

City of West Lafayette, Indiana
Board of Public Works and Safety
MINUTES

April 19, 2010
8:30 a.m.
City Hall Council Chambers

Members present were Sana G. Booker, Bradley W. Marley, Jonathan C. Speaker, Elizabeth M. Stull, and Mayor John R. Dennis, who presided.

1. APPROVAL OF MINUTES

a. April 12, 2010, Meeting

Mr. Marley moved to accept the minutes of the April 12, 2010, Board of Works meeting. Ms. Stull seconded the motion. The motion was adopted.

2. NEW BUSINESS

a. Presentation: 2009 Annual Report and First Quarter 2010 Review – WWTU and Mr. Jim Treat

Mr. Jim Treat [O.W. Krohn & Associates, LLP] reviewed the 2009 WWTU Annual Report and distributed copies of the First Quarter 2010 Review. The Report showed \$48 million in net assets at December 31, 2009, against \$45 million at December 31, 2008. Other Accounts Receivable showed \$2.3 million in 2009, which was loans to the City's General and Parks & Recreation Funds; these were paid back in the first quarter of 2010. The statements reflect the inclusion of sanitation and pollution prevention activities which were previously reported by the Department of Street and Sanitation. Long-term debt is all SRF (State Revolving Fund) loans, which increased about \$3 million because of draws. Residential and commercial sales were up about 2.5% over the previous year, excluding Purdue. He stated that Purdue payments to the Utility decreased 9%, approximately \$300,000, which was somewhat offset by the increase on the residential side. That item will be monitored further; the lower number was used in all the projections. Non-operating Revenues took a hit, from \$331,965 in 2008 to \$142,615, due to the poor interest rates on relatively short-term investments. On the Statement of Cash Flows, the decrease in cash balances does not reflect the repayment of the loans to the City. There was some decrease because of use of extra cash for the unforeseen Cherry Lane sewer collapse. Mayor Dennis commented that the reason for the capital Improvement Fund is this sort of situation. In viewing the Detail of Operation and Maintenance Expenses, overall, Mr. Treat said, there is a noticeable jump in operating expenses, from \$3.3 million to \$4.5 million, but a significant portion of that is related to the addition of the sanitation and pollution prevention activities. In the Comparison of Account Balances with Minimum Requirements page, the City is in compliance with its bond covenants as related to the restricted cash funds, especially in the Bond & Interest Fund and in the Debt Service Reserve Fund. Mr. Treat reviewed the charts showing statistics, Dollars Billed by Customer Type for 2009, Gallons Billed by Customer Type for 2009, Count by Customer Type for 2009, and Purdue University Billing History. The Schedule of Gallons Treated and Billed shows that the average daily gallonage treated in 2009 was 7.8 million gallons. The Utility is designed to handle 9 million gallons per day, so analyzing capacity additions will be useful at this time, as the Utility is doing. The History of Customer Connections (excludes Purdue) shows that about 88 customers

were added in 2009, mostly residential. Monthly Bill for 5,000 Gallons, which compares wastewater utilities in Indiana communities of similar size and surrounding towns shows West Lafayette at a lower tier. Only the sewer fees are included but about half of the municipalities have also adopted stormwater rates (yellow highlights.) The baseline for both projected revenues and expenses is the 2010 budget, with no changes made on the revenue side. There are no planned increases in sanitation fees and no stormwater revenue has been included, pending completion of plans for stormwater fees at a later time. The schedule Projected Operating Revenues and Expenses for the Twelve Months Ending December 31, shows that the Net Operating Revenues for 2011 through 2014 are projected to be \$4.6 million to \$5 million. The current Five-Year Capital Plan was reviewed with Mr. Treat noting that further engineering evaluation has resulted in cost estimates on the North Side Regional Lift Station and Force Mains Project being reduced. Financing from the SRF loans includes utilizing the remainder of the 2004 SRF loan to complete the Western Interceptor, with the possibility of a new SRF bond for the North Side Regional Lift Station and Force Mains Project. SRF loan rates are currently below market. Other projects to be paid in 2010 and 2011 from funds on hand are the North River Road Interceptor Project; Improvements to the Wet Weather Facility Project; Soldiers Home Lift Station Improvements Project; the Sheraton Lift Station Replacement Project; and other smaller projects. The Projected Cash Flows and Bond Coverage for the Twelve Months Ended December 31 shows that, if the suggested new SRF loan were taken, about \$4.5 million or 40% of the Improvement Fund would be used. The bottom line on this report shows that there is about 170% bond coverage, which is a very strong statistic. Mr. Treat said that for SRF, the coverage required is 125%, and West Lafayette's is well above the minimum. Even if some of the projects are not debt-financed, the Improvement Fund will remain healthy. Planning should continue for using the Improvement Fund for the purpose for which it was established, paying for capital improvements, and considering how much it wishes to hold in reserve. Net revenues are stable. If rates do not increase and inflation increases, the net revenues will decrease; he suggested that the City could consider a minor inflationary increase. The oldest SRF bonds from 1994 will be paid off in 2016, resulting in \$1.3 million of revenue now used for debt service which will become available, considering the debt service reserve, in 2015 for other purposes. The only new revenue in the forecast is for the FOG [fats, oils, and grease] income, for which rates have been improved but not yet implemented. The Utility is in very good shape, but management should continue the current process of monitoring finances continuously. Mr. Treat distributed the monthly financial reports for the first quarter of 2010, and noted that that finances are on target and revenue is strong.

Ms. Booker asked why, on the Statement of Revenues, Expenditures, and Changes in Fund Net Assets (page 3) showed approximately \$20,000 less in Penalties. Clerk-Treasurer Rhodes answered that moving the billing dates up created some problems as customers' billing cycles changed, so some penalties were relieved during the period in which bill dates were pulled up.

Mr. Marley asked whether an audit is done. Mr. Treat responded that the State Board of Accounts does the audit for the City and the Utility, and they do get the monthly and annual reports prepared by his firm.

Mr. Marley questioned why, in the bond coverage formula, capital improvements are excluded. Mr. Treat said the coverage formula is a measure of what the net revenues are, that a utility must ensure that its ongoing costs are covered plus the debt payments.

There is generally flexibility in managing capital expenditure, as those could be deferred. This is not unique to sewage utilities.

Mr. Marley said that in the banking industry, there is concern about concentration risk, where a company is more dependent on a revenue stream from one customer, and in the Utility's case, it is Purdue University. His concern is that it is difficult to predict what the University's use will be, based on looking from 1996 to now, and asked if there is a way to understand where the University is going. Wastewater Utility Director Henderson has discussions with utility people at Purdue, to understand whether there are plans for conservation projects or similar projects that might significantly affect usage. At this point, there is nothing to impact significantly, although adding buildings—even with water conservation measures—will have some increase. Clerk-Treasurer Rhodes added that in 2006, Purdue negotiated a deal with the City that, until such time as all the University's outflows were metered, they wanted a 10% I & I [infiltration and inflow] credit. Then when the University was fully metered and outflows were metered, the University's costs increased. Mr. Henderson stated that the communication lines are open; both parties discuss issues and reports.

Ms. Stull asked when the FOG income will begin. Wastewater Utility Director Henderson said that he has been in discussion with grease haulers. As the market is changing, the City's rate may need to change due to competition from Elkhart, Cincinnati, Bluffton, or other communities.

Mayor Dennis thanked Mr. Treat for his efforts to ensure accurate financial reports and thanked Wastewater Utility Director Henderson for his work to run the Utility.

b. SRF Payment Request and Related Listing – WWTU

- i. Payment Request No. 106 – \$6,443 to Greeley and Hansen – Design Services – Western Sanitary Sewer Interceptor-Division IV Project
- ii. Payment Request No. 107 – \$3,475 to Greeley and Hansen – Construction Services – Western Sanitary Sewer Interceptor-Division III Project

Mr. Speaker moved that SRF Payment Requests No. 106 and No. 107 be approved. Ms. Stull seconded the motion. The motion was adopted.

iii. WWTU Projects Payments Listing

There were no comments or questions about the WWTU Projects Payments Listing.

c. Request for Street Closure: South Street from Chauncey to Northwestern and State – 2010 Village Fest – May 1, 2010 – Police

Police Captain Leroux requested permission for the closure of South Street from Chauncey to Northwestern and State for Village Fest on May 1, between 2:00 pm. and 2:00 a.m. The event was formerly held in the location now occupied by Panda Express, but moved to South Street last year. The event has a goal each year, and this year's is to raise funds for a local child with cerebral palsy for purchase of a wheelchair. The group is loosely affiliated with Greyhouse Coffee at the corner of Northwestern and South. The sponsoring organization has contacted all the businesses on the street, negotiating an agreement with Chase Bank. Captain Leroux said that while the map provided shows two stages, there was concern about emergency vehicles, so there will be only one stage closer to Northwestern Avenue. Smith Sound of Lafayette will provide

amplification systems and help with the noise. The Police Department and the Fire Department have no objections to the approval.

Mr. Marley moved that request for street closure be approved. Mr. Speaker seconded the motion. The motion was adopted.

d. Request to Declare Certain Vehicles as Surplus – Police

Police Chief Dombkowski said that the Department switched out several Crown Victorias that are being replaced with Dodge Chargers. Through a trickle down, some take-home vehicles were traded for the replaced vehicles. The values are from the high end of several dealerships which are qualified to sell State-bid vehicles.

Mayor Dennis asked that the vehicles have the spotlights pulled before they are disposed of.

Year/Model	VIN	Mileage	Value
1998 Ford Crown Victoria	2FAFP71W3WX146975	124,624	\$ 500.00
2003 Ford Crown Victoria	2FAFP71W13X193787	98,208	1,300.00
2005 Ford Crown Victoria	2FAFP71WX5X148219	96,000	2,100.00
2005 Ford Crown Victoria	2FAFP71W85X148218	103,000	2,100.00

Ms. Stull moved that request for declaring the four vehicles as surplus be approved. Mr. Speaker seconded the motion.

Mr. Speaker asked if the vehicles are sent to a dealer. Chief Dombkowski responded that the Department usually trades them to a dealership.

The motion was adopted.

e. Claims

i. AP Docket	\$923,326.78
ii. AP Docket	100,197.59
iii. AP Docket	400.00
iv. AP Docket	70.00
v. Redevelopment Commission AP Docket	132,014.26

Mr. Marley moved that the claims be approved. Mr. Speaker seconded the motion.

Questions raised about individual claims by the Board were answered by department heads and Clerk-Treasurer Rhodes.

The motion to approve claims was adopted.

f. Other Items

i. Police Chief Dombkowski noted that this is Grand Prix Week at Purdue. Barricades will be erected in the Village on Thursday morning by 6:00 a.m. and be removed Sunday morning by 6:00 a.m. Both the Purdue and West Lafayette Police Departments will patrol the Village on foot Thursday, Friday, and Saturday.

ii. Street Commissioner Downey provided photos to the Board taken during the first week of the switchover from biweekly to weekly recycling pickup. The first phase went well. They used a transfer system, with roll-offs in a couple parking lots. Only

32 hours extra labor was expended. Mayor Dennis thanked Mr. Downey and his staff for their efforts.

In response to a question from the Mayor about what citizens should know to help the new process go more smoothly, Mr. Downey suggested that citizens be aware that soiled recycling, not cleaned of food waste, is garbage. He asked that clear bags be used for recycling, so they can see the items without opening the bags. He asked that residents break down cardboard boxes or use cardboard boxes to hold recycling items.

iii. City Engineer Buck advised the Board that Sycamore Lane paving is underway. The project should be finished and a ribbon-cutting scheduled by the end of the month.

Mr. Buck also reported that he had approved two general services work orders with HNTB. The tasks are for a detailed cost estimate to add a new section from Rose to Salisbury Street along Kingston in front of Happy Hollow School to the Wabash Heritage Trail-Phase 3 Project, and for a boathouse ramp design to get a *de minimus* use permit from the Army Corps of Engineers. General services are agreements with consultants for task orders to determine a course of action for a problem or solve it, if the cost is no more than \$5,000.

iv. Parks Superintendent Payne stated that the Park Board would meet at 4:30 today in Council Chambers.

v. Councilor Hunt announced that, on Wednesday, April 21, from 7:00 to 8:30 p.m. at the Lilly Nature Center, there would be a recycling educational session. Street Commissioner Downey, Dawn Boston of Wildcat Creek Solid Waste District, Lynn Layden, and someone from the Go Greener Commission will discuss how and where to recycle, composting, and hosting green events.

3. ADJOURNMENT

There being no further business to come before the Board, Mr. Marley moved that the meeting be adjourned, and Mayor Dennis adjourned the meeting.