

**COMMON COUNCIL  
TUESDAY, NOVEMBER 10, 2009  
7:00 P.M.**

Mayor James Fleck – Present  
Clerk Treasurer Rosie Coyle – Present  
Attorney Lindsey Grossnickle – Present

**Council members**

Walter Crowder – Present  
Nicole Penrod – Present  
Roger Seymoure – Present  
Donald Sexton – Present  
Daniel Weigold – Present

The Columbia City Common Council met in regular session with all members present, Mayor Fleck presiding.

**MINUTES** Mayor Fleck explained when Region 3A was here to discuss the grant they projected a number with respect to what the local match would be. He stated that number was not accurate as they did not know what the number was going to be. Roger Seymoure confirmed the grand number was correct. Mayor Fleck advised it was. Rosie Coyle explained the resolution originally said \$3,152,686.00 but they had it changed to \$3,174,686.00

Motion was made by Penrod to approve an overview of the October 27, 2009 meeting minutes as presented, Sexton second the motion, all voted aye.

**SEWAGE RATE INCREASE: H.J. UMBAUGH** Jeff Rowe with Umbaugh & Associates presented the results of the rate study. He stated the last ordinance that was passed that adjusted sewer rates and charges was in 2006 and the last phase of that increase went into effect in January 2008.

Mr. Rowe explained one of the important components of the study was to look at the current cash balances of the utility. He stated as of September 9, 2009 the sewage works had a total of \$884,000.00 in cash. He advised they calculated the reserve requirements that the sewage works promised to SRF to keep on hand since the bonds were outstanding. He stated in calculating the reserves they have estimated those to be just over \$1.7 million which, compared to the current fund balances, was a shortfall of about \$874,000.00.

Mr. Rowe advised they wanted to take into account the engineering costs that have been paid out of the utility to date. He stated at the time they were doing the study, those costs totaled around \$647,000.00 and were reimbursable by the SRF. He advised in taking those cash balances into account for future reimbursements they come back to a total underfunded amount of about \$225,000.00.

Mr. Rowe advised the total construction costs were at \$6,786,000. He stated they have included the non construction costs which includes grant administration, bond issuance, engineering fees,

land easement acquisition fees, etc. that total just under \$2 million which puts the total project cost estimate at \$7,882,000.00. He explained in terms of project funding there would be around \$10,000.00 of local funds for land and easement acquisition which was not funded by SRF. He stated the OCRA grant was estimated to be \$4,729,000.00 and the local share would be \$3,143,000.00. He advised they were still waiting to hear back on the OCRA grant.

Mr. Rowe provided an illustration of what had been paid out in terms of operating costs since 2005 which was when the Long Term Control Plan project started. He stated in 2005 operating costs were around \$1.3 million then peaked in 2008 at just under \$2.1 million and then started to trend down again.

Mr. Rowe provided an illustration of the total revenue requirements of the sewage works compared to the total revenues. He advised the total revenue requirements were \$3.97 million compared to the test year revenues of \$3.4 million which leaves a shortfall of about \$558,000.00.

Mr. Rowe explained there were a couple options; one to increase the sewage rates to a level that would cover all costs or the other option was to look at increasing sewer rates a certain margin and also looking at storm water revenues to help support the CSO projects. He stated given that the storm water utility was created under Title 36, which was really the sewage works umbrella, they could statutorily use those storm water revenues for storm water needs.

Mr. Rowe explained what they looked at was generating an additional \$266,000.00 of shortfall and recovering that through the sewer rates and at the same time generating \$292,000.00 out of the storm water utility to use to help support debt service on the CSO project.

Mr. Rowe reviewed what the proposed rates would be if it was split between storm water and sewer. He stated the current bill, assuming 4,000 gallons, was \$46.37 and the proposed bill would be \$50.00 which was an increase of \$3.63. He explained they were targeting \$50.00 because if we would fall below \$50.00 for a 4,000 gallon bill we would pay a higher interest rate. He reviewed the impact of a 5,000 gallon bill which was approximately \$4.20.

Mr. Rowe explained if they were looking at raising the rates solely through the sewage works they would be looking at a total increase of \$7.61 assuming as 4,000 gallon bill.

Mr. Rowe provided an illustration of what the potential impact would be with relying on storm water revenue to help support the project. He explained it was the same type of calculation as with the sewer. The revenue requirements for operating costs were anticipated to run about \$377,000.00 based on the 2009 budget. He advised they included \$80,000.00 for an allowance for capitol and \$292,000.00 would be the contribution towards the CSO project. He stated all of the revenue requirements would total just about \$750,000.00. He explained in comparing that with the estimated revenues, which were \$455,000.00, they would be looking at a shortfall of about \$294,000.00. He stated the \$455,000.00 represented the storm water rates that went into effect in January 2009 and would need to look at generating about another \$294,000.00 in storm water revenues.

Mr. Rowe explained before we could close with SRF they had to show that the rates were in place that would support the debt service. He stated we would have to look at adopting the sewer rate and if chosen the storm water rate. He advised this would not mean we could not phase in the rates to help ease the impact to the customer. He reviewed two phases for the storm water. He stated the first phase would go into effect January 2010 or around that time and the second phase would go into effect around July 2010. He explained the first phase would be \$8.25 which would be a \$2.75 and under phase two the bills would go up to \$9.15. He advised we were limited somewhat in how long we could phase and to what extent because we had to make sure we had enough revenue to make that first step around the first part of 2011.

Mr. Rowe reviewed the total revenue requirements within the sewage works and how they have changed since the City started the Long Term Control Plan Projects. He explained for 2005 the total revenue requirements built into the rates were just over \$2 million; for 2006, which was the second phase of the CSO projects, they were looking at about \$3.5 million and then for the current rate study they were looking at just under \$4 million. He advised most of this was being driven by mandated CSO projects. Mr. Rowe reviewed the history, beginning in 2005, of the sewer bills and how they have changed.

Don Sexton questioned if it would be realistic to think the sewer rate would flatten out. Mr. Rowe thought possibly for a short period of time but with future improvements that would be needed and inflation the numbers would change.

Mayor Fleck pointed out that during the test year they needed to remember where the economy was with respect to revenues. He stated the users have been very careful and that tends to flatten more easily than in prior years.

Mayor Fleck explained they selected a method when they started the wastewater project and felt it important that the public understand they have only raised rates one time but it was done in a step basis so that the public could afford it more readily. He felt for the most part that worked and Mr. Rowe was suggesting we take a similar approach and step these rates in.

Rosie Coyle added that the reason they were trying to have storm water help fund this was because if sewage did it all the customers would end up paying more. She explained the sewage was based off the water usage and with the storm water it was just a flat rate.

Dan Weigold understood and believed this was the best layout for the customers but at the same time was wondering with all the projects being done to adhere to all of the requirements if there was any way to maybe extend this out. He advised people were strapped and it comes to a point where they just do not have it. He believed all the homework had been done and questioned with some of the projects if they were absolutely necessary for the benefit of Columbia City. He stated some of the things had been going on in our City for the past 50-60 years but all of the sudden it was his generation that was being stuck with fixing all the problems. He understood the need for clean water but right now was a horrible time to be increasing things. He advised he hears the frustration from the people and was frustrated himself.

Mayor Fleck explained we were under an agreed court order with the Long Term Control Plan that was negotiated back in 2005. He stated they took it as far as they could go as far as postponing it and extended the number of years for compliance as far out as they could. He explained they went out as far as they could go with the first phase and on the second phase we were doing the same thing but did accelerate it by a couple months with respect to the engineering plans and that was because we had to be shovel ready to get the 60%. He stated right now interest rates are holding right around the 3% level and if we could capture an interest rate that was lower we could save millions of dollars over the course of the project. He questioned by putting it off if they would be doing a service for the people. He advised we were being told after the first of the year these rates were going to creep back up. He appreciated that the impact begins but it would be a lesser impact than if we wait. Walt Crowder also pointed out that we would lose the OCRA grant of \$3.1 million. He stated timing was everything and in looking at 60% support in tough times was still sometimes a good business decision. He advised they have talked about if the timing was right but felt they had a lot of things to make a good business decision when there was 60% support to help subsidize the cost. He asked Mr. Rowe what the impact would be if we did this at 100% consumer rate as a standalone investment. Mr. Rowe explained if we were to take away the 60% and solely fund it through the SRF the debt service would more than double, the rate probably would not double but would be substantially higher than what we were talking here.

Attorney Grossnickle pointed out that the City may have had the opportunity to phase it out a little bit more but when the Long Term Control Plan was first submitted the State sat on it for 3 or 4 years. She added that in the meantime all of the rules had changed so we had to completely redo it.

Walt Crowder felt if this was an optional project he did not even think it would be on the table because of the economy. Dan Weigold felt that was something the people needed to hear.

Walt Crowder stated in looking at the storm water bill since it was a flat rate was it worth it to stair step the last 90¢. Mayor Fleck advised it was quite frankly because of what Dan said. Walt understood but questioned if waiting 6 months or 90¢ was a break or not. Mr. Rowe advised it really would depend on who you would ask. Roger Seymoure stated his question was if there would be a savings to put it all on at the first of the year. Rosie Coyle advised there would be a savings in programming charges. Nicole Penrod understood they would only raise the rates once but the consumer was not going to see it as that. Council agreed that would be the perception. Nicole questioned if it was worth 90¢ to wait.

Dan Weigold felt after researching this it was probably the best thing for the consumer in a situation they were all uncomfortable with. Mayor Fleck agreed it was tough and very unpopular but the reality was we had to do it.

Mr. Rowe advised if everything went accordingly they would be looking to close with SRF sometime early spring.

Mayor Fleck questioned how difficult it would be to change the increase to just one time. Mr. Rowe advised it would not be difficult at all. He explained if they do introduce the rate they

could not adopt anything lower than what was introduced and suggested in the motion it be stated that it would be done in one phase, just so they were covered.

**ORDINANCE 2009-26 STORM WATER RATE INCREASE – 1<sup>ST</sup> READING** Motion was made by Weigold to read Ordinance 2009-26 by title only, Penrod second the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2009-26 an ordinance amending the schedule of rates and charges to be collected by the City of Columbia City, Indiana, from the owners of property served by the storm water system of said City.

Motion was made by Crowder to accept Ordinance 2009-26 as first reading and to amend Exhibit 'B' to be a one-time fee and not stair stepped, Seymoure second the motion, all voted aye.

**ORDINANCE 2009-25 SEWAGE RATE INCREASE – 1<sup>ST</sup> READING** Motion was made by Seymoure to read Ordinance 2009-25 by title only, Weigold second the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2009-25 an ordinance amending the schedule of rates and charges to be collected by the City of Columbia City, Indiana, from the customers serviced by the Municipal Sewage Works of said City, and other matters connected therewith.

Motion was made by Seymoure to approve 1<sup>st</sup> reading of Ordinance 2009-25, Penrod second the motion.

Nicole Penrod questioned on page 3 of 4 the rates that would be effective after January 1, 2010. Mr. Rowe explained that had to do with when there was more than one unit connected to one meter there was an additional charge per unit of \$7.85

Upon the motion, all voted aye.

**ORDINANCE 2009-20: NET METERING – 2<sup>ND</sup> READING** Mayor Fleck asked to table this issue. He advised he was not concerned that this was a necessary and essential part to protecting the consumer and homeowner from danger but if some of the requirements for our rural line were effective and in what way.

Larry Whetstone advised he was at IMPA and brought this up and explained there were numerous generating systems throughout our system but they were just partial. He stated this mainly pertains to someone switching their whole operation permanently to a motorized generator.

Don Sexton questioned for those people who were now doing partial. Larry Whetstone advised it would not affect them at all. He explained it pertained to those who were putting in a generating system that would solely supply their own electricity. He stated then at times when they would not use as much the meter would move backwards and they would generate a credit. He explained if there was a problem they would operate off the credits that were over-generated.

Don Sexton questioned what the concern was. Larry Whetstone explained the main concern was the insurance they would need to provide making sure that they do not just tie something into our system and maybe have it phased wrong and then when it was turned on something blows up.

Roger Seymoure questioned how REMC deals with this. Larry Whetstone advised they have the same type of resolution.

Mayor Fleck advised he just wanted to make sure the Council was comfortable with what they were adopting. It was agreed they would like to have a better understanding of it.

**ORDINANCE 2009-27: CODE OF ORDINANCE SUPPLEMENT** Rosie Coyle explained we had the ordinances codified every year but have done away with the books and everything will be on the internet. She stated in order for the new ordinances to be in effect they needed a resolution adopting the supplement. She advised it would need to be done on an emergency basis.

Motion was made by Sexton to read Ordinance 2009-27 by title only, Penrod second the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2009-27 an ordinance enacting and adopting a supplement to the code of ordinances for the City of Columbia City and declaring an emergency.

Motion was made by Crowder to suspend the rules and adopt on first and final reading, Penrod second the motion, all voted aye.

Motion was made by Penrod to adopt the Code of Ordinances supplement, Weigold second the motion, all voted aye.

**POLICE DEPARTMENT** Mike Petersen discussed what they had planned for the marathon. He reported on an arrest that Officer Leatherman made on U.S. 30 that involved confiscating 1 kilo of cocaine.

**FIRE DEPARTMENT** Tom LaRue reported all of their equipment was 100% up and running.

**ELECTRIC DEPARTMENT** Larry Whetstone advised the Warner Electric project was complete. He reported they have changed 2300 meters of the 4000 purchased. He advised they started moving dirt for the new apartments at Trail Ridge. He reported they have started on the Christmas decorations and continue to put services in at Chesapeake.

**WATER DEPARTMENT** Mike Dear reported they had repaired a few service line leaks and did two meter settings at Chesapeake. He advised most of his guys attended backflow meetings at Valpo and Elkhart.

**WASTEWATER DEPARTMENT** Mike Cook reported Austin finished up on the industrial sampling for this year. He advised when the results were back Austin would start working on the year-end report. He reported he signed and mailed off the application packet to IDEM for the sewer permits for construction of sewer line along 500 E. and the equine hospital. Mayor Fleck

felt the County needed to be informed that was done. Mike reported they went through and cleaned lift stations again and had pictures taken of the wet wells. He explained before they get ready to clean in the spring they will take pictures again to compare. He stated their hope is to find that there will be less grease on the walls and that the grease trap program was worthwhile and working.

**CONSERVING COSTS** Mayor Fleck reported they were constantly looking at ways to reduce expenses. He stated the Park employees were going around to each of their facilities to see if there were ways of reducing utility costs. He advised at Kids' Dreamland by changing the light bulb fixtures, changing when the lights come on and off and also installing an automatic lock they were able to reduce their costs tremendously.

Larry Whetstone reported with the stop lights he ordered LED's from the State and they would be able to change them out themselves.

Rosie Coyle reported Troy was also changing some things at City Hall.

Walt Crowder confirmed they would be looking at the street lighting as part of that evaluation. Mayor Fleck advised they would. He explained some communities were taking out street lighting because they could not afford it.

**PARKING COMMITTEE** Dan Weigold reported the committee would be meeting to discuss the next set of streets they would be proposing to change to one side parking. He advised they would probably bring in Carlyle Street because they had a similar situation as Eagle Glen with bus pick up as well as with emergency response and snow removal.

**EXECUTIVE SESSION MEETING** Attorney Grossnickle advised they needed to hold an executive session regarding a certain matter. Council agreed to meet before the next Council meeting at 6 p.m.

Having no further business to discuss the meeting was adjourned.

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Mayor James Fleck

Attest:

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Clerk Treasurer Rosie Coyle