

**COMMON COUNCIL
TUESDAY, NOVEMBER 24, 2009
6:00 P.M. EXECUTIVE SESSION
6:30 P.M. COUNCIL MTG**

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 – Absent

The Columbia City Common Council met in Executive Session at 6:00 p.m. to discuss strategy with respect to the potential initiation of litigation. All members were present except Dan Weigold and Mayor Fleck.

Mayor Fleck called to order the Common Council meeting. All members except Weigold were present.

TAX ABATEMENT AMENDMENT: OAKVIEW TOOLING Alan Tio introduce Matt Dahms, President of Oakview Tool Company and Dave Kunce with SGS. He explained the company went through a process earlier this year where they became part of a larger sister company located in Ohio. He advised their request was to transfer the tax abatement approved in the 2005 for the equipment side of things to the new ownership. He stated Matt would maintain ownership of the building and real estate assets but the new ownership would maintain the equipment.

Mayor Fleck advised they had an opportunity to meet with David and Matt beforehand so they could explain who there were and what they were doing. He asked how many people they had. Mr. Dahms advised they had 18 employees.

Dave Kunce with the parent company explained they were a family owned business that was in its second generation. He advised they employ over 250 people and make items for aerospace and automotive. He stated they wanted to get into the health care side of business but the business of hip and knee replacements was not their specialty. He explained they hooked up with Matt and had aspirations to help them grow locally. He advised SGS makes a lot of standard product but would like to outsource the special tools here locally.

Attorney Grossnickle confirmed all they were doing was changing the abatement from the original company name to Oak View Tool Company, LLC. Mr. Tio advised that was correct. He explained on the original filing the section for real improvements was a separate entity so was already separate from the equipment abatement. Attorney Grossnickle confirmed that anything they already approved for Oak View Tool, Inc. would now be LLC. Mr. Tio advised that was correct.

RESOLUTION 2009-28: AMENDMENT TO PERSONAL PROPERTY TAX ABATEMENT Motion was made by Sexton to approve Resolution 2009-28, Penrod second the motion, all voted aye.

ORDINANCE 2009-20 NET METERING – 2ND READING Gail Mayo with IMPA was present to discuss Net Metering. She explained the purpose of a Net Metering ordinance was to allow someone to install windmills, solar panels, etc. at their home or business at the same time they would be receiving electric service from our power lines. She advised it was completely different from a backup generator that would only come on

when power was out. She stated it would allow them to produce a portion of their own electricity and supply that to their own home or business and then pay the utility for the remainder of any usage they would have.

Mayor Fleck questioned if the ordinance sets out procedures for if they have excess generation. Ms. Mayo explained if they would have more generation they could use in their home at any given time it would basically cause their meter to move backwards. She advised one thing they could not do was if they would generate more than they would use in a billing period they would not receive cash for it the credit would carry over to the next month.

Walt Crowder stated there would be a hazard to this and there were obviously processes and procedures they would have to go through to connect. Ms. Mayo explained there was an application form and a connection agreement. Walt questioned if the City would be responsible for the inspections or have a third party inspector. Ms. Mayo advised the City could set it up either way but suggested having the homeowner or business be required to get the inspections.

Roger Seymoure confirmed we were requiring them to carry so much insurance. Ms. Mayo explained it was \$100,000.00.

Motion was made by Seymoure to read Ordinance 2009-20 by title only, Sexton second the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2009-20 an ordinance adopting Net Energy Metering for Columbia City Electric Utility.

Motion was made by Penrod to adopt Ordinance 2009-20 as second and final reading, Crowder second the motion, all voted aye.

MINUTES Motion was made by Seymoure to approve an overview of the November 10, 2009 meeting minutes as presented, Sexton second the motion, all voted aye.

ELECTRIC RATE INCREASE PROPOSAL: O.W. KROHN & ASSOCIATES Buzz Krohn was present to discuss the rate increase proposal. He stated we have not had a base rate adjustment for the electric utility for more than 12 years. He advised if there was a consensus at this meeting they were ready to file with the IURC tomorrow.

Mr. Krohn explained the current rates for 1,000 KWh was about \$87.19 and the proposed rate would take it to \$93.71 or an increase of about \$6.50. He advised for the 1st quarter of 2010 they would see a wholesale rate reduction from IMPA. He stated in looking at the 3rd quarter financial statements for 2009 the increase in purchase power costs tracks just about dollar for dollar with our increase in revenue. He stated they were petitioning for about 7.48% across the board rate adjustment. He explained in comparing with investor owned utilities specifically REMC and NIPSCO we would still be \$10 - \$15 below what that same 1000 KWh would cost with some of the other utilities.

Mr. Krohn explained over the last 12 years we have funded over \$5 million in gross capital projects and plant improvements without doing bond issues. He stated there was a very strong equity position in the balance sheets of the electric utility.

Mr. Krohn reviewed the distribution of sales for the utility. He advised there was a pretty even mix in terms of total kilowatt usage between residential and industrial.

Mr. Krohn advised the bottom line was they were seeking the rates to be predicated on an 8% return on investment. He stated since we did not have any debt it was probably a little more straight forward to go in on the rate of return method as opposed to some of the traditional rate making techniques.

Mr. Krohn reported they had conversation with the Utility Consumer Counselor prior to putting the exhibits together to talk about the situation. He stated we basically invested our cash and physical assets and wanted to do something to gradually make sure we would not permanently lose ground on our financial strength. He advised the rate of return they were originally looking at 10% - 10.5% but felt 8% would keep us under the radar and hopefully be a nonissue. He stated they wanted to get a settlement agreement with the Utility Consumer Counselor and not have to have a formal hearing.

Mr. Krohn reviewed the rate making formula. He stated purchase power costs were 68% of our total revenue requirements. He advised there were other operational maintenance expenses, depreciation and cost of capital return. He stated our cost of capital return on investment and depreciation were the two factors that give us a little bit of hedge against future inflation and provide dollars for continued capital investment. He advised we were not in any 'knee jerk' situation but at the same time our cash on investments over the last 10 years have gone down from a point of which they were.

Don Sexton stated 8% was under the radar but questioned if it would be sufficient for the future. Mr. Krohn explained the projected revenue requirements were \$9.7 million. He stated to put it into numbers they were asking for about \$600,000 rate adjustment. He stated the \$470,000 characterized as the return on plant and about 5% of the total revenue requirement was depreciation. He felt between the two of those we would have about \$900,000 - \$1,000,000 to work with for funding capital improvements, vehicles, transformers, poles, etc.

Walt Crowder questioned what year the figures were based on. Mr. Krohn advised they were based on 2008 but updated everything just in the last month after the IMPA rates were passed for 2010. He advised the base cost of power going forward was synced with the 2010 IMPA base rates and charges.

Roger Seymoure pointed out there was very little return on plant at this time and depreciation was the only thing funding capital. Mayor Fleck advised we were where we needed to do this. Mr. Krohn advised we have lasted a long time on the current base rate. Walt Crowder added looking back 12 years ago at the industrial opportunities that were here versus what is here today it was a big shift.

Mr. Krohn briefly discussed the schedule of rates starting with the base rates approved in 1997 as well as the different metered groups.

Motion was made by Seymoure to direct Mr. Krohn to proceed to file the proposed electric rate increase with the IURC, Penrod second the motion, all voted aye.

Mayor Fleck explained when they met with the Utility Consumer Counselor they indicated they were trying to get a rate that would really be more in line with what a utility could expect in terms of rates of return. He advised with the cap and trade legislation, the matters of fossil fuel issues and alternative energy they anticipated it would not be 12 years before we would have to go back for a rate adjustment but the utility would be more in line with other utilities and the cost of business. He stated their approach was to keep it as a minimum rather than maximize it. He felt it was important for the public to appreciate, since they own the utility, to keep it as a sound investment and we would continue to provide the services they expect and demand.

Mr. Krohn felt the rate payers were in fact the shareholders of the utility not that they were receiving dividends but their dividend was a rate that lasts 10 -12 years. He stated the funds generated stay within the utility for the benefit of the electric consumers. Roger Seymoure added that it becomes a benefit to the consumer to build up some reserves because if they do not when it comes to capital expenditures they would not only have to pay that but would have to pay interest on the loans.

PATROLMAN AWARD – SCOTT LEATHERMAN Mayor Fleck recognized Officer Scott Leatherman for work well done in our community.

REQUEST FOR INCENTIVE DOLLARS – QUALITY INSPECTION & GAGE

Alan Tio discussed a recommendation from the EDC Investment Board. He explained the Board was a 5 person group put together upon the request of the County that was sponsored by the EDC. He stated they review proposals that come in looking for state or local incentives.

Mr. Tio reported the investment Board met with the owners of Quality Inspection & Gage last week. He gave a brief background on the company and new owner's Darren & Kelly Geiger. He advised they received a training grant from the state and one of the proposals was to match the state grant with local dollars. He explained the County was recommending an agreement be signed by all parties.

Mayor Fleck questioned Mr. Tio what specific action was being asked of the Council. Mr. Tio explained the proposal was for CEDIT award of \$5,000 to match the state money. He advised it would specifically help with ISO recertification the company wants to pursue but would also help the company to grow.

Nicole Penrod questioned if they were saying they would have 23 full-time employees by 2012 and would not they would have to pay the money back. Mr. Tio advised that was right.

Attorney Grossnickle questioned who would draft the agreement. Mr. Tio advised he had a template he would modify and bring back to the Council for review.

Walt Crowder confirmed this is what the CEDIT money was for. Mr. Tio advised it was. Walt felt it was important that they support the investment.

Motion was made by Crowder to approve the request pending the agreement, Sexton second the motion, all voted aye.

CIP BUDGET APPROVAL Mayor Fleck explained each year they try to target an amount of \$400,000.00 and from that, allocations are made based upon the requests from the different departments.

Motion was made by Penrod to approve the recommendation of the CIP committee and budget they suggest, Seymoure second the motion, all voted aye.

VOLUNTEER FIRE DEPARTMENT AGREEMENT 2010 Tom LaRue explained this was incentive money given to the volunteers. He advised for every run the volunteer goes on they get a point and at the end of the year they take the total number of points and divide it to determine how much they get per point. He stated this was a yearly thing they have done for as long as he could remember.

Roger Seymoure questioned how many hours of training they go through in a year. Chief LaRue advised the big training was to get their certification and then the yearly training required of them was about 50 - 60 hours just for fire training but if they have medical there was probably another 20 hours.

Motion was made by Penrod to accept the Volunteer Fire Department agreement for 2010 as presented, Crowder second the motion, all voted aye.

REDEVELOPMENT COMMISSION APPOINTMENTS – KEVIN SNELL & ROBIN ARMS

Mayor Fleck advised these were one year appointments and Kevin and Robin have both agreed to serve another year

Motion was made by Crowder to honor their request to serve another year, Seymoure second the motion, all voted aye.

COLUMBIA CITY/WHITLEY COUNTY BUILDING AUTHORITY

APPOINTMENT – RAY WHITING Mayor Fleck advised Ray Whiting had served for many years and has agreed to continue to serve.

Roger Seymoure questioned what the Building Authority did. Mayor Fleck explained their function was that if there was a major capital project the Building Authority had to approve the investment.

Motion was made by Sexton to accept Ray Whiting's appointment to the Building Authority, Penrod second the motion, all voted aye.

POLICE DEPARTMENT Brian Anspach reported in addition to Mr. Leatherman's recognition he would also be receiving a Patrolman's Award from the department which comes with a certification and bar he can wear on his Class A uniform. He advised they also took delivery of the replacement car from one that was totaled.

FIRE DEPARTMENT Tom LaRue reported they had some meters that failed calibrations but now had them back up and running. He also reported the new command vehicle was in service and their fire run volume had increased.

ELECTRIC DEPARTMENT Larry Whetstone reported they put in a couple new services and have pretty much finished up on Christmas decorations. He advised they have started trimming the country lines and continue to work on the hospital project.

WATER DEPARTMENT Mike Dear reported the motor on Well 8 was repaired and back up and running. He advised they did another meter setting at Chesapeake and turned another meter on at the old Precision building. He reported the hospital should be tapping into the 12" main in the next couple weeks.

STREET DEPARTMENT Kelly Cearbaugh reported next week would be the last week for leaf pickup. He advised they have been getting the boxes and plows ready.

COMMUNICATIONS/IS DEPARTMENT Terry Wherry reported the air conditioning went down in dispatch and Flow Tech was able to get it back running today. He advised the Fire Department noticed the plywood base of the tornado siren had rotted out so they removed it from the base and were having STAFCO cut a steel plate to replace it with.

WASTEWATER DEPARTMENT Mike Cook reported he and Bob Furnas made a trip to Lagrange Sewer District to look at some pumps they had. He advised he gathered and directed information to Bonar and they would be starting the final design of the Main and Jefferson Street lift stations. He advised they were changing out their floats in the lift stations from mercury to mechanical.

CHRISTMAS LIGHTING CONTEST Nicole Penrod reported Dan Weigold and Mike Cook volunteered to do the judging of the Christmas lighting contest.

Having no further business to discuss the meeting was adjourned.

Attest:

Mayor James Fleck

Clerk Treasurer Rosie Coyle