$4,157.00
Item No. 4	<b>Misc. Additional Structural Repair Work</b> Further investigation of the WTP during construction resulted in identifying additional structural repairs being required. Some of the additional work will be addressed by new pay items, and the remaining additional work will be addressed by overruns of existing unit price pay items. <i>Existing unit price pay items that increase/decrease in quantity from the bid quantity will be adjusted via final change order at the end of the project.</i>	\$7,664.00	
Item No. 5	<b>Additional Roofing Repair Work</b> During prep work for roofing repair, the existing concrete roof decking flange ends were found to be more deteriorated than anticipated. In several locations, the flange end concrete spalled off. This concrete needs to be repaired by mortar buildup to ensure existing roof repair work can be completed as specified.	\$2,700.00	

*Mrs. Costin made a motion to approve Change Order No. 1 to Kokosing Industrial for \$6,442.00. Mr. Ward seconded the motion, and the motion carried.*

**D.) SRF LOAN PROGRAM SIGNATORY AUTHORIZATION RESOLUTION:**

Resolution to authorize Josh Chance as General Manager as SRF Loan Program Signatory.

*Mr. Ward made a motion to approve the SRF Loan Program Signatory Authorization Resolution. Mrs. Edwards seconded the motion, and the motion passed.*

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

8.) **CITY ATTORNEY’S UPDATE:** None

9.) **MANAGER’S REPORT:**

**FUND BALANCES FOR STATE REVOLVING FUND (SRF), OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA) AND AUTOMATIC METERING INFRASTRUCTURE (AMI):**

Mr. Chance summarized to the Board as to the financial state of the SRF and OCRA Water Project fund balances and the AMI fund balances. Mr. Chance reported that 5,400 electric meters and 4,500 meters have been installed but not all have been communicating with other equipment. He noted that along with the SRF and OCRA funded projects, additional projects that crop up would be funded through the capital funds. He noted the current Fund Balances as follows:

<b>ORIGINAL</b>	<b>ORIGINAL</b>	<b>SUBMITTED</b>	<b>AVAILABLE BALANCE</b>	<b>IN PROCESS</b>	<b>AVAILABLE BALANCE</b>
<b>SRF</b>	\$7,799,000	\$1,781,907	\$6,017,093	\$383,827	\$5,633,266
<b>OCRA</b>	\$550,000	\$28,973	\$521,027		\$521,027
<b>AMI</b>					
EL	\$1,972,872	\$1,353,071	\$619,801		\$619,801
PW	\$1,857,912	\$1,507,507	\$350,405		\$350,405
GW	\$568,178	\$438,146	\$130,032		\$130,032

**PAST DUE BILL – HILLTOP FARMS:**

Mr. Chance stated that Hilltop Farms, a Michigan owned apartment complex had an outstanding sewage bill of \$11,980.00. Initially, all attempts to recoup the bill from the owners were unsuccessful. At that point, we distributed a flyer to the residents notifying them as of July 9 they would no longer have wastewater services. The flyer also stated what implications could occur if services were shutoff. We also informed the Board of Health, and Attorney Dustin Kern had reached out to HUD. Shortly after distribution of the pamphlets, the matter was promptly resolved in our favor.

**DOXO.COM:**

Mr. Chance stated it has come to our attention there is a website DOXO.com that will take payments from our customers to pay their utility bill. He stated that Peru Utilities

has no relationship with this website what so ever and the only way we take payments is at [peruutilities.com](http://peruutilities.com). We have also posted this information on our Facebook.

**BILLING ISSUES:**

Mr. Chance reported that about 100 customers received incorrect electric bills due to a flaw in the AMI installation process, which failed to take into account the old meter readings. Customers will be rebilled at the correct amount, we have acknowledged our error to them and we have thanked them for their patience in this process. The matter is also posted on our Facebook. Mr. Chance said we are scaling back our association with Evert J Prescott (EJP), who is the project manager and go between the vendor that we purchased the meters and system from, they will still be onsite as a consultant. Sensus and UMS will work together to finish the integration.

**AUDIT:**

We are subject to Indiana Municipal Audit Law and are required to undergo a separate audit from the city on an annual basis. It has been three years since our last audit. We have contracted with IMPA's auditing program with Crowe LLP. IMPA will reimburse Peru Utilities for the audit charges billed by Crowe in excess of the charges that would have been billed by the State Board of Accounts if SBOA had audited Utility's financial statements. Mr. Akers inquired why IMPA would pay the difference. Mr. Chance explained that when IMPA goes out for a bond issuance and its member communities do not have audits to prove their financial strength, then IMPA's bond rating is lower.

**OPEN POSITIONS:**

Mr. Chance said that due to the fact two of our journeyman lineman have left Peru Utilities to work for REMC we are recruiting for the following positions: Apprentice Lineman and Certified Journeyman Lineman. Jobs have been advertised on Peru Utility website, Peru Tribune, TVPPA, Work One, TVPPA, and IMPA. Since the lineman did not complete the five-year employment agreement, REMC will reimburse us for the costs of the Apprentice Training the lineman received. Mr. Akers inquired why they left. Mr. Chance said it was because of wages, with regard to wage comparison Peru Utilities top range is \$36.81/hr. and REMC is \$40.00/hr. Mr. Ward said, however, at the time of the last contract negotiation Peru Utilities healthcare benefits and retirement was substantially superior to what REMC offered, and it was felt that what was negotiated at that time it was in line, but perhaps it should be reviewed at the next negotiation. There was a discussion and Mr. Chance said retirement and healthcare matters would be taken into consideration at the next contract negotiations. It was noted that REMC is combining with Markle, Indiana, which is allowing them to do this. He presented a chart to the Board that noted the percentage difference between Peru Utilities and other local energy providers as follows:

<u>Local Area Energy Providers</u>	<u>Residential Charge for 1,000 kWh</u>	<u>Cost per kWh</u>	<u>Customer Charge/ Facilities Charge</u>	<u>Total Charge for 1,000 kWh</u>	<u>Effective Rate per kWh</u>	<u>% difference from P.U.</u>
Duke Energy	\$112.97	\$0.112965	\$9.40	\$122.37	\$0.122365	12.20%
Heartland REMC (Wabash)	\$114.10	\$0.114099	\$20.00	\$134.10	\$0.134099	19.88%
Miami Cass REMC	\$118.00	\$0.118000	\$25.75	\$143.75	\$0.143750	25.26%
<i>Peru Utilities</i>	<i>\$103.22</i>	<i>\$0.103218</i>	<i>\$4.22</i>	<i>\$107.44</i>	<i>\$0.107438</i>	

Mr. Chance reported that Peru Utilities has been collecting depreciation on electric assets and that the cost of the power plant demolition did not help in this regard. The \$2.6 million used for the demolition, could have been used to replace depreciated assets. He hopes that the new meters will give us a database across all customer classes in order to charge customers properly and that a Cost of Service Study will be needed in 2019.

**REVENUE GROWTH:**

Mr. Chance reported some time ago we looped the city with 144-strand fiber optic cable. We are in the early stages of hiring an agency to audit the fiber system to see if any connections are not efficient. In addition, we will find if we are using the least amount of fibers possible so we have enough spares that can be used for other items. He explained that it is possible to gain revenue by leasing out to companies such as Metronet or Swayzee Communications. Metronet has already installed fiber services to the Peru Community School system under a contract with the school board. Attorney Dustin Kern felt it was something Peru Utilities can pursue. We have met with Metronet, they have expressed openness to a lease of some of the fiber lines, and they can provide us with their services instead of Comcast. The Board felt it was a good plan to show people the availability of another option.

**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.*

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Geoff Ward, Secretary Peru Utilities Service Board